

### **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

The main objective of this research project is to study the relationship between Rotter's internal or external locus of control and the intention of Malaysian Entrepreneurs to become an entrepreneur. Researcher would like to study whether the Malaysian graduates have strong intention to become an entrepreneur and whether this intention relates to the internal or external locus of control.

In this chapter, Research Methodology, researcher will explain in detail, the methodology used in measurement, sampling design, data collection procedure and data analysis techniques. Nevertheless, how the researcher formed the hypotheses will be described here as well. For the purpose of this research study, two kinds of data has been collected i.e. via primary data (survey questionnaire) and secondary data (researches by other researchers).

### 3.1 RESEARCH HYPOTHESES

Based on the findings in Chapter 2, a few hypotheses have been developed to investigate the relationship between the variables.

#### Hypotheses 1

- $H_0$  : There is no significant relationship between Locus of Control  
And the Intention of being an entrepreneur among Malaysian  
graduates.
- $H_t$  : There is significant relationship between Locus of Control  
And the Intention of being an entrepreneur among Malaysian  
graduates.

Personality traits of entrepreneurs are found to be a determinant as to which persons display initiative (Ilachman 1982). Low and MacMillan (1988) concluded that entrepreneurs' personalities do not have important influences on the organizations they create. Therefore, we would like to investigate, whether there is significant relationship between Locus of Control and the intention of being an entrepreneur among Malaysian Graduates.

#### Hypotheses 2

- $H_0$  : An Internal Locus of Control individual has no relationship  
with the intention of being an entrepreneur among Malaysian  
Graduates.
- $H_t$  : An Internal Locus of Control individual has significant  
relationship with the intention of being an entrepreneur  
among Malaysian Graduates.

Khan and Manopichetwattana (1989) finds that those headed by someone with an internal Locus of Control are more likely to engage in both planning and environment scanning. Wheatley, Anthony and Maddox (1991, 57) stated that internals are more likely to exhibit those entrepreneurial qualities that are necessary to enhance the strategic planning process than are externals. These empirical research lead to the Hypotheses 2.

### **Hypotheses 3**

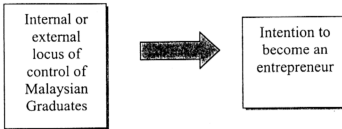
- $H_0$  : Ethnic Group does not give significant effect towards intention to become an entrepreneur.
- $H_t$  : Ethnic Group gives significant effect towards intention to become an entrepreneur.

### **Hypotheses 4**

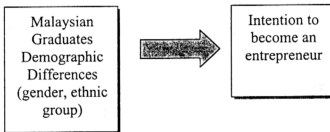
- $H_0$  : Gender does not give significant effect towards intention to become an entrepreneur.
- $H_t$  : Gender gives significant effect towards intention to become an entrepreneur.

This research study would like to investigate;

1. The relationship between internal and external locus of control and the intention of Malaysian graduates to become an entrepreneur.



2. Has individual demographic differences contributed to the intention to become an entrepreneur.



### 3.2 SELECTIONS OF MEASURES

In order to collect data at hand for this research study, a survey research has been done. This research has the purpose to identify characteristics of Malaysian graduates towards Locus of control and intention to become an entrepreneur. Therefore, a survey research is most appropriate to describe the behavioral patterns.

The Survey Questionnaire has been attached in Appendix 2. This Survey Questionnaire has been divided into three sections. Part A is to investigate the Locus of Control of the respondents either internal or external. Part B is to describe the characteristics of the respondents towards their intention of being an entrepreneur. Finally, in Part C, respondents have to provide with their personal demographic profile.

### **3.2.1 Rotter's Internal-External Scale**

Sample of Malaysian graduates have been tested using the Rotter's Internal-External Scale (1966) in a two dimensions, forced-choice format. Please find the Rotter's Internal-External Scale in Part A of the Survey Questionnaire attached in **Appendix 2**.

This measurement tool consists of 29 group of questions which will determine whether the respondent is control by himself/herself (internal locus of control) or affected by the environment (external locus of control). The respondent has to choose the most suitable answer to them. If the respondent chooses the answer, which relates to internal locus of control, no mark will be given. On the other hand, if the respondent chooses the answer which relates to external locus of control, "1" mark will be given. Respondents who scored 8 or less are considered have strong believe in they control themselves. These respondents have strong Internal Locus of Control.

If the respondents scored 9 and above, these respondents have strong External Locus of Control. They are more likely to follow the environment and less confidence in themselves. Therefore, the higher the Rotter's Internal-External Scales, the higher the External Locus of Control. Respondents will high Internal Locus

of Control and Confidence will have low Rotter's Internal-External Scales.

### 3.2.2 Intention to become an Entrepreneur

In Part B of the survey questionnaire, researcher used the Likert 5 Scale to investigate the intention to become an entrepreneur among Malaysian graduates. There are totally 9 questions in this Part. These questions are to investigate whether the respondents have intention to become entrepreneur and what is the level of commitment. Question 8 is to investigate the industry that the respondents are willing to venture into in near future. There is also an open-ended question, which is Question 9, with the purpose to study the respondents' reasons to become an entrepreneur.

For question 1 to 7, a five points Likert Scale was used to find out each Malaysian graduates intention to become entrepreneur.

- |   |   |                   |
|---|---|-------------------|
| 1 | = | Strongly Disagree |
| 2 | = | Disagree          |
| 3 | = | Not Sure          |
| 4 | = | Agree             |
| 5 | = | Strongly Agree    |

Respondent will have the choice to select the questions based on their personal opinion towards the intention to become entrepreneur. Researcher will total up the scale, which the respondents had chosen for question 1 to 7. Researcher had decided to categorize the level of intention among the respondents into 3 levels:

Strong	– 30 to 35 points
Moderate	– 22 to 29 points
Low	– 7 to 21 points

Respondents who have strong intention of being an entrepreneur will have a very positive attitude towards all the challenges. This person will not give up easily and they will continue their venture until they succeed. A 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 intention actually started a business.

Respondents who have moderate intention of being an entrepreneur will give up easily because of all the obstacles they have to face, such as capital and risk.

Respondents with low intention of being an entrepreneur have no objective to become an entrepreneur. These people are mostly salary earners. They are satisfied with what they are having at the moment.

### **3.2.3 Personal Demographic Profile**

The respondents' personal demographic is located at Part C of the survey questionnaire. Information that is required such as gender, age, ethnic group, involved in what profession, year of working experience, and income.

### 3.3 SAMPLING DESIGN

In order to study the relationship between internal and external locus of control and the intention of Malaysian graduates to become an entrepreneur, this study has done a Survey Questionnaire. The survey questionnaire was targeted to the Malaysian graduates with different ethnic group. Then, these 100 graduates have been randomly selected and interviewed personally. These respondents need to give their views and comments to the questions in the survey questionnaire attached in **Appendix 2**.

This study used quota sampling to plan the sample as in Table 3A. These respondents are mostly MBA students in University Malaya, and friends located in Klang Valley. Therefore, the sampling technique here is a mixture of quota sampling and convenient sampling.

**Table 3A : Planned sample of Survey**

Ethnic Group	Total	Female	Male
Bumiputra	55	27	28
Chinese	30	15	15
India & others	15	7	8
Total	100	49	51

The planned sample above is based on the ratio of Malaysia population. The age of the targeted Malaysian graduates are all under 40 years. The most important thing here is the ethnic group and gender. This study would like to investigate whether ethnic group and gender have relationship with the Malaysian graduates' intention to become entrepreneurs.



### 3.4 DATA COLLECTION PROCEDURE

The researcher used 3 types of tools in the survey questionnaires. Firstly, to test the respondents whether they are Internal and External locus of control based on Rotter's research. Secondly, in Part B of the questionnaires, respondents have been test for their intention to become an entrepreneur. Finally, in Part C, respondents have to fill in their personal demographic. The survey questionnaire is only done in English, since the researcher is targeted the graduates who has high command of English.

#### 3.4.1 Data Collection Techniques

In this research study, the researcher has based on two sources to collect data required. There are primary data and secondary data collection. Data on entrepreneurial research, definitions, intention and locus of control has been collected using these two sources.

##### Primary Data

The purpose of survey research is to collect primary data – data gathered and assembled specifically for the research project at hand. In this research project, response from the 100 respondents are collected from the Survey Questionnaire. The questions in the Survey Questionnaire are very objective. Respondents just need to mark the most accurate answer to them from the list of possible answers provided. The questions in the Survey Questionnaire are quite lengthy especially Part A on the Rotter's Internal-External Scale, therefore, simple answers would be comfortable to the respondents. There is

only one open ended question where respondents have to write their reasons of becoming an entrepreneur.

### **Secondary Data**

Secondary Data are mainly from the researches done by previous researchers on topics such as entrepreneurship, intentions and locus of control. Books on various topics on entrepreneurship are also used as reference. There are also many articles on the current development on entrepreneurship as reference for this research study. The list of references can be found at the end of the book, bibliography.

The secondary data are gathered from Main Library, University of Malaya, Perpustakaan Peringatan Za'ba, Library of Business and Accounting Faculty, Tun Sri Lanang Library of Universiti Kebangsaan Malaysia, Main Library of University Putra Malaysia, journals on Entrepreneurship, journals on Locus of Control and online database such as Proquest Online.

### 3.5 DATA ANALYSIS TECHNIQUES

The statistics program SPSS (Statistical Package for The Social Sciences) will be used to analyze the data from the Survey Questionnaire. The answers from 100 Survey Questionnaire has to be first key in into the statistical program. The answers have to be well organized by Part A, B and C.

#### Hypotheses 1

- $H_0$  : There is no significant relationship between Locus of Control and the Intention of being an entrepreneur among Malaysian graduates.
- $H_1$  : There is significant relationship between Locus of Control And the Intention of being an entrepreneur among Malaysian graduates.

To analyze the relationship between Locus of Control and the intention to become an entrepreneur, One Way Anova to compare the means is used.

Correlation Analysis will be conducted to test the relationship between Locus of Control and the intention of being an entrepreneur. The correlation analysis is used to measure the strength or degree of linear association between two variables. The correlation coefficient ( $r$ ) or correlation matrix showed the correlation between each independent variable towards the dependent variables.  $R$  will fall between negative one and positive one ( $-1 \leq r \leq 1$ ) with  $r$  equals to one showed a perfect positive correlation between the two variables, whereas  $r$  equals to negative one indicated a perfect negative relation.  $r$  equals to zero showed no correlation between the two variables at both 1% or 5% significant levels.

**Hypotheses 2**

- $H_0$  : An Internal Locus of Control individual has no relationship with the intention of being an entrepreneur among Malaysian Graduates.
- $H_t$  : An Internal Locus of Control individual has significant relationship with the intention of being an entrepreneur among Malaysian Graduates.

This study need to further investigate whether Internal Locus of control would has significant relationship with the intention of being an entrepreneur among Malaysian Graduates. Therefore a T-test is conducted to run on the Internal and External Locus of Control and compare intention to become an entrepreneur's mean value.

**Hypotheses 3**

- $H_0$  : Ethnic Group does not give significant effect towards intention to become an entrepreneur.
- $H_t$  : Ethnic Group gives significant effect towards intention to Become an entrepreneur.

Next, researcher needs to see the ethnic group differences with respect to the intention to become an entrepreneur among Malaysian graduates. Since we need to compare the means of 3 ethnic groups, i.e. Malay, Chinese and Indian, one-way Analysis of Variance, ANOVA is the most suitable analysis used.

Secondly, Chi-Square tests was conducted. This measurement was done by using the chi-square test and run the cross tabulation analysis on the ethnic group. For academic analysis, the alpha value is always 0.05. Then, this alpha value will be compared with the significance value from the test result.

**Hypotheses 4**

- $H_0$  : Gender does not give significant effect towards intention to become an entrepreneur.
- $H_t$  : Gender gives significant effect towards intention to become an entrepreneur.

To analyze whether gender gives significant effect towards intention to become an entrepreneur, chi-square tests is conducted. Similarly with Hypotheses 2, the result of the significance value will be used to compare with the alpha value to see whether gender gives significant effect towards intention to become an entrepreneur.

The Anova testing will run on the gender and the first 7 questions on Part B and compare the male and female's mean value. We will see from the results whether there is significant difference on gender with respect to all the items Part B (intention to become an entrepreneur). Then conclusion will be made based on the results of the test whether there is significant difference between gender and the intention to become an entrepreneur among Malaysian graduates.