Environmental Factors and Entrepreneurial Intention among Nigerian Students in UUM

Esuh Ossai-Igwe Lucky and Najafi Auwalu Ibrahim

ABSTRACT

This study examined the influence of environmental factors on the entrepreneurial intention of Nigerian students in UUM focusing in environmental support and environmental influence. A cross-sectional research design with quantitative questionnaire approach was conducted. The study used convenience sampling technique to select 159 participants who provided information on the environmental support, environmental influence and entrepreneurial intention of Nigerian students in UUM. A multiple regression analysis technique was employed for the data analysis. The result of the analysis revealed that neither environmental support nor environmental influence is significantly related to entrepreneurial intention of Nigerian students in UUM. The study concludes that both entrepreneurial orientation and entrepreneurial skill are essential factors required to realize entrepreneurial intention by the Nigerian students in UUM. Discussion on the finding is highlighted and the implication of the study including its limitations is also provided.

Keywords: Entrepreneurial orientation, environmental support, environmental influence, entrepreneurial intention, UUM.

1. INTRODUCTION

There is no doubt that the concept of entrepreneurship development has cut across every aspect of human endeavours such as management, engineering, economics and marketing. Similarly, the history of entrepreneurship development is as old as human history. However, it is very recent that scholars and academicians start to incorporate entrepreneurship development into their academic curriculums especially in the developing countries such as Nigeria, Malaysia and others for the purpose of creating a pool of future entrepreneurs.

Recent development has shown that entrepreneurship have been growing radically for the past two decades, to the extent that the academicians as well as government have become more concerned with the role entrepreneurship development plays in the youth development towards entrepreneurial attitude.
Lucky and Olusegun (2011). This is as a result of the major roles it plays as an economic and development force, especially in developed countries (Lucky and Olusegun, 2011). Generally, entrepreneurship has been described as a process of the creation of new things that will improve the standard of living or solve a particular problem of human being which leads to the creation of a new wealth (Drucker, 1985). Moris, Lewis and Sexton (1994) found that entrepreneurship activities have a great impact on the economy and also provide quality of life to its citizen. This is achieved by generating employments for the people and empowering them which in turn impact positively on the economy.

To achieve better economic development and growth, many countries are adopting entrepreneurship development programs at their tertiary institutions with a view to inculcate the concept to their teaming student/young populations. However, the possibility of students taking entrepreneurship course to become future entrepreneurs has become a major concern within and outside the academic community as many of them never turns out to become one. In Malaysia for instance, understanding the role of entrepreneurship toward economic development has been very clear to the government. For example, the government and all stake holders are doing more to ensure that they promote its conduct at all levels. This includes the introduction of compulsory entrepreneurship program in schools and universities with the aim of producing and inculcating the culture and habit of becoming entrepreneurs. However, these programs failed to put the foreign students into consideration. It is strongly believed that most foreign students may possess the entrepreneurial abilities that may contribute to the nation’s transformation agenda. It is assumed in this study that allowing the foreign students involvement in one form of entrepreneurial activity or the other would allow the students to contribute some quota in the overall Malaysian economic development as well as contributing to the university total objective of becoming an eminent management university and sustaining the recent autonomous status. According to the study by Veciana, Aponte & Urbano (2005) on students’ career, it is believed that the university institutions play a crucial and dominant role for university students to embark on entrepreneurial career.

One of the key roles played by the university institutions on the students’ entrepreneurial intention is by providing an enabling environment that can aid the entrepreneurial intention of the foreign students. Thus, environmental factors are serious concerned for an effective entrepreneurial intention among the students. It has been observed that the lack of enabling supportive environment is a major challenge among the students in the academic institution towards building their intention on entrepreneurship activities (Abdullah, Hamali, Deen, Saban, & Abdurahman, 2009; Indarti, Rostiani, & Nastiti, 2007; Lucky & Minai, 2011; Taormina & Lao, 2007). The researchers believe that the relationship between environment and entrepreneurial intention is worth investigating. The study by
Van de Ven (1993) and Lucky, Hamzah and Minai (2013) affirmed that studies on entrepreneurship without reference to the environment should be considered as insufficient and incomplete.

In UUM for instance, our critical observation as well as our several interactions with the foreign students showed that most of these students have the intentions of engaging in one business activity or the other. However, the environmental factors seem to deter them from making their intention a reality. It is claimed that to achieve the entrepreneurial intention in Malaysia, supportive environment are required and will be very crucial.

This demonstrates that environment factors such as environmental support and environmental influence are crucial to the effective entrepreneurial intention of the students intending to become entrepreneurs. Apart from that, the Theory of Planned Behaviour by Ajzen (1991) assumed that certain factors such as behavior (orientation), characteristics (skills) and environment play a vital role in stirring individual intention in becoming what he/she wants to become. Thus, environmental support and environmental influence are assumed to influence entrepreneurial intention of an individual including the students.

In view of this, the study investigates the influence of environmental support and environmental influence on the entrepreneurial intention among the foreign students in UUM with a particular interest on Nigerian students in UUM. Data from the academic unit indicates that there are about 275 Nigerian students in UUM, representing nearly 1 per cent of the total population of UUM who are pursuing various degrees from different disciplines.

2. LITERATURE REVIEW

2.1 Environment Factors

The reaction of the environment is felt by both entrepreneurs and the business; this is because neither of them acts in a vacuum (Peters & Waterman, 1982). As such the entrepreneurs and business have to relate in one way or the other, through the exchange of goods and services, human capital and resources with the larger society. The critical factors for the development and sustainability of entrepreneurship in a country or region are referred to as entrepreneurial environment (Gnyawali & Fogel, 1994). Ogundele (2007) describes environment as all the conditions and influences affecting the development of an organism or organization. Van de Ven (1993) is of the view that for any study on entrepreneurship that disregard environment is insufficient and incomplete. Thus, indicating that environment is a key factor in predicting an effective and successful entrepreneurship development. Accordingly, environment has been
widely identified as one of the key players that ensure and dictate the continual survival and continuation of the business (Arowomole, 2000).

Obviously, the assumption and perception of people to engage in business is encouraged by conducive environment irrespective of the region or specialty of the business. Gnyawali and Fogel (1994) classify entrepreneurial environment as policy and programs of the government, entrepreneurial skills, socioeconomic conditions, financial and non-financial support. The business environment plays a very vital role in influencing entrepreneurial activities, which many scholars associated it with the role of government in promoting entrepreneurship. Some of the role of the government comes in terms policies and programs such as of funding, externalities and infrastructures that shapes the real local context. In addition, the university environment (support) is also identified as vital mechanisms that influence entrepreneurial activities (Fini, Grimaldi & Sobrero, 2009c; Morris & Lewis, 1995).

For instance, Abdullah, et al. (2009) noted that environment plays a positive impact on the development of small firms in the society to the extent that it influences entrepreneurial activity. Accordingly, several studies e.g. Uddin and Bose (2012) found a strong correlation between the environment and the entrepreneurial intention. Their study suggests that the relationship between environment and entrepreneurial intention is worth investigating. Similarly, Taormina and Lao (2007), pointed out that environment has a strong influence on every individual. They argued that environment can encourage or discourage them from becoming entrepreneurs. For example, an individual is likely to be interested in becoming an entrepreneur in an environment that promote business while on the other hand, an individual may not have interest in business or entrepreneurship activities where the environment does not promote business. According to Lucky and Minai (2011), environmental factor plays a crucial role in determining the probability of individual becoming entrepreneurs. They argued that enabling environment would help people to think of becoming an entrepreneur. Also, the study by Indarti, Rostiani and Nastiti (2007) found that environment is a significant factor in influencing entrepreneurial intention among Asian students.

2.2 Entrepreneurial Intention

Just like entrepreneurship, the concept of entrepreneurial intention has been defined by several authors. The concept of entrepreneurial intention is defined by Bird (1988), as the mind sets that directs, guide, coordinate and control the basic concept (action) of new business development, implementation and evaluation. Entrepreneurial intention is also defined by Thompson (2009) as the self-acknowledged conviction of individual mind in the possibility of starting up a new business with a sincere and dedicated plan to so at a certain point of time.
He went further to state that the concept of entrepreneurial intention is determined by the strength of intention of starting up a new business. This is in line with the assumption of the Ajzen’s theory which explains that the higher the intention the higher the possibility of displaying the behavior (Ajzen, 1991). In fact, it has been strongly established that entrepreneurial intention is a validated determinants of the entrepreneurial activities of an individual, as such studying the entrepreneurial intention clearly helps in understanding the antecedents that predict entrepreneurial intention (Bird, 1988; Davidsson, 1995; Ismail et al., 2009; Krueger Jr, Reilly & Carsrud, 2000; Liñán, 2004; Peterman & Kennedy, 2003).

For example, Autio, Keeley, Klofsten, Parker, and Hay (2001) study the entrepreneurial intention of students in USA. The study was conducted using the theory of planned behavior using a sample of four different business schools form four countries that could give enough and robust possibility of comparison to view the entrepreneurial intention of this different schools. The study shows that all the three factors identified by Ajzen’s theory of planned behavior were found to be significant in terms of determining the entrepreneurial intention of the students. Also when compared with the school only London business school students was found not to be significant in relation to subjective norms and entrepreneurial intention. Recently, Samuel, Ernest, and Awauh (2013) investigate an assessment of Entrepreneurship Intention among Sunyani Polytechnic Marketing Student found that intention of students to become entrepreneurs is high.

![Figure 1: The Conceptual Framework](image)

### 2.2.1 Hypotheses Formulation

On the basis of the conceptual framework which is also supported by the evidence in literature, the study therefore proposed the following hypotheses below.

- \( H_1: \) Environmental support will significantly relate to entrepreneurial intention of Nigerian students in UUM.
• **H2**: Environmental influence will significantly relate to entrepreneurial intention of Nigerian students in UUM.

3. **RESEARCH METHODOLOGY**

3.1 **Population and Sampling**

The population for this study covers all Nigerian students currently studying in UUM. According to the record from the academic affairs, there are 278 Nigerians currently studying in UUM in various departments and academic levels, 52 at the undergraduate level and 226 at the post graduate level, given a total of 278. The Nigerian students represent nearly 1% of the total population of UUM (30,515). However, there is lack of respondent’s information relating to their names and matric number.

A convenience sampling technique of non-probability was employed to select 200 respondents. Sekaran and Bourgie (2009) suggested a sample size of 162 for a population of 280. However, to avoid the problem of non-bias response, the study distributed more than 162 (2009). Hence, the total respondent for this study is 200. Accordingly, Samuel, Ernest and Awa in (2013) suggested a convenience sampling technique when the population of the study is not well known. For this study, lack respondent’s information such as names and matric number warranted the use of convenience sampling technique.

3.2 **Data Collection Procedure**

This study adopts to self-administered procedure in distributing and retrieving the distributed questionnaires from the respondents. According to Zikmund et al. (2012), a self-administered questionnaire procedure is considered suitable for this kind of study because of its numerous advantage such as speed in distribution and high response as a result of the time sensitivity in this study. In the same vein, the questionnaire design was close ended as the respondents are expected to select from strongly disagree to strongly agree on a 5-point scale.

3.3 **Variable Measurement**

The variable in this study were measured using five-point scale with an option ranging from strongly agree to strongly disagree based on the previous studies of Liñán (2008), Liñán and Chen (2009) and Bolton and Lane (2012). The environmental factors were measured using two key dimensions namely; environmental support and environmental influence. The seven (7) items used for the measurement were adapted from Liñán (2008) and the respondents were asked to respond on how the variables affect their entrepreneurial intention. In
the same vein, entrepreneurial intention was measured using the items developed by Liñán and Chen (2009). The construct consists of six items with which the respondents were asked to select between strongly disagree and strongly agree using a five (5) Likert-scale.

4. DATA ANALYSIS AND RESULTS

4.1 Descriptive Analysis Result

This was conducted using descriptive analysis technique. From the result, the descriptive analysis shows a total number of 127 males students (81.9%) and 28 female (28%). The result also indicates that 56 (36.1%) of the respondents are between the age of 20-30, 62 (40%) are within the age bracket of 31-40 and 37 (23.9%) where above the age 41. The result further shows that 49 (31.6%) respondents were not married, while 103 respondents making up (66.5%) were married and lastly the remaining 3 (1.9%) were divorced. In terms of the academic qualification of the respondents, it show that 3 (1.9%) are PHD holders, 109 (70.3%) have masters while the remaining 43 (27.7%) have degree. In the specialization, 113 (72.9%) are of management sciences, 22 (14.2%) are of arts and humanities while the remaining 20 (12.9%) are of sciences. Looking at the statistics of the semester duration of the respondents 15 (9.7%) are semester one, 62 (40.0%) are of second semester, 47 (30.3%) are of third semester, 17 (11.0%) were in there fourth semester, 10 (6.5%) are of fifth semester and the remaining 4 (2.5%) belongs to semester six and above.

4.2 Factor Analysis Result

This was conducted on the variables (environmental factors and entrepreneurial intention) utilized in this study in order to determine their construct validity. For this, the principal component analysis with a varimax rotation was employed. All items subjected to factor analysis in this study are required to indicate 0.4 factors loading before being included into the factor as suggested by Atyeo, Adamson & Cant (2001). Table 1 and Table 2 provide a detail result of the factor analysis results for all the variables which include factor loadings, variance explained, Eigenvalue and Kasier-Meyer-Olkin (KMO) among others.
Table 1: Factor Analysis Result for Environmental Factors

<table>
<thead>
<tr>
<th>Environmental Factors Items</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Factor 1: Environmental Influence</strong></td>
<td></td>
</tr>
<tr>
<td>I am supported by my university environment to do business</td>
<td>EF6.887</td>
</tr>
<tr>
<td>I am supported by the government to engage in business activities</td>
<td>EF5.827</td>
</tr>
<tr>
<td>The environment encourages me to become an entrepreneur</td>
<td>EF4.819</td>
</tr>
<tr>
<td>My present environment is considered conducive</td>
<td>EF7.781</td>
</tr>
<tr>
<td>My present environment is considered supportive</td>
<td>EF3.680</td>
</tr>
<tr>
<td><strong>Factor 2: Environmental Support</strong></td>
<td></td>
</tr>
<tr>
<td>I am often given opportunity to showcase my entrepreneurial skill</td>
<td>EF1.890</td>
</tr>
<tr>
<td>My environment often provides me with adequate training on business activities</td>
<td>EF2.801</td>
</tr>
<tr>
<td>Eigenvalue = 4.67</td>
<td></td>
</tr>
<tr>
<td>Percentage of variance explained (%) = 77.855</td>
<td></td>
</tr>
<tr>
<td>Kaisier-Meyer-Olkin = .886</td>
<td></td>
</tr>
<tr>
<td>Bartletts' test of spericity approx. chi square = ; df = 21; Sig = .000</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Factor Analysis Result for Entrepreneurial Intention

<table>
<thead>
<tr>
<th>Entrepreneurial Intention items</th>
<th>Factor Loading 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am ready to do anything to be an entrepreneur</td>
<td>EI4.864</td>
</tr>
<tr>
<td>My professional goal is to become an entrepreneur</td>
<td>EI3.818</td>
</tr>
<tr>
<td>I will make every effort to start and run my own business</td>
<td>EI6.817</td>
</tr>
<tr>
<td>I am determined to create a business in the future</td>
<td>EI5.796</td>
</tr>
<tr>
<td>I have very seriously thought of starting a business</td>
<td>EI2.757</td>
</tr>
<tr>
<td>I have the strong intention to start a business some day</td>
<td>EI1.724</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>3.8</td>
</tr>
<tr>
<td>Percentage of variance explained (%)</td>
<td>63.6</td>
</tr>
<tr>
<td>Kaisier-Meyer-Olkin</td>
<td>.85</td>
</tr>
<tr>
<td>Bartletts' test of spericity approx. chi square</td>
<td>484.181</td>
</tr>
<tr>
<td>df.</td>
<td>15</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>
4.3 Validity and Reliability

The validity was determined using the Kasier-Meyer-Olkin otherwise called KMO. For this, 0.5 and above is required by any item to consider acceptable as suggested by Lucky (2011). Table 3 shows KMO of .88 for both environmental support and environmental influence and KMO of .85 for entrepreneurial Intention indicating that the items are validated.

For the reliability, this was determined using the Cronbachs’ alpha value of above 0.5 as suggested by Lucky (2011). Thus, 0.5 Cronbachs’ alpha was required by any item to be considered reliable. Table 3 shows a Cronbachs' alpha coefficient value of .85 and .92 for both environmental support and environmental influence and Cronbachs’ alpha coefficient value of .88 for entrepreneurial Intention indicating that the items are reliable.

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of Items</th>
<th>KMO</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental support</td>
<td>2</td>
<td>.88</td>
<td>.85</td>
</tr>
<tr>
<td>Environmental influence</td>
<td>5</td>
<td></td>
<td>.92</td>
</tr>
<tr>
<td>Entrepreneurial Intention</td>
<td>6</td>
<td>.85</td>
<td>.88</td>
</tr>
</tbody>
</table>

4.4 Correlation Analysis Result

This was conducted using the Pearson correlation analysis technique so as to ascertain the correlation among variables (environmental factors and entrepreneurial intention) utilized in this study after fulfilling the basic assumptions such as ascertain the outliers, normality, linearity and homoscedasticity etc. In reality we used the correlation analysis to confirm the hypotheses for this study. The result in Table 4 indicates that neither environmental factor nor its dimensions (environmental support and environmental influence) are significantly associated with Entrepreneurial Intention. However, the result shows that both environmental support ($r = .826, p < 0.01$) and environmental influence ($r = .973, p < 0.01$) are strongly associated with entrepreneurial intention of Nigerian students in UUM. Also the result shows that an environmental influence has the highest and strongest correlation with environmental factor as suggested by Salkind (2009).
Table 4: Correlation Result of the Variables (N = 159)

<table>
<thead>
<tr>
<th>Variables</th>
<th>EF</th>
<th>ES</th>
<th>EI</th>
<th>EI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental factor</td>
<td>1</td>
<td></td>
<td>.826**</td>
<td>1</td>
</tr>
<tr>
<td>Environmental support</td>
<td>.973**</td>
<td>.675**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Environmental influence</td>
<td>.120</td>
<td>.125</td>
<td>.107</td>
<td>1</td>
</tr>
</tbody>
</table>

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

4.5 Multiple Regression Analysis Result

This was conducted using the multiple regressions after fulfilling the basic assumptions such as ascertain the outliers, normality, linearity and homoscedasticity etc. The result in Table 5 shows that environmental support is not statistically significant to entrepreneurial intention of Nigerian students in UUM (p > 0.5) with 9.6% beta. For the environmental influence, the result also indicates that environmental influence is not statistically related to entrepreneurial intention of Nigerian students in UUM (p > 0.5) with 36.7% beta.

Table 5: Test Result of Multiple Regression Analysis Summaries for the Independent Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental support</td>
<td>.016</td>
<td>.002</td>
<td>1.171</td>
<td>.096</td>
<td>.849</td>
<td>.397 NS</td>
</tr>
<tr>
<td>Environmental influence</td>
<td>My</td>
<td>.042</td>
<td>.367</td>
<td>.714 NS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.001, **p<0.005, Sig = Significant, NS = Not Significant

5. DISCUSSION

5.1 Discussion on the Findings

This study investigates the relationship between environmental factors and entrepreneurial intention of Nigerian students in UUM. It specifically, examined the influence of environmental support and environmental influence on the entrepreneurial intention of the Nigerian students in UUM. The study employed the multiple regression analysis technique to examine the relationship between environmental support, environmental influence and entrepreneurial intention of the Nigerian students in UUM.
First, our overall result demonstrates that environmental factors are not significantly related to entrepreneurial intention of Nigerian students in UUM. Thus, our overall result failed to find support for the influence of environmental factors on the entrepreneurial intention of Nigerian students in UUM. It shows that environmental factors are not significant predictors of entrepreneurial intention of Nigerian students in UUM. Generally, this finding is inconsistent with the study by Fini, Grimaldi, et al (2009a) which affirmed that environment predicts entrepreneurial intention. The result also tends to negate the assumption of the Theory of Planned Behaviours which posits that certain factors apart from attitude and behaviours, environment equally influence individual intention to become what he/she want to become.

Second, the result revealed that neither environmental support nor environmental influence affect the entrepreneurial intention of the Nigerian students in UUM. It shows that environmental support is not significantly related to entrepreneurial intention of the Nigerian students in UUM. This finding failed to support the previous findings by Sama-Ae (2009) which affirmed that external factor affect the entrepreneurial intention of the Thai student in UUM. Also, the study did not collaborate the finding by Fini, Grimaldi, et al (2009a) which affirmed that environment is significantly related to entrepreneurial intention. They further concur that environmental support and environmental influence are very crucial for the effective attainment of student’s entrepreneurial intention. The finding also fails to support the finding of Uddin and Bose, (2012) states that environment is significantly related to entrepreneurial intention among students. However, the study is in line with the findings of Ahmed, et al., (2011), in their study they found that even though environment can play a major role in motivating an individual to become an entrepreneur, but there is no significant relationship was found between environmental factor and entrepreneurial intention. Similarly, the finding also shows that environmental influence is not significantly related to entrepreneurial intention of the Nigerian students in UUM. This implies that environmental influence may not determine the entrepreneurial intention of Nigerian students. The finding suggests that there is lack of environmental influence by the university on the Nigerian students. Thus, the UUM environment does not influence the Nigerian students to become entrepreneurs. The findings failed to collaborate the assumption by Lucky, Hamzah and Minai (2013) that environment leads to a successful entrepreneurship. However, our result should be interpreted with caution as a different environment could prove otherwise.

The findings for this study have some implications. The study provides an additional insight in the existence of substantial number of literature that exists in the concept of entrepreneurial intention and the factors affecting it with particular focus on Nigerian students in UUM. Another key implication of this study is the ability to create pool of foreign entrepreneurs that are capable of contributing
significantly to the Malaysian Transformation agenda. Accordingly, the study also contributes by providing an appropriate guideline for both the university authority and the policy makers in entrepreneurship program in identifying those key environmental factors that influence student’s entrepreneurial intention, which will assist in providing training and other support needed to enhance their entrepreneurial intention. The study would also guide the government in promoting the positive image of entrepreneurship in the mind of the foreign students studying in Malaysia.

5.2 Limitation and Recommendation for Future Study

Based on the objectives of this study, the analysis was limited only to the regression analysis in order to understand the influence of environmental factors namely; environmental support nor environmental influence on the entrepreneurial intention among foreign students in UUM. Therefore, this study recommends hierarchical regression with the introduction of a mediating or moderating variable in order to better explain the variation in the influence of entrepreneurial environmental factors on the entrepreneurial intention among foreign students in UUM.

Also, the study only focused on two major environmental factors which are neither environmental support nor environmental influence without consideration to other environmental factors such as government and university policies, facilities etc. It is believed that these factors would have the potential to influence the entrepreneurial intention of foreign students in UUM and Malaysia as large.

Secondly, this study was conducted in one of the universities in Malaysia precisely UUM, other studies of this nature that are often conducted using organizations and firms, therefore, it is also recommended that future study should replicate this study using other foreign students studying in other Malaysia universities or different countries with a view to validate and increase the generalization of the finding obtained in this study.

REFERENCES


