

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This study has the objective to investigate the relationship between Locus of Control and the intention of being an entrepreneur among Malaysian graduates. Locus of Control can be categorized into 2 different groups, i.e. internal and external Locus of Control.

A person with an internal Locus of Control believes their behaviors determine outcomes, while a person with an external Locus of Control believes luck and powerful others control outcomes relevant to them. Locus of Control has been found, in studies conducted in the United States, Australia, and United Kingdom, to differentiate entrepreneurs from the general public and middle/senior managers, as well as to distinguish successful from unsuccessful entrepreneurs (Brockhaus 1980, Cromie and Johns 1983, Gilad 1982)

Entrepreneur is a specific kind of hard-charging individual whose will, creativity, persistence and inevitable success make that person a leader and a contemporary hero (Cook, J.R. 1986). To a great extent, our future economic well-being hinges on the quality of our entrepreneurs. Therefore, the results of this study would perhaps help in providing a guide on how the Malaysian graduates' intention of being an entrepreneur.

1.2 PURPOSES AND SIGNIFICANCE OF THE STUDY

This research project has the objective to study the relationship between Locus of Control and the intention to become an entrepreneur among Malaysian graduates. Entrepreneur is one who undertakes to organize, manage, and assume the risks of a business. The entrepreneur is the aggressive catalyst for change in the world of business. He or she is an independent thinker who dares to differ in a background of common events. Many people believed that entrepreneur is the force contributed to the growing of economy. There are more detail definitions of entrepreneur and entrepreneurship in the next chapter.

Locus of control refers to the perceived source of causality of one's behavior by an individual. The person who feels internal control believes that he or she primarily able to influence what happens, whereas the person with a belief in external control tends to regard factors beyond his or her control as the major influences on behavior. The purpose of this research is to investigate the relationship between an individual's locus of control and their intention to become an entrepreneur, whether a person who feels internal locus of control have high intention to become an entrepreneur.

An individual's intention, vision, motivation and objection are the basis of a business venture. Although the intentions to start a business may be a strong predictor of venture creation, we know that not all intentions become reality (Carter, Gartner, and Reynolds 1996).

1.3 RESEARCH OBJECTIVES AND QUESTIONS

This research paper has the objective to find out the relationship between locus of control and the intention to become an entrepreneur among Malaysia graduates. What is the relationship between the internal or external locus of control and the entrepreneurial spirit of Malaysian graduates?

This research study also has the objective to study the entrepreneurial spirit among Malaysian graduates. Are Malaysian graduates has the intentions to become an entrepreneur? Does this intentions has different degree among various ethnic groups and gender in Malaysia? Which ethnic group has higher degree of intentions to become an entrepreneur? Is male graduates having higher degree of intentions to become an entrepreneur?

To begin, this study first finds out the definition entrepreneur and entrepreneurship. Then continued with the thorough definition of internal and external locus of control by Rotters. This study needs to answer questions, such as: what is internal and external locus of control? Who is entrepreneur? This study analyzes the current performance of Malaysian entrepreneurs and the entrepreneurial environment in Malaysia. Then, a survey need to be done on the Malaysian graduates to find out the relationship between locus of control and the intention to become an entrepreneur among those graduates.

1.4 SCOPE OF THE STUDY

This research study is targeted on the Malaysian graduates. A survey questionnaire based on Rotter's Locus of Control has been prepared to interview a sample of 100 Malaysian graduates. These 100 respondents are Malaysian with at least tertiary educations either from local or oversea universities and colleges. These respondents are located in Klang Valley and have some working experience. This study will focus on the Locus of Control, intention of being an entrepreneur and demographic profile of the survey sample.

1.5 LIMITATIONS OF THE STUDY

There are few limitations of this study

- (a) The survey respondents, who are Malaysian graduates mostly from Klang Valley. This sample does not represent the whole Malaysian graduates. They may have different attitudes towards intention to become entrepreneur among Malaysian graduates whose now working in various states in Malaysia.
- (b) This survey sample is only targeted to 100 respondents. Again this sample's size is too small to represent the truth facts of the Malaysian graduates' intention to become an entrepreneur.
- (c) The 100 respondents have been selected by using Quota Sampling and Convenient Sampling technique. The quota sampling technique used will decides on the number of respondents by ethnic group and gender. After the number of each category of respondents has been decided, the most conveniently available respondents will be obtained. In many cases, a research project using convenient sampling signals that

the entire research project may lack objectivity. (Zikmund W.G. 1997)

- (d) There are limited research studies on the locus of control and entrepreneurship from the local researchers. Therefore, the researcher faced some limitation in getting information on this field.

1.6 ORGANISATION OF THE STUDY

This research study has been divided into five (5) chapters. Below shown how all the chapters are laid out.

Chapter One - Introduction

This is an overview chapter of the whole research study. It started with the purpose and significance of the study, and followed by hypotheses or research questions. It does include scope of the study, limitations and problems faced of the study and the organization of the study.

Chapter Two – Literature Review

This is an organized review of related and relevant literature in locus of control and entrepreneurship. The recent findings in this area is also can be found here.

Chapter Three – Research Methodology

This chapter mainly explained the research methodologies been used in the research study. This research study is based on survey questionnaires done by 100 respondents of Malaysian graduates in Klang Valley. It explained the methodology used in research hypotheses, selections of measures, sampling design, data collection procedure and data analysis techniques.

Chapter Four – Research Results

The results of the research study were published in this chapter. This chapter summarises the statistics of respondents, analysis of measures, testing of the hypotheses, and summary of the research results as a whole.

Chapter Five – Conclusion and Recommendations

This is the last chapter of the research study, which summarizes and makes conclusions out of the findings. There are also suggestions for additional research. The implications of the findings to the society and organization are also included.