

Business start-up in Malaysia: Motivations, obstacles, government support and demographic-related traits

Ooi Yeng Keat^{*}, Muhammad Awais Bhatti

College of Business, Universiti Utara Malaysia, Kedah, Malaysia

Abstract

Entrepreneurship is becoming increasingly important in today's world due to its effectiveness and applicability in a country's economic development. In this regards, many developed and developing countries are investing maximum resources and efforts to promote entrepreneurship. To achieve the goal, policy makers as well as economic stakeholders are playing their roles in promoting entrepreneurship. This includes educational institutions emphasising on motivating fresh graduates to choose entrepreneurship as their future career. Therefore, the purpose of this study is to highlight the factors that resist and encourage fresh graduates to choose and set up their own business. This paper categorises four factors namely demographic, motivational, challenges of obstacles and government support. This paper proposes that motivational factors such as family security, independence, intrinsic and extrinsic rewards influence fresh graduates' decision to choose and set up a new business. With reference to challenges, this paper highlights that a lack of finance, complicated processes involved in setting up a business, high rate of taxes and duties, poor business infrastructure resist fresh graduates to dabble into entrepreneurial activities. This paper also points out that demographic factors like gender, previous experience and family background do influence fresh graduates' decision to choose and set up a new business. In addition, this paper explains that government support in terms of providing business assistances like microfinance schemes, business-friendly system, low rate of taxes and duties. Easy business-related rules and regulations also encourage fresh graduates to choose and set up a new business. Finally, the paper proposes few propositions based on the previous literature and invites any researcher to empirically test them in order to further strengthen the entrepreneurship literature.

Keywords: Business start-ups, Entrepreneurs, Motivator, Obstacle and Challenges, University students

* Corresponding author: Mobile: +6019-5125666

E-mail address: ykooi@uum.edu.my

1. Introduction

Today, entrepreneurship is regarded as one of the best strategies to develop a country's economic growth and sustain its competitiveness in facing globalisation. It serves as a catalyst driving the economy through job creation, wealth generation and employment opportunities as well as social well-being (Wang & Wong, 2004). Furthermore, there is a wide feeling of agreement about the significant impact that new and small firms create on the whole economy. Setting up new business creates more jobs and plays vital role in the economic development. The formation of new business not only boosts the related industry but also helps the other economic sectors to progress faster (Fatoki & Patswawairi, 2012). Hence, looking at the benefits of entrepreneurship, more people are encouraged, in particular the fresh graduates to set up their own business upon graduation.

As compared to developed nations, developing countries invest more resources to promote entrepreneurship because they realise that by promoting entrepreneurship, they can achieve their economic development objectives and better utilise their human capital (Islam, Khan, Obaidullah & Alam (2011). In this regards, developing countries are coming up with better policies and strategic plans to support entrepreneurship. Entrepreneurship professionals and researchers also play their roles by highlighting important factors that resist fresh graduates to set up their own business and pointing out those factors that motivate individuals or graduates to become entrepreneurs. Previous researchers have highlighted personal characteristics of entrepreneurs, motives that urge entrepreneurs to run a business, obstacles that resist their effort to successfully start up a business and demographic variables (such as ethnic origin, marital status, education levels, family size, employment status, age, and gender) influence their decision to involve in entrepreneurial activity (Koh, 1996; Phan, Wong & Wang, 2002). In addition, environmental factors which include social, economic, political, infrastructure development and market emergence factors play an instrumental role in helping an individual to make a decision to set up a new business (Gnyawali & Fogel, 1994).

Hence, in order to foster the growth of entrepreneurs in the country as well as to assist them to face any imminent obstacles confidently, it is imperative to understand the whole process of establishing a venture, namely *why* and *how* a venture was established and operated (Moy, Luk, Sheehan & Sammapan, 2001). Also, a thorough understanding of these motivators and barriers will help to formulate strategies as well as curriculum that can stimulate entrepreneurship and alleviate identified barriers in order to increase participation in entrepreneurial activities. This paper will, therefore, provide some useful insights to relevant parties such as the policy makers, institutions of higher learning as well as commercial banks about how to improve the entrepreneurship development process. This paper aims to identify factors (motivation, challenge/ obstacle, government support and demographics) that influence an individual to enter into a business.

This paper is organised into the following parts. The first part provides the brief review of literature relating to motivational factors, obstacles, government support and demographic factors and propositions derived based on the previous extant literature. The second part presents the proposed model. Finally, conclusion is made together with the discussion of the paper and future research direction.

2 Literature review

2.1 Motivational factors

Motivation generally examines the reasons individual behaves. It can be said to be a direction in an action. It also relates to the question of why individuals choose a particular behaviour and repeat it in the future in the face of pressure. Motivation is an impulse in the minds of people striving to achieve their goals. It is the prerequisite for all intended actions. Hence, when someone is taking actions for becoming an entrepreneur, it refers to the individual's desires and needs to perform, stay and commit in a venture (Orhan & Scott, 2001).

In the last two decades, a plethora of studies have focused on the characteristics and motivational aspects of entrepreneurs. This is mainly due to most businesses are carried out individually and thus entrepreneurs believed in what they are doing and inject personal core values into how they build a business. Proper motivation is important for new business owners or future entrepreneurs going into business. Understanding what is driving an individual to start a business is an important component of assessing oneself and his or her business-readiness. Understanding a person's motivations as well as 'drivers' to start up business will help an individual makes a better decision about starting a business and can also help him or her knows if this is the right *time* to start a business (Moy, et al., 2011). The gap in motivation remains largely under research despite its critical importance to predict and explain entrepreneurial behaviours.

More and more organisations today would consider contracting for service instead of hiring more employees. This situation usually cost less in the future and they do not have to be laden with fixed cost. As a result, many organisations are exercising 'downsized' and 'rightsized' to minimise the increasing operation costs. These exercises are also due to today's volatile markets and global competition. This has dwindled the job opportunities for young people. For that reason, many young people, in particular university graduates are quickly motivated to choose starting up a business as the only attractive alternative for any real job security.

In this regard, McClelland's Achievement Need Theory that was introduced in 1961 through his book "The Achieving Society" is the most appropriate piece of work to explain a person's drive to act on something. McClelland (1961) has identified the three basic needs that people develop and acquire from their life experiences, namely:

1. Needs for achievement. People with a high need for achievement seeks achievement and tries to attain challenging goals. There is a strong need for feedback as to achievement and progress, and a need for a sense of accomplishment. People who have a high achievement need likes to take personal responsibility.
2. Needs for affiliation. Individuals who have a high need for affiliation needs harmonious relationships with people and needs to be accepted by other people. (People-oriented rather than task-oriented).
3. Needs for power. Individuals who have a need for power wants to direct and command other people. Most managers have a high need for power.

These categories of needs are not exclusive. Generally, individuals develop a dominant bias or emphasis towards one of the three needs. Entrepreneurs usually possess a high degree of achievement needs. Although the theory is widely used and popular, it is without its criticism. One of them is that this theory serves little purpose in public sector only as public sector employees are being motivated by job security and stability while shunning desire for challenge and prestige (Jurkiewicz, Massey, & Brown, 1998). Thus it is more aptly to apply the theory on private sector (such as self-employment) to ascertain the disparagement of the theory.

On the other hand, in his seminal work, Frederick Herzberg introduced the Two Factor Theory in 1959 (Schermerhorn, Hunt & Osborn, 2003). Frederick suggested that there are two kinds of factors that affect motivation, and they do it in different ways:

1. Hygiene factors: A series of hygiene factors create dissatisfaction if individuals perceive them as inadequate or inequitable, yet individuals will not be significantly motivated if these factors are viewed as adequate or good. Hygiene factors are extrinsic and include factors such as salary or remuneration, job security and working conditions.
2. Motivators: They are intrinsic factors such as sense of achievement, recognition, responsibility, and personal growth.

Despite of his well-known theory, Herzberg has been criticised for the methodology used that looked at only at a person's satisfaction and not at productivity (Adair, 2011).

To be motivated means to be moved to do something. Therefore, a person that has high desire and enthusiasm 'towards an end is considered motivated' whilst a person that has 'no impetus or inspiration to act is thus characterised as unmotivated. Motivation, in this instance, can be categorised into intrinsic and extrinsic motivation. Intrinsic motivation reflects the desire for someone to do something simply because he or she enjoys doing it while extrinsic motivation reflects the desire to do something due to external rewards such as money and awards (Schermerhorn, Hunt & Osborn, 2003). Hence, an individual that is intrinsically motivated has much enjoyment. In support, it is argued that the motivation of entrepreneurs that lead to business creation can be

categorised into four groups: i) extrinsic rewards, ii) independence/autonomy, iii) intrinsic rewards and iv) family security as compared to individual that is extrinsically motivated (Kuratko, Hornsby & Naffziger, 1997).

In the similar vein, Thailand and Hong Kong university students' motivations to start up new ventures indicated that, in general, motivators such as extrinsic rewards, independence/autonomy, intrinsic rewards, family security and change management have made an individual decides to choose entrepreneurship as their future career (Moy, *et al.*, 2001). Motivation of Russia and American business owners to start up a business illustrates comparably identical motivators of other business owners to launch new ventures, *i.e.* self-accomplishment, material wealth, and security (Zhuplev, Kon'kov & Kiesner, 1998). Likewise, motivators to become entrepreneurs such as to provide employment, to earn a reasonable living and to be own boss are depicted by immigrant entrepreneurs in South Africa (Fatoki & Patswawairi, 2012). Chong (2012) points out those motivators such as family factors, independence factors and intrinsic factors are, among others, the main factors that motivate Malay and Chinese entrepreneurs in urban Malaysia to enter into a business. On the other hand, Ooi and Shuhymee (2012) maintain that motivators like extrinsic rewards and change management are associated with one's motivation to start up a new venture. In their studies, Malaysian university students with higher motivators possessed higher motivation to enter into a new venture in the future.

Environmental conditions such as the legal system, industry, capital markets and national economic conditions are affecting entrepreneurs, but entrepreneurs will direct the actions motivated entrepreneurs in different environmental conditions. Orhan and Scott (2001) suggest that the motivation for entrepreneurs (entrepreneurial motivations) can be an important factor for the performance of the company. Initial motivation to carry out entrepreneurial activities are generally categorised in form factors that "pull" (pull) as defined as business opportunity, the desire to accumulate wealth, or the desire to "be your own boss" that induce someone to become an entrepreneur and the factors that "push" (push) an individual to entrepreneurship such as job insecurity and saturation work due to repetitive work (redundancy) (Orhan & Scoot, 2001). Hence it is commonly agreed that both factors are essential motivations for people to enter entrepreneurship rather than a single factor. It is also worth to note that entrepreneurship is not primarily motivated by financial incentive, but by a desire to escape from the environment that is not suitable /desirable, in addition to finding new meaningful life. Motivating factor in question may be summarised as follows:

1. The foreign refuge, where economic opportunities in other countries are more favorable often encourage people to leave the politically unstable country to entrepreneurship.
2. The corporate refuge, workers who are dissatisfied with their work environments as a regular employee began trying to find opportunities to start and run his or her own business.

3. The parental (paternal) refuge. Many individuals who have education and experience of the business built by his family since he was at business school to try other than that had been done by his family.
4. The educational refuge. Many people who fail in their studies or those that do not match the existing education system, are encouraged to become entrepreneurs.

Based on the above explanation, this study proposes the following propositions:

Proposition 1: Motivational factors (Intrinsic & Extrinsic rewards, Independence, push and pull factors) positively influence the university graduates' decision to set up their own business.

3 Challenges/obstacles

Even though studies have been concentrated much on motivational factors in starting up and sustaining a business, the darkside of operating and maintaining, in particular a novel business, is also critical to ensure its survival. Substantial research has attempted to identify and explain challenges or obstacles encountered by entrepreneurs while starting up their new ventures. Growing evidence suggests that it is a normal process for any novel entrepreneurs to face the challenges or obstacles during the early stage of establishing new ventures. The challenges are getting complex in response to the changing world's business milieu and trends. Therefore, entrepreneurs should be ready in nature to take those challenges or obstacles with an open mind. Exogenous and endogenous factors are the main challenges or obstacles faced when starting and sustaining new ventures among students. Among them are: high labour cost, high interest rate, strict government regulation (exogenous factors) and lack of managerial experience, lack of technical knowledge, excessive risk (endogenous factors) (Moy, et al., 2001).

The challenges and obstacles vary among different types of business. For example, in services sector, financial element might have less importance as compared to skills and abilities related to specific services such as bakery. In contrast, manufacturing sector might require more financial than skills and abilities in order to operate a related business. In addition, certain business sectors carry complicated documentation as well as rules and regulations than other businesses. For example, taxes and duties in certain type of business are high which have directly discouraged fresh graduates to set up their business in the particular sector.

With the obstacles and challenges in business, it is not only creating problems but also discourages fresh graduates to start up a business in the sector (Sandhu, Sidique & Riaz, 2011). For example, if a fresh graduate have specific type of educational background and intend to set up a new business in a particular sector, but due to complicated rules and regulations, high taxes and duties, lack of paid up

capital and lack of capital for technological improvement can hinder his or her decision to dabble into the sector. Moreover, if fresh graduates go for another type of business, where it is less complicated, lower taxes and duties, less capital is required for innovation and technological improvement, he or she might face lack of interest in that particular business sector or lack of education, skill or knowledge related to that specific business. In short, the possibility of having all these factors in appropriate manners is very less where an individual has educational background, skill and knowledge about certain business and at the same time policies, rules and regulations are not complicated and taxes & duties are less.

Researchers have pointed out many challenges and obstacles that fresh graduates face at the time of setting up new business. A large challenge or obstacle, among others, when starting up a new venture among entrepreneurs is difficulty to secure finance. Entrepreneurs face several obstacles, such as lack of financial assistance, lack of information on various aspects of business, excessive taxation, and high rate of inflation. Finance is the principle barrier for both university students and aspirant entrepreneurs. In addition, financial difficulties hinder technological improvement and resource aggregation for many small business owners.

Russian and American small business owners revealed that high taxes, hatred for government regulations and start-up capital were the main obstacles for both countries business owners when establishing a business (Zhuplev, et al., 1998). Canada entrepreneurs reveal quite similar obstacles, i.e. high business tax and too much government regulation as the obstacles faced by women entrepreneurs (Robichaud, Cachon & Haq, 2010). Obstacles to the performance of immigrant entrepreneurs in South Africa include inadequate finance, crime, weak market opportunities and high operational costs (Fatoki & Patswawairi, 2012). In addition, Ireland university students' attitudes towards business ownership process argue that several obstacles that militate against entrepreneurship, such as lack of experience, or lack of finance, which hinder the path towards university students preferred future career choice (Fleming, 1996). Similarly, Malaysian SMEs are also facing the business challenges such as lack of financial resources and it is the biggest challenge for entrepreneurs while starting up their businesses (Zahariah, Amalina & Erlane, 2010). Ooi and Shuhymee (2012) found that Malaysian university students deemed endogenous factors (financial and operational problems) as the biggest obstacle for their effort to launch a new venture. Noticeably, many businesses, in particular a nascent business, are facing multiplied difficulties when setting up a new business. Based on the preceding discussion, it is, therefore, postulated that

Proposition 2: Exogenous factors (Inflation, high taxes & duties, complicated rules and regulations by the government, high interest rate and labour cost, high capital for technological improvement and innovation) positively influence the university graduates' decision to set up a new business.

Proposition 3: Endogenous factors (Education, skills, abilities, risk, work-related experience) positively influence the graduates' decision to set up a new business.

4. Government's support

SMEs play a considerable role in a country's economic growth through the creation of new businesses as well as expanding the current businesses to new markets. Among the potential roles played by SMEs in transforming a country's economic development include: employment generation, the development of diversified economic structure and being a source of innovation (Smallbone & Welter, 2001). Statistics showed that this type of business has contributed significantly (64%) to the United States' gross domestic product (Astrachan and Shanker, 2003). Likewise, in Malaysia, the dynamism of SMEs has been the backbone for the country's economic growth that contributed 37% to the GDP in 2010 (Kumar, 2009). It is also expected that SMEs will contribute to the country's GDP to 40% by 2020 (New Sabah Times, 2011). Clearly, SMEs are widely seen as a critical tool to solve current economic issues such as unemployment and industry stagnation (Smallbone & Welter, 2001). Hence, the government's support for the development of SMEs is increasing and there are several types of activities that have been introduced and supported by the government, including the establishment of agencies to encourage entrepreneurship. Government takes a significant role to encourage the development of SMEs through its influence placed on the value of entrepreneurship and enterprise culture in the society.

In this century of globalisation, it is important in shaping the new business world order. This can be seen through activities that were undertaken before that are no longer shackled by geographic boundaries (borderless world), culture, language and political ideology of the country. Today's business world is moving towards a more competitive and open global markets. To be competitive, entrepreneurs must be large and thus stable in order to remain competitive power until the birth of the words such as "merge or perish" and "big is beautiful". In this instance, the government should take proactive roles through its agencies in providing capital, marketing training, human resources development and others entrepreneurial development programmes to SMEs. Government, in this stance, can influence the development of SMEs by establishing those economic institutions that are a necessary for a market economy such as financial institutions and business support infrastructures (Smallbone & Welter, 2001).

It is argued that although macro economic environment does not affect small businesses, interest rate, taxation, and level of aggregate demand in market always appear to influence the development of other businesses (Smallbone & Welter, 2001). In this circumstance, government can boost entrepreneurship through assistance programmes such as offering tax and other incentives, keeping rules and regulations at a minimum as well as providing a conducive entrepreneurial environment. Government should offer tax incentives and other special programmes for small business in order to improve entrepreneurial process. Similarly,

most serious problems, among others, faced by Canadian women entrepreneurs are weak economy, high business tax and too much government regulation.

Therefore it is essential to create the right entrepreneurial environment that really promotes entrepreneurial activities. A comprehensive government approach and support such as loans, business facilities, rules and regulations would definitely be a key condition for success in nurturing and promoting entrepreneurship (Klapper, 2004). Government can also improve the involvement in encouraging entrepreneurship by providing the government assistance: i.e. financial support, friendly business environment, technical support and expand to new market and education and training programme for any aspirant entrepreneurs to ease the start-up process.

Government support can help entrepreneurs to cope with challenges and/or obstacles related to exogenous and endogenous factors. Government support in terms of exogenous factors like low rate of taxes and duties, business-friendly system, microfinance schemes for technological improvement and innovation, low rate of interest, easy rules and regulations, better infrastructure and market access for SMEs that can promote entrepreneurship among fresh graduates. Furthermore, government support in terms of endogenous factors such as organising workshops and training sessions for entrepreneurs' skills development, short business management courses or other related activities which are able to enhance graduates' skills to manage and set up their own business which will increase fresh graduates' participation in entrepreneurial activities (Ooi & Shuhymee, 2012).

In addition, exogenous factors might enable an individual to successfully set up a new business. In contrast, if individuals or fresh graduates are lacking of business skills or abilities to set up a new business, government support in terms of endogenous factors will play a critical role to boost and promote entrepreneurship. New entrepreneurs have to be skilled in managing his or her new business as well as subordinates in this competitive business world. In certain economic conditions, government supports specific types of business activities and encourages young entrepreneurs to set up new businesses related to specific sector. In this situation, government assists entrepreneurs to cope with exogenous and endogenous factors in order to boost and promote entrepreneurship in the economy (Moy, et al., 2001). The main objective of the government is to achieve the economic stability through strengthening entrepreneurs in different sectors. Therefore, entrepreneurs' decision to set up new businesses also depends on the government support (Klapper, 2004). If government supports entrepreneurs in variety of sectors, entrepreneurship activities will be flourished, which in turn, more and more number of graduates will make decision to set up their own businesses. Hence, based on the proceeding paragraphs, this study proposes the following proposition:

Proposition 4: Government support is positively influencing university graduates' decision to set up new businesses.

5. Demographic factors

It is common that the process of starting up a business is complicated. To succeed, there is an important factor that determines the development of a business, *i.e.* the characteristics of the entrepreneurs (Islam, Khan, Obaidullah & Alam, 2011). Despite the fact that some SMEs have been experiencing declining or stagnant stage, some are expanding and successfully penetrating to other markets. Hence the question raises is what factors that actually bring or affect the success or failure of a business.

There have been strands of studies suggesting that gender differences do occur in inclination towards entrepreneurship or entrepreneurial behaviours (Phan, Wong, & Wang (2002). In particular, much research has shown that males are more likely to venture into business compared to females (Ooi, 2008). Male students exhibit significantly higher entrepreneurial intention compared to female students. Perhaps this is mainly due to the fact that many female students do not choose entrepreneurship as a major study. However, subjective perceptual variables such as self confidence and knowing other entrepreneurs do positively influence women to become entrepreneurs.

Apart from gender, some studies have shown a link between an individual's family business experience and the motivation to start up a new venture. Family background is another influential demographic factor that significantly encourages individuals to venture into a business. For many people, family is the main source of information and provides funds as well as networks. Furthermore, having being brought up by parents who own a business, their children are expected to possess higher inclination towards setting up a business in the future.

Other interesting variables that used to associate with one's entrepreneurial behaviour are educational background and work experience play an important role in the fresh graduate's decision to start up their own business. Education provides them basic knowledge and abilities to develop business strategies and plans. Everyone knows that success in the business world today requires education. However, education is much more than gaining good examination results. Education, in this circumstance, needs to be equipped with softskills as well in order to successfully start up a business. Meanwhile, having a previous working experience enables them to gain practical experience about business world (Lena & Wong, 2003). Much research has recognised that individuals' previous working experience positively or negatively influences entrepreneurial performance. Successful entrepreneurs may have acquired the necessary knowledge and skills to succeed in the ventures that they are

already familiar with. Thus they would be able to capitalise on their experiences in the new ventures. Individuals with previous working experience tend to have higher inclination towards small- and medium-sized employment (Lena & Wong, 2003). In case of lack of work experience, fresh graduates might face difficulties to set up businesses and have to rely on friends and family help.

The question raised in the graduates mind is that whether setting up a new business after graduation is a wise decision, or should they gain some practical experience after graduation before setting up their own business? The possible solution of this problem can be the practical training for students during their study to let the students experience the practical world of business. Work experience has always been recognised as a significant benefit in supporting individuals in developing future career (Frazier & Niehm, 2006). As for the experience, this has traditionally meant ensuring that an individual has the opportunity to gain work experience apart from developing entrepreneurial skills to assist with establishing own business (Ooi, 2008).

In this regard, many universities and educational institutions are adopting the policy of practical training or internship programme for students before they graduate from the university. Internship programme is a training programme provided by all universities in the world to their students to expose them to the real world working situations. Gault, Redington and Schlager (2000) mentioned that experience continues to be one of the key attributes any entry level professional can offer a prospective employer. Internship provides one of the best ways for the ambitious to obtain it. In case of the lack of practical experience in business, students have to heavily rely on their family and friends to gain such experience prior to running their business successfully. Therefore, education and work experience (work experience can be in the form of practical training) also play an essential role among university graduates to start and successfully run his or her own business in the future.

Based on the above discussion, this study proposes the following propositions.

Proposition 5: Demographic factors (Gender, family and educational background, and previous working experience) positively influenced university graduates' decision to set up new businesses.

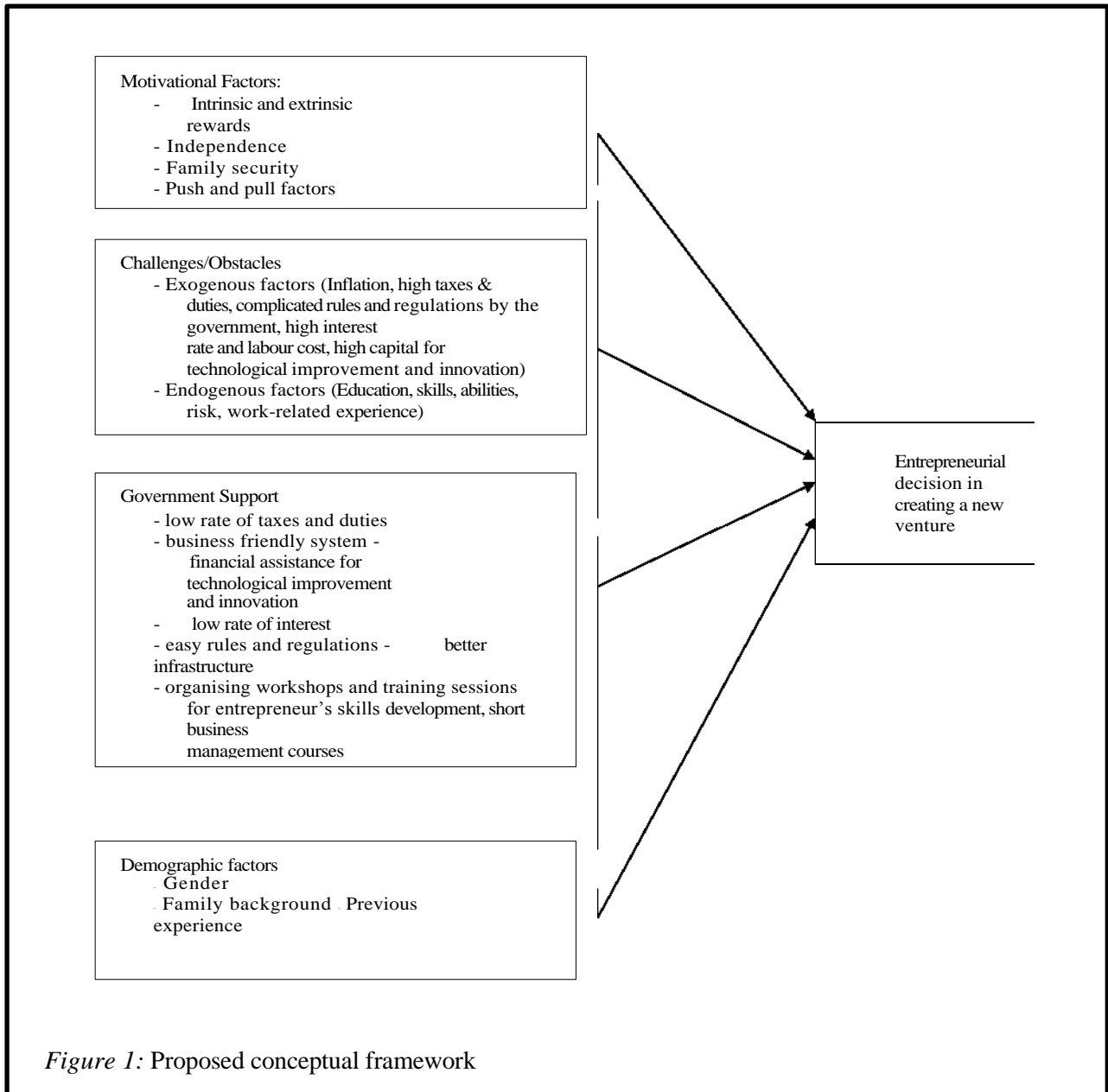


Figure 1: Proposed conceptual framework

6 Discussion and future research directions

Entrepreneurship is an important area of a country. It serves as a catalyst for economic growth and provides employment opportunities for local residents. This career is important because entrepreneurs are individuals who are responsible for the success

of entrepreneurial activities through the establishment of an entity. Hence a country with a number of entrepreneurs is able to create a society that is dynamic and highly competitive. In comparison to traditional employees, entrepreneurs create lots of business opportunities for others and also support a country's economy in order to gain competitive advantage in the markets, either locally or internationally. In this regard, government of different countries are intensifying the promotion of entrepreneurship among the people, in particular university graduates not only to check the graduate unemployment rate but also to strengthen the country's wealth development. Human capital development should take into account the elements of entrepreneurship as it should be owned by all walks of life regardless of career field. Therefore it is very necessary to create human resources (university graduates who possess high entrepreneurship).

Many researchers have highlighted different factors that resist university graduates to set up their own business and challenges or obstacles they face during the formation of the new business (Ooi & Shuhymee, 2012; Fleming, 1996). In contrast, there are many factors that motivate university graduates to set up their own business as compared to working as paid employee. Therefore, the purpose of this paper is to highlight the motivational factors, challenges or obstacles, government support and demographic factors that influence university graduates' decision to set up their own business as their potential future career.

Firstly, this paper highlights motivational factors like independence, intrinsic and extrinsic rewards as well as family security that influence fresh graduates' decision to set up their own business. Becoming an entrepreneur enables someone to freely determine his or her movements. Entrepreneurs are also free to choose their working hours and to innovate without barriers and obstacles. Most importantly, entrepreneurs are free to try something risky and they are free to choose the form of effort they need to do. In this instance, the majority of university graduates decide to set up their own business because of independence (freedom) factor which give them chances to demonstrate their own skills and knowledge in their own style. In addition, rapidly changing life and modern world 'pull' young generation to have financial freedom in order to secure their lives and fulfil their materialistic dreams. Individuals with self- motivation due to hardship experienced in life, can also 'push' his or her interest in self- dealing. In this kind of situation, entrepreneurship is one of the most suitable solutions which can make all these things possible.

At the time when university graduates possess motivational factors that encourage them to venture into entrepreneurship, they may also face different challenges or obstacles which

hinder their decision to set up a new business. Among the challenges or obstacles can be categorised into two factors, namely, exogenous factor (inflation, high taxes and duties, complicated rules and regulations by the government, high interest rate and labour cost, high capital for technological improvement and innovation) and endogenous factor (education, skills, abilities, risk, work-related experience).

To successfully overcome the challenges or obstacles, especially for young entrepreneurs, government support can play an instrumental role to assist university graduates to cope with these exogenous and endogenous factors. The government can help entrepreneurs by offering business loans, reduce taxes and duties for fresh entrepreneurs, conducting entrepreneurship awareness programs, organising workshops and training sessions to equip the entrepreneurs with modern requisite business skills and knowledge to set up and manage their business successfully. In this regard, this paper proposes that challenges or obstacles do influence university graduates' decision to set up their own business. Therefore, future researchers should empirically test these factors and determine which types of government support have high impact on university graduates to choose entrepreneurship as their future potential career.

With reference to demographic factors, this paper underscores that gender, family background and previous working experience do influence university graduates to choose and set up a new business. It is argued that, in general, males have greater inclination towards entrepreneurship. This is possible as males are always expected to help the family to bear family burdens particularly for Asian culture. In addition, coming from family with business background would ultimately influence the selection of a career as an entrepreneur and positive attitudes towards entrepreneurship. It is interesting to ponder that individuals with mothers who are self-employed are more inclined towards entrepreneurship than those mothers who are not self-employed. One explanation for this phenomenon is that mothers play a vital role in rearing their children and this may directly establish a special parent-child relationship and thus easily influence their children's decision. Individuals with previous experience indicate higher inclination towards entrepreneurial activity (Lena & Wong, 2003). This is because having previous working experience is an advantage for an individual as he or she has better knowledge about business creation and most importantly, good networkings help in acquiring needed resources to confidently launch a new venture. This paper invites researchers to empirically test this proposition and open new avenue of entrepreneurship research. The empirical findings of these factors will help the researchers in entrepreneurship field to better understand the role of demographic factors to promote entrepreneurship.

Based on the discussion above, the current paper proposes some recommendations for action to be considered and implemented by relevant parties concerned:

1. The role of university

It is strongly recommended that universities play a more proactive role by introducing a special entrepreneurial short course to students, in particular, final year students. This serves as a preparation for the students that emphasises the pre-start and start-up stages of business

creation as these are always the most challenging stages when someone embarks on a business venture.

2. The role of government

The government through its relevant authorities, such as Council of Trust for Indigenous People (MARA) or National Entrepreneurship Institute (INSKEN) should involve more actively with students' entrepreneurial activities in light of the interest shown by the students. These agencies can provide a one-stop business advice and guidance centre, especially to assist inexperienced graduates to set up a new business. Valuable business-related information such as source of funding, procedures to start up a venture as well as legal advice can be provided by the centre.

More in depth study of potential Malaysian graduates' antecedents or characteristics and its subsequent actions to start up a new venture can be further explored. Are they starting up a new venture because of interest or due to certain life intricacies (for example unemployment)? Additional research on external business hostile environment such as economic volatile and uncertainties can lead to a better understanding of entrepreneurs. A longitudinal study of pre and post business entrepreneurs and their subsequent motivators and obstacles or challenges may yield better insight into entrepreneurs and the process of entrepreneurship.

In a nutshell, the main factors that influence university students to become an entrepreneur is the desire to achieve excellence in life. Vibrant entrepreneurial, responsible, self- confident, forward-looking, committed to work, creative and innovative, and have a locus of internal control are high among university students. However their willingness to take risks is moderate. Positive relationship exists between career interest entrepreneurship and entrepreneurial, positive attitude entrepreneurial career aspirations and different students' race. No matter what the reason that motivates a person to become an entrepreneur, entrepreneurs must also be creative, innovative, persistent and courageous in facing the business world. Entrepreneurship has been seen as one of the solutions to the graduate unemployment problem, especially at the time of difficulties in obtaining jobs today. Entrepreneurship and new business formation is essential for creating and maintaining a healthy economy because it creates new employment opportunities, increase the country's export capability and economic growth. As such, the adoption and acculturation of entrepreneurship and promotion towards the field of entrepreneurship should start from home up to tertiary level.

References

- Adair, J. (2011). *Lexicon of leadership: The definitive guide to leadership skills and knowledge*. Kogan-Page: London.
- Chong, W.Y. (2012). A comparison of the motivations of Malay and Chinese entrepreneurs in urban Malaysia. *International Journal of Sustainable Development*, 4(1), 43-52.
- Fleming, P. (1996). Entrepreneurship education in Ireland: A longitudinal study. *Academy of Entrepreneurship Journal*, 2(1), 94-118.
- Fatoki, O., & Patswawairi, T. (2012). The motivations and obstacles to immigrant entrepreneurship in South Africa. *Journal of Social Sciences*, 32(2), 133-142.
- Frazier, B J & Niehm, L S 2006. Predicting the entrepreneurial intentions of non- business majors: A preliminary investigation, viewed January 25 2007, www.sbaer.uca.edu/research/sbi/2006/pdffiles/papers/cases/028.pdf.
- Gault, J., Redington, J., & Schlager, T. (2000). Undergraduate business internships and career success: Are they related? *Journal of Marketing Education*, 22(1), 45-53.
- Gnyawali, D. R., & Fogel, D.S. (1994). Environments for entrepreneurship development: Key dimensions and research implications, *Entrepreneurship Theory and Practice*, 18(4), 43-62.
- Islam, A., Khan, M.K., Obaidullah, A.Z.M., & Alam, M.S. (2011). Effects of entrepreneur and firm characteristics on the business success of small and medium enterprises in Bangladesh. *International Journal of Business and Management*, 6(3), 289-299.
- Jurkiewicz, C.L., Massey, T.M., & Brown, R.G. (1998). Motivation in public and private organisations: A comparative study. *Public Productivity & Management Review*, 21(3), 230-250.
- Klapper, R. (2004). Government goals and entrepreneurship education: An investigation at a Grande Ecole in France. *Education + Training*, 46(3), 127-137.
- Lena, L., & Wong, P. K. (2003). Attitude towards entrepreneurship education and new venture creation, *Journal of Enterprising Culture*, 11(4), 339-357.
- Kuratko, D.F., Hornsby, J.S., & Naffziger, D.W. (1997). An examination of owner's goals in sustaining entrepreneurship. *Journal of Small Business Management*, 35(1), 24-33.
- McClelland, D.C. (1961). *The achieving society*. New Jersey: Van Nostrand.
- Moy, J., Luk, V., Sheehan, B., & Sammapan, N. (2001). A comparative study on the perceptions of

university business students in Hong Kong and Thailand: Why do they become entrepreneurs. BRC Working papers, [http:// http://net2.hkbu.edu. hk/~ied/publications/wp/WP200 102 .pdf](http://net2.hkbu.edu.hk/~ied/publications/wp/WP200102.pdf)

Ooi, Y.K. (2008). Inclination towards entrepreneurship among Malaysian university students in northern Peninsular Malaysia. Unpublished doctoral thesis. Swinburne University of Technology, Melbourne, Australia.

Ooi, Y.K., & Shuhymee, A. (2012). A study among university students in business start-ups in Malaysia: Motivations and obstacles to become entrepreneurs, *International Journal of Business and Social Science*, 3(19), 181-192.

Orhan, M. and Scott, D. (2001). "Why women enter into entrepreneurship: an explanatory model", *Women in Management Review*, 16(5), 232-43.

Phan, P.H., Wong, P. K., & Wang, C.K. (2002). 'Antecedents to entrepreneurship among university students in Singapore: Beliefs, attitudes and background', *Journal of Enterprising Culture*, 10(2), 151-174.

Robichaud, Y., Cachon, J.C., Haq, R. (2010). Motives, success factors, and barriers among Canadian female entrepreneurs: The case of Greater Sudbury. *Entrepreneurial Practice Review*, 1(2), 36-65.

Sandhu, M.S., Sidique, S.F., & Riaz, S. (2011). Entrepreneurship barriers and entrepreneurial inclination among Malaysian postgraduate students. *International Journal of Entrepreneurial Behaviour & Research*. 17(4), 428-449.

Schermerhorn, J.R.J., Hunt, J.G., & Osborn, R.N. (2003). *Organizational Behavior*, 8th ed. US: John Wiley & Sons, Inc.

Smallbone, D., & Welter, F. (2001). The role of government in SME development in transition economics. *International Small Business Journal*. 19(4), 63-77.

Wang, C.K., & Wong, P.K. (2004). Entrepreneurial interest on university students in Singapore. *Technovation*, 24(2), 163-172.

Zahariah, M.Z., Amalina, M.A., & Erlane, K.G. (2010). Entrepreneurship intention among Malaysian business students. *Canadian Social Science*, 6(3), 33-44.

Zhuplev, A., Kon'kov, A., & Kiesner, F. (1998). Russian and American small business: Motivators and obstacles. *European Management Journal*, 16(4). 505-516

