

CHAPTER TWO

LITERATURE REVIEW

2.1 DEFINITION OF ENTREPRENEUR

There are many definitions of entrepreneur by various authors according to the time, country, environment, and different reference factors such as politics, economics and social forces.

The word entrepreneur is French, and literally translated, means "between-taker" or "go-between". It is actually mean "to undertake". One early example of a go-between is Marco Polo, who attempted to establish trade routes to the Far East. Untill 1800, this concept was used by French economists for adventurers, government contractors, architects, cultivators, those who bought labour and material at uncertain prices and sold the resultant product at contracted prices, and those who risked capital in Manufacturing (Hoselitz, 1951)

The concept of an entrepreneur is further refined when principles and terms from a business, managerial, and personal perspective are considered.

Knight's (1987) definition of entrepreneur is preferred here according to which an entrepreneur is a person who, in the ultimate sense, controls the decisions made in a productive enterprise and also carries responsibility for the decisions made (cited Yale Brozen, 1054: 339). This definition is preferred, because it is not the behavior of the owner

or the capital investor but of the decision maker, which affects the production and personnel management of the unit. The decision maker, owner and capital investor may or may not be the same person.

For a long time, social scientists could not figure out just who these entrepreneurs were, because they sometimes keep on changing their behavior to adjust to the environment. Joseph A. Schumpeter (1971) characterizes the entrepreneur – an innovator who creates new combination for development and moves the economy toward a new equilibrium. This concept of new combinations appears in five forms:

- (a) Introducing a new good
- (b) Introducing a new method of production
- (c) Opening a new market
- (d) Locating a new source of supply of raw materials, and
- (e) Carrying out the new organization of any industry.

According to Rashid Malik (1997) in his research on Chinese Entrepreneurs in the Economic Development of China, the Definition of an entrepreneur in the China is based on empirical observation and interviews with entrepreneurs in China who are gravely influenced by history, recent politics and culture. He defined Chinese entrepreneurs as those individuals who are engaged in business, or were engaged in business, after 1978 for the sake of profit and are willing, under the conditions of the life uncertainty, to take the risk of loss and find new ways to fill gaps in the economy which are, or were, left by the state-run economy.

Donald F Kuratko and Richard M. Hodgetts (1995) in their book "Entrepreneurship – A contemporary approach" defined today's entrepreneur as an innovator or developer who recognizes and seizes opportunities; converts those opportunities into workable/ marketable ideas; adds value through time, effort, money, or skills; assumes the risks of the competitive marketplace to implement these ideas; and

realizes the rewards from these efforts. In their idea, entrepreneur him or herself must have the skills before he or she can use the opportunity wisely to achieve his or her objective.

2.2 THE SIGNIFICANCE OF THE ENTREPRENEUR

There is no established economic theory of the entrepreneur. There are two (2) main reasons why there is no economic theory of the entrepreneur (Mark Casson, 1982). The first lies in the very extreme assumptions about access to information, which implicit in orthodox economics – that is in the neoclassical school of economic thought. Simple neoclassical models assume that everyone has free access to all the information they require for taking decisions. This assumption reduces decision-making to the mechanical application of mathematical rules for optimization. It trivializes decision-making, and makes it impossible to analyze the role of entrepreneurs in taking decisions of a particular kind.

Secondly, the Austrian school of economics, which takes the entrepreneur more seriously, is committed to extreme subjectivism – a philosophical standpoint, which makes a predictive theory of the entrepreneur impossible.

2.3 DEFINITION OF ENTREPRENEURSHIP

Entrepreneurship refers to a set of attributes which the entrepreneurs possess and a set of activities which they perform in relation to the expansion of their units. Entrepreneurship, as used here, is synonymous with entrepreneurial role conformity which is to be measured in terms of entrepreneurial roles. In entrepreneurial roles we do not include the entrepreneurial attributes and activities as specified by Schumpeter, McClelland and other scholars. The entrepreneurial

roles shall be explicated from the prevalent entrepreneurial situation. Its justification is already given in the theoretical frame of analysis.

Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

Most of the researchers defined entrepreneurial activity as a creative and innovative one. John W. Kendrick has defined entrepreneurship as a creative activity in which an individual identifies new paths, finds new ways to satisfy existing wants, discovers and creates new wants, designs new technologies and organizational structures, and in many other ways reorders existing modes of life.

Robert C. Ronstadt (1984) has defined the following summary description of entrepreneurship - Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources.

Many people now regard entrepreneurship as "pioneership" on the frontier of business. Jeffry A. Timmons (1999) in his book "New Venture Creation" has defined entrepreneurship as the ability to create and build a vision from practically nothing; fundamentally it is a human, creative act. It is the application of energy to initiating and building an enterprise or organization, rather than just watching or analyzing. This vision requires a willingness to take calculated risks – both personal and financial – and then to do everything possible to reduce the chances of failure. Entrepreneurship also includes the ability to build

an entrepreneurial or venture team to complement your own skills and talents. It is possessing the know-how to find, marshal, and control resources (which is often owned by others). Timmons believed that entrepreneurship is very much depends on the individual or locus of control of the entrepreneur himself or herself.

2.3.1 The Myths of Entrepreneurship

Throughout the years many myths have arisen about entrepreneurship, as a result of lack of research in this field. Donald F. Kuratko and Richard M. Hodgetts have identified 10 most notable myths about entrepreneurship.

(1) Entrepreneurs are doers, not thinkers

While it is true that Entrepreneurs have tendency towards action, they are also thinkers and planners. A successful business today is emphasis on the clear and complete business plans indicating that Entrepreneurs are not only doers, but a good thinker too.

(2) Entrepreneurs are born, not made

This statement has long been proven wrong. There are lots of seminars, courses and training to help building traits like aggressiveness, initiative, drive, a willingness to take risks, analytical ability, and skill in human relations.

(3) Entrepreneurs are always inventors

They are many entrepreneurs who are inventors. Nevertheless, entrepreneurs also encompass all sorts of innovative activity. For instance, Ray Kroc did not invent the fast-food franchise, but his innovative ideas made McDonald's the largest fast-food enterprise in the world.

(4) Entrepreneurs are academic and social misfits

Malaysian Entrepreneurs from old days are mostly with low education level because of poverty. Therefore, it raised a belief that entrepreneurs are academic and social misfits. However, entrepreneurs today are considered a professional, a hero – socially, economically and academically.

(5) Entrepreneurs must fit the “profile”

Today, entrepreneurial profile is hard to compile. The environment, the venture itself, and the entrepreneur have interactive effects, which result in many different types of profiles.

(6) All you need is money to be an Entrepreneur

Prime Minister Datuk Seri Dr. Mahathir Mohamad had mentioned that the lack of financial capacity and technology is one of the reasons why bumiputra entrepreneurs failed to make it in business. It is true that in any venture needs capital to survive. However, failure of the venture can be due to poor planning, poor investment, managerial incompetence, lack of financial understanding and know-how.

(7) All you need is luck to be an Entrepreneur

Luck happens when preparation meets opportunity. Others see it as luck. Actually preparation, determination, desire, knowledge, and innovativeness are the real mean of luck.

(8) Ignorance is bliss for an Entrepreneur

In today's competitive markets, it demands detailed planning and preparation to identify the strengths and weaknesses of a venture, set up clear timetables with contingencies for handling problems and minimize these problems through careful strategy formulation. Theories of too much planning lead to problem and over-analysis leads to paralysis do not apply today.

(9) Entrepreneurs seek success but experience high failure rates

In fact, failure can teach many lessons to those willing to learn and often leads to future successes. For instance, The 3M Company invented "Post-it" notes using a glue that had not been strong enough for its intended use. Rather than throw away the glue, the company focused on finding another use for it and, in the process, developed a multimillion-dollar product. Yet, the statistics of entrepreneurial failure rates have been misleading over the years. Give example

(10) Entrepreneurs are extreme risk takers

It may appear that an entrepreneur is "gambling" on a wild chance. The actual fact is that the entrepreneur is usually working on a moderate or "calculated" risk. Most successful entrepreneurs work hard through planning and preparation to minimize the risk involved in order to better control the destiny of their vision.

2.3.2 Characteristics of Entrepreneurs

Entrepreneurship is a function of the entrepreneur. Oliver Clayton (1981) in a study concluded with the following advice:

Be aggressive, be competitive, be goal-oriented, be confident, be egocentric, make decisions, be an achiever very early in life, be a loner in your final decision, put family and friends second to business, be an opportunist, do not be security-oriented, be persistent, have determination, be an optimist (to an extreme), have desire to achieve, be hyperactive mentally, be a dreamer, be a calculated risk-taker, want power, learn from previous mistakes, be a perfectionist, and be intuitive.

Entrepreneurship has also been characterized as the interaction of the following skills, inner control, planning and goal setting, risk taking, innovation, reality perception, use of feedback, decision making, human relations, and independence. Moreover, successful entrepreneurs are individuals who are not afraid to fail. In support of the study of an entrepreneurial personality, Smith and Miner (1983) find entrepreneurs different from top and middle level managers in terms of managerial motivation.

In a study comparing entrepreneurs with employee/ managers, entrepreneurs were found to display significantly higher levels of internal locus of control than the non-entrepreneur with both measures (Kaufmann and Welsh 1995).

(1) Commitment, Determination and Perseverance

Sheer determination and an unwavering commitment to succeed often win out against odds that many people would consider insurmountable. Entrepreneur committed to what they are doing and put 100% of their time to achieve their objective.

(2) Drive to Achieve

Entrepreneurs are self-starters who appear to others to be internally driven by a strong desire to compete, to excel against self-imposed standards, and to pursue and attain challenging goals.

(3) Opportunity Orientation

They start with the opportunity and let their understanding of it guide other important issues. They are goal-oriented in their pursuit of opportunities. Setting high but attainable goals enables them to focus their energies, to be selective in sorting out opportunities, and to know when to say no.

(4) Initiative and Responsibility

There is considerable agreement that effective entrepreneurs actively seek and take the initiative. They willingly put themselves in situations where they are personally responsible for the success or failure of the operation. They like to take the initiative in solving a problem or in filling a vacuum where no leadership exists.

(5) Persistent Problem Solving

Entrepreneurs are extremely persistent, they are realistic in recognizing what they can and cannot do and where they can get help in solving difficult but unavoidable tasks.

(6) Internal Locus of Control

Successful entrepreneurs believe in themselves. They do not believe that the success or failure of their venture will be governed by fate, luck, or similar forces. They believe that their accomplishments and setbacks are within their own control and influence and that they can affect the outcome of their actions. This attribute is consistent with high-achievement motivation drive, the desire to take personal responsibility, and self-confidence.

(7) Calculated Risk Taking

Successful entrepreneurs are not gamblers. When they decide to participate in a venture, they do so in a very calculated, carefully thought-out manner. They do everything possible to get the odds in their favor, and they often avoid taking unnecessary risks.

(8) Integrity and Reliability

Integrity and reliability are the glue and fiber that bind successful personal and business relationships and make them endure. Integrity and reliability help build and sustain trust and confidence.

(9) Tolerance for Failure

Entrepreneurs use failure as a learning experience. The iterative, trial-and-error nature of becoming a successful entrepreneur makes serious setbacks and disappointments an integral part of the learning process. In adverse and difficult times, they look for opportunity. Many of them believe that they learn more from their early failures than from their early successes.

(10) Creativity and Innovativeness

An expanding school of thought believes that creativity is not inherited trait but can be learned.

(11) Vision

Entrepreneurs know where they want to go. They have a vision or concept of what their firm can be.

(12) Self-Confidence and Optimism

During period where entrepreneurs face obstacles, they maintain their confidence and let those around them know it. This helps the others in sustaining their own optimism and creates the level of self-confidence necessary for efficient group effort.

(13) Independence

The desire for independence is a driving force behind contemporary entrepreneurs. Their frustration with rigid bureaucratic systems coupled with a sincere commitment to "make a difference" adds up to an independent personality trying to accomplish things his or her own way.

(14) Team Building

Most successful entrepreneurs have highly qualified, well-motivated teams that help handle the growth and development of the venture.

2.3.3 Role of Entrepreneurship in Economic Development

The entrepreneur plays a key role in the creation of new business and hence is a major contributor to economic growth. The role of entrepreneurship in economic development involves more than just increasing per capita output and income; it involves initiating and constituting change in the structure of business and society. This change is accompanied by growth and increased output, which allows more to be divided by the various participants. What in an area facilitates the needed change and development? One theory of economic growth depicts innovation as the key not only in developing new products for the market but also in stimulating investment interest in the new ventures being created. This new investment works on both the demand and the supply sides of the growth equation: The new capital created expands the capacity for growth (supply side), and the resultant new spending utilizes the new capacity and output (demand side).

2.4 ENTREPRENEUR ENVIRONMENT IN MALAYSIA

According to statistics of Malaysia Population 1999 (Nanyang Siang Pau, January 2001), Malaysia population is 22.7 million, where Chinese only consisting of 5.6 million (24.6%). However, when discussed about the entrepreneurial environment in Malaysia, it should always start with the Chinese Entrepreneur. During 1960s to 1970s, the Malaysia Chinese community spawned several entrepreneurs with vision and dynamism. These include Tan Sri Lim Goh Tong of Genting Berhad; Tan Sri The Hong Piow of Public Bank; the late Tan Sri Loh Boon Siew of Oriental Holdings Berhad and the late Tan Sri Lee Loy Seng of Kuala Lumpur Kepong Berhad.

In the past, the urban-commercial sector of the ethnic-Chinese community, in conjunction with foreign (mainly British) interests, completely controlled the country's economy. The ethnic-Malays countered Chinese economic clout by institutionalizing Malay dominance in the newly independent (1957) Malayan state.

A report released by the Australian Foreign Affairs Department indicates that the ethnic Chinese in Malaysia control 61% of the share capital by market capitalization. Further, their domination of the professional class is revealed by the fact that they hold 60% of private sector administration and managerial positions. However, in order to reduce frictions with the Malay community, Chinese business people have attempted to establish links with both Malay political organizations and entrepreneurs (Financial Times, 08/16/95).

What are the factors contributing to the development of entrepreneurial spirit among the Chinese? Tan Sri Dato' Loy Hean Heong, President/CEO of MBF Holding Bhd believed that the success of Chinese Entrepreneur is due to primarily hardwork and thrifty – determination to succeed, ability to work very hard and adapt quickly to circumstances – like most overseas Chinese in Asia (1992). Therefore, internal locus of control plays an important role in the relationship with the Chinese Entrepreneurship. It is substantially due to the fact that migrants were poor that they were left with no option but to work hard and be thrifty and flexible in order to seize every opportunities to improve themselves so as to become resilient and independent. The Malaysian Chinese work hard, they are world-class entrepreneurs, they love making money, and are very good at it (Abdullah Ahmad 1997). The entrepreneurs such as the Kuoks, the Kwoks, the Lims, the Tehs, the Khoos, the Chengs, these people are incredibly super rich, shrewd, thrifty and low-profile. They never afraid to take on new challenges and improve on them to suit their needs. They bought with them a

dream of a better life for themselves and their families. As an entrepreneur, Tan Sri Dato' Seri Dr. Jeffery Cheah has always believed in the importance of community and national service, especially when the business is profitable (An Interview with Tan Sri Dato' Seri Dr. Jeffrey Cheah, 1999).

The Malaysian Chinese have done well, and will continue to achieve extraordinary feats through hard work, scholarship and strong commitment to self improvement, communal and national attainment. It is a remarkably outstanding achievement for a community, most of whose members had parents who arrived penniless in Malaysia at the beginning of this century. Indeed, in the case of Tan Sri Lim Goh Tong, who was born in Southern China.

Tan Sri Lim Goh Tong and the immigrants now in our country would not have left their villages whether in Indonesia, Bangladesh, the Philippines, China or Cambodia for Malaysia if they had not considered making money a natural human endeavour, perfectly sanctioned by their Maker. And like Goh Tong many will succeed, indeed, a few have already achieved what they set forth to do.

It has been Chinese culture that put a lot of emphasis on families and family life. Most of the Chinese businesses are family controlled which is very contradict with the western culture, where businesses are controlled by big corporation. A good example of family controlled business empire is Kuok Group of Malaysia, which encompasses a complex web of private and public companies. Its group leader Robert Kuok, in the traditional Chinese manner, he divided the Hong Kong and Singapore/Malaysia operations between two sons, the elder taking the Hong Kong location.

As a cornerstone of New Economy Plan, Malaysia, along with other developing countries in the 1960s and 1970s, enthusiastically jumped on the "entrepreneurial bandwagon". Through "entrepreneurship", the government sought to "create a new class of small capitalists" leading to the formation of a "middle class". Hundreds of training programmes were given, millions of ringgit in loans were handed out, and consultants from Western countries were hired to assist the bumiputra entrepreneurs. Prime Minister Dato Seri Dr. Mahathir Mohamad informed the Malaysian Chinese that the government policy of spreading wealth to the Malay Muslims should not be seen as an injustice, but a chance to share business skills with the bumiputras (Aug 1992). The government believed that by providing Malays with access to education, opportunity, resources, and capital, they would emerge as enterprising, business-minded, innovative, self-sufficient modern men and women – that is basically characteristics of an entrepreneur.

Ministry of Development and Entrepreneurial had launched a lot of fund to help the small entrepreneurs from various industries. Please refer to **Appendix 1** for the list of funds available. Other ministry such as Agricultural, Bank Negara Malaysia, Ministry of Science, Technology and Environment, have also offered fund for the small entrepreneurs at the relevant industry.

2.5 DEFINITION OF LOCUS OF CONTROL

The concept of locus of control refers to a generalized belief that a person can or cannot control his or her own destiny (Rotter 1966). Those who ascribe control of events to themselves are said to have an internal locus of control and are referred to as "internals." This kind of people has a very clear objective in life, they know what they want to achieve and they also believed that they might achieve it one day. People who attribute control to outside forces are said to have an external locus of control and are termed "externals" (Spector 1992, Nwachukwu 1995, and Carver 1997).

Originally developed within the framework of Rotter's (1954), the locus of control construct refers to the degree to which an individual believes the occurrence of reinforcements is contingent on his or her own behavior. The factors involved with reinforcement expectancy are labeled "external" and "internal" control. In short, internal locus of control refers to the perception of positive or negative events as being a consequence of one's own actions and thereby under one's own personal control. In contrast, external locus of control refers to the perception of positive or negative events as being unrelated to one's own behavior in certain situations and thereby beyond personal control. As a general principle, the locus of control variable may be thought of as affecting behavior as a function of expectancy and reinforcement within a specific situation.

Teri M. Lathrop (1998) defined locus of control in her study of *The Effects of Locus of Control on Helping Behavior and the Bystander Intervention*, as the belief one has about his or her own "inner power" over the outcome of internal and external events. Someone with an internal locus of control believes that he or she has the power to change things by the decisions he or she makes and the actions he or

she engages in. Someone with an external locus of control believes that luck, fate, or others are responsible for the outcome of events.

The internal – external locus of control construct was conceived as a generalized expectancy to perceive reinforcement either as contingent upon one's own behaviors (Internal control) or as the result of forces beyond one's control and due to chance, fate, or powerful others (External control). Rotter's I-E Scale (1966) is the instrument that has been most widely used to measure the degree of internality versus externality. The multidimensional conceptualization proposed here differentiates between two types of external orientation – belief in the basic unordered and random nature of the world and belief in the basic order and predictability of the world, coupled with the expectancy that powerful others are in control. In the latter case there is a potential for control. It is quite conceivable that a person who believes in control by powerful others may also perceive enough regularity in the actions of such people as to believe that he or she can obtain reinforcements through purposeful action. Such a view of externality would be quite similar to Rotter's conceptualization of internality. Furthermore, a person who believes in chance control may be cognitively and behaviorally different from one who feels a lack of personal control.

2.5.1 LOCUS OF CONTROL AND ENTREPRENEUR

The success of entrepreneur's venture nevertheless is a result of the profitability of the industry that it involved, Government's Policy and Incentive, and the characteristics of the entrepreneur him or herself. However, the personal characteristics of the entrepreneur contributed a large amount to the success of its venture. Firstly, Entrepreneur's internal locus of control where they believe in their powerful control of their own, contributed to their strong intention to become an entrepreneur.

Shapero (1975) found that entrepreneurs tend to have a higher internal locus of control orientation than non-entrepreneurs. Brockhaus (1980) reported that owners of enterprises that survived more than three years had greater internal locus of control than those owners whose businesses had failed. Hisrich and Peters (1989) argue that empirical studies provide some tentative support for the hypothesis that successful entrepreneurs may have greater internal locus of control than unsuccessful entrepreneurs.

In a study comparing entrepreneurs with employee/ managers, entrepreneurs were found to display significantly higher levels of internal locus of control than the non-entrepreneur with both measures (Kaufmann and Welsh 1995). Nelson (1991) found that specifically female entrepreneurs have significantly more internal locus of control than do females in the general population.

2.5.2 LOCUS OF CONTROL AND MALAYSIAN GRADUATES

In a local study by Munira Wahab (1999/2000), students of University Malaya generally have internal Locus of Control. Another study by Tay (1999) on students in secondary school and university found that these students are more towards internal Locus of Control. Most of the research studies done are focus on the Locus of Control of the students in colleges or universities. There are not many research been done on the Locus of Control among graduates in Malaysia. Therefore, this study would like to find out the relationship between Locus of Control and demographic profile of Malaysian graduates.

2.6 INTENTION FROM ENTREPRENEURIAL PERSPECTIVE

To be successful in a business of its own, one needs certain personality traits and a plan. Entrepreneurship can be exhilarating, rewarding, and even fun. It can also be risky, scary and lonely. What kind of people has intention to become an entrepreneur?

The theoretical work of Bird (1988) suggests that an entrepreneur's intentions to start a business and the decisions that occur before start-up shape the subsequent goals, strategies, and structures of the new venture. Without intensity, the entrepreneur cannot get over the greatest hurdle; to pull it all together and start.

Research by Reynolds and Miller (1992) has indicated that by far the most frequent first event in the life history of a nascent venture is the personal commitment of the lead entrepreneur to found a business. Therefore, the entrepreneur's intention is a very important factor contributing to the success of its new venture. J.C. Penney (1950) expressed the quality of giving extra, doing more than is required, is the common thread that runs through the careers of all successful entrepreneurs and their companies.

Although Katz (1990) has shown that many start-ups are enacted or unintended rather than intended, Krueger and Carsrud (1993) suggested that intention is the "single best predictor" of entrepreneurial behavior. Furthermore, people with intentions to start a business can be identified and studied as they progress through the entrepreneurial process much more readily than people without an initial intention. Therefore, using intention as a basis or starting point for studying the entrepreneurial spirit of young Malaysian seems to be a logical and practical approach.

Katz and Gartner specified four (4) properties of emerging organizations; intention, boundary, resources, and exchange. Katz and Gartner (1988) defined intention as the search for information that can be used to help fulfill the goal of venture creation. Therefore, intention is an active concept rather than a passive concept. They believed that intention could lead to entrepreneurial behavior; that is to create a new venture. Three of Katz and Gartner's properties are used to measure venture creation.

Using path analysis, Krueger found that the breadth and positiveness of a person's prior exposure to entrepreneurship had a positive relationship with the perceived desirability and feasibility of starting a business. Perceived desirability and feasibility, as well as propensity to act, were, in turn, positively related to a person's expressed entrepreneurial intentions.

Although the relationship between intentions and subsequent venture creation has considerable face validity and logic, it is not established that intentions always, or even usually, lead to entrepreneurial activity. For instance, Katz's (1990) study of self-employment follow-through strongly suggested that more people start ventures through intentional processes. Katz's findings indicate that only about one-third (1/3) of those individuals with self-employment intentions actually followed through. Katz further concluded that "preparation seems to have little impact on entry" and that "pursuing opportunities or training leads more people to avoid entering self-employment than to enter it".

Another study, by Carter, Gartner, and Reynolds (1996), found a higher incidence of intention-initiated start-ups. In their study, 48% of the subjects with entrepreneurial intentions actually started a business. The fact that the most extensive study available on the subject indicates that there is only about a 50% probability of start-up among persons with intentions suggests there is much more involved in the

process, even conceding that about 30% of the sample were "still trying" to start a business.

2.7 BACKGROUND OF MALAYSIAN EDUCATION AND GRADUATES

Malaysian Graduates refers to all Malaysian which has successfully obtained their recognized degree either from local or oversea institutions, colleges or universities. During the late eighties, institutions of higher education in Malaysia were limited, with only six universities in the country. A lot of people were sending their children overseas for education. There were many who could not afford to do so, and therefore sought an idea of "twinning", alternative to address this need. Twinning program is an educational program whereby a student is able to commence training here in Malaysia and then complete the full degree abroad (Tan Sri Dato' Dr. Jeffrey Cheah, 1999).

Malaysia's first university, the University of Malaya, was set up in 1949 in Singapore. Currently, there are 10 national universities in Malaysia. Therefore, Malaysian has lots higher education opportunities, with the opening of more private colleges and local universities such as University Tenaga, Multimedia University, and one university each in Sabah and Sarawak state. Presently, these cater for 16.6 % of those within the tertiary education age group. The national target is to achieve a substantial

increased in the present stock of graduates to around 40% by the year 2000, to meet the needs of future development objectives.

**Table 2A : Degree by Ethnic Group from IPTA
1990 and 1999**

Year	1990		1999	
	Number	Percentage	Number	Percentage
<i>Enrolment</i>				
Bumiputra	35,361	65.9	97,836	69.9
Non-Bumiputra	18,309	34.1	42,084	30.1
Total	53,670	100.0	139,920	100.0
<i>Issuant</i>				
Bumiputra	7,487	62.1	14,660	60.0
Non-Bumiputra	4,567	37.9	9,753	40.0
Total	12,054	100.0	24,413	100.0

Source: Ministry of Education, Malaysia

Referring to the above Table 2A, graduates in Malaysian has increased dramatically, more than 100% over 10 years since 1990 to 1999. This is mainly due to more opportunities offer by local institutions and increasingly awareness of the public about the importance of educations.

2.8 INTENTION OF BEING AN ENTREPRENEUR AMONG MALAYSIAN GRADUATES

Most of the empirical studies surveyed (Gorman, G., Hanlon, D., and King, W., 1997) indicated that entrepreneurship can be taught, or at least encouraged by entrepreneurship education. Further more, for some time there has been widespread recognition that entrepreneurship is the engine that drives the economy of most nations. Therefore, research study need to be done to investigate the level of intention of being an entrepreneur among Malaysian graduates. These are the people that will contribute to the economy growth in Malaysia.

This study would like to investigate the intention of Malaysian graduates to become an entrepreneur by ethnic group and gender. A study by Munira Wahab (1999/2000) has found that students from Business Faculty, University Malaya has significant relationship with the intention of being an entrepreneur. These Business students have a higher intention to become an entrepreneur compared to other faculty. To further confirm the level of intentions of being an entrepreneur among Malaysian graduates, this study used demographic profile. This study would like to investigate whether there is difference in the intention of being an entrepreneur among Malaysian graduates with different races and gender.