

Skill Acquisition and Self-Employment in Malaysia: A Sufficient Condition?

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Abstract

The objective of this study is to examine the effect of skill training on self-employment practice among Malaysian University Graduates, as a means of assessing the success of several entrepreneurship development programs of the government. Studies have shown that skill acquisition is the most critical factor in the utilization of entrepreneurship opportunity for self-employment. However, vital as it may be, is skill acquisition a sufficient condition or factor for self-employment practice among Malaysian youths? Without other factors such as micro-credit, savings and social capital, can the skill-trained youths venture into self-employment? This is the focus of this study. The study adopts a quantitative survey by use of questionnaire and a proportionate stratified random sampling method to collect data. The study adopts data analysis using regression method. The study proffers solutions to the Malaysian Government for policy decisions that would engender greater participation of graduates in self-employment practice.

Keywords: Skill acquisition, self-employment, graduates, Malaysia, sufficient condition?

1. Introduction

Globally, governments' introduction of entrepreneurship skill acquisition programs is to provide the level of education mostly among the youths in terms of the skills, attitudes,

aspirations and competencies needed to exploit entrepreneurial opportunity, leading to employment generation (Samian & Buntat, 2012) and economic development of their countries (Emaikwu, 2011). However, many youths are not found in entrepreneurship, five years after graduation, in Malaysia (Abdullah et al., 2009). One of the reasons that could be deduced from such attitude is because the Government of Malaysia offers job opportunities to majority of the young graduates from the country's universities. Good as this seems to be; however, it discourages self-employment and employment generation through entrepreneurship. In similar developing countries where entrepreneurship thrives well, the motivating force that gingers entrepreneurial spirit and mind-set among the youths is creativity, innovation and invention, as well as the desire to generate income or profit so as to improve standard of living.

The desire to reduce or eliminate poverty through job creation by an individual or a nation, in most cases, gives rise to entrepreneurship development. Literature evidence proves that skill training has a positive relationship with self-employment (Abdullah et al., 2009; Ibru, 2009; Salman, 2009). It is one of the major factors that ginger entrepreneurial opportunity (Shane, 2003) and entrepreneurship performance (Stohmeyer, 2007). Other studies equally show that skill acquisition is the most critical factor in the utilization of entrepreneurship opportunity for self-employment. For example, among the micro-finance factors such as credit (loan access), training (skill acquisition), social capital (social ties/bonding) and savings; skill acquisition had the higher positive impact on enterprise performance in Nigeria (Ekpe et al., 2012). However, can skill acquisition alone lead to self-employment among the youths? Important as it may be, is skill acquisition a sufficient condition or factor for self-employment practice among Malaysian youths? For example, social capital provides business information and other resources, such as social supports and professional advice, for business performance

(Carter & Shaw, 2006). It also helps in loan supervision, evaluation and repayment through micro-credit group liability (Tata & Prasad, 2008). Therefore, without other factors such as micro-credit, savings and social capital, can the skill-trained youths venture into self-employment? This is the focus of this study.

Previous studies are available on the relationship between skill acquisition and entrepreneurial opportunity (Abdullah et al., 2009; Ikegwu, 2014; Nwanaka & Amaehule, 2011; Ojo, 2009; Onuoha et al. 2013; Samian & Buntat, 2012) but scarcity of research exists that examines skill acquisition and self-employment practice among graduate youths in Malaysia (Abdullah et al., 2009; Samian & Buntat, 2012).

2. Literature Review

Skill Acquisition: Training is important for youth' self-employment especially in developing countries with low level of education (Ibru, 2009) because education produces prior experience which leads to preparedness for entrepreneurial activity (Shane, 2003) and many countries have recognized this in accordance with literature support that entrepreneurs could be made or trained, though some are born (Abdullah et al., 2009). It is also stated that entrepreneurial process is a vital source of developing human capital (Brana, 2008; Shane, 2003). In many developing countries, most entrepreneurs could not make use of micro-credit outside formal (education) and informal (pre-loan induction) training because most entrepreneurs in high income countries were better educated than those in low income countries (Ibru, 2009; Karnani, 2007; Salman, 2009).

Numerous studies asserted that skill training and tertiary education could lead to entrepreneurial activity (Abdullah et al., 2009; Gatewood et al., 2004; Salman, 2009; Shane, 2003; Stohmeyer, 2007). Previous studies also found that skill acquisition training had

positive relationship with self-employment. For example, skill training and self-employment were positively related in Nigeria (Ibru, 2009), Ghana (Cheston & Kuhn, 2002), U.S.A (Kickul et al., 2007) and Canada (Reavley & Lituchy, 2008). People become gainfully employed through vocational training and skill acquisition (Ebong & Asodike, 2011; Ikegwu, 2014; Nwanaka & Amaehule, 2011). It has been established that the level of education and skill acquired through training, work experience and social network leads to entrepreneur's preparedness to exploit entrepreneurial opportunity (Shane, 2003; Shastri & Sinha, 2010).

Skill acquisition training was found to have positive effect on entrepreneurial activity in Nigeria (Ebong et al., 2011; Ibru, 2009; Ikegwu, 2014), in France (Brana, 2008), in Germany (Stohmeyer, 2007) and in Malaysia (Samian & Buntat, 2012). The study therefore makes the proposition that:

H1: Entrepreneurial skill acquisition is positively related to self-employment practice among Malaysian youth graduates.

Social Influence: Similarly, the acquired skill may not lead to self-employment if there is a negative social influence. Social influence involves the social ties, the influence of friends and family, role models and advisors. This could affect aspiring entrepreneur's decision for self-employment (Asikhia, 2010; Shastri & Sinha, 2010). Society's perception about, and attitude towards, entrepreneurship is poor (Mayer et al., 2007); whereas social networks was found to be positively related to entrepreneurial opportunity for self-employment in USA, UK and Nigeria respectively (Carter & Shaw, 2006; Lawal et al., 2009; Shane, 2003). Perceived social environment also had positive impact on students' entrepreneurial intentions in China (Yun & Yuan-qiong, 2010). A weak relation was found to exist between social norms and entrepreneurial intention, indicating that social environment affect individual's attitude to entrepreneurial intention (Ajzen, 1991; Krueger, 2000). On the other hand, Vob and Muller

(2009) concluded that entrepreneur's behavior towards entrepreneurial activity is influenced by a set of factors such as personality in form of attitude, resources and environment. Other studies concluded that the possession of education, right attitude to risk, motivation and work experience aside; social environment could hinder identification and exploitation of entrepreneurial opportunity (Ekpe & Mat, 2012; Shastri & Sinha, 2010). However; Nasurdin et al. (2009) found that social identity (appreciation from family, friends and society if someone becomes an entrepreneur) did not have any significant relationship with entrepreneurial intentions in Malaysia. The inconsistency in these studies suggest the need for a moderator because Baron and Kenny (1986) suggested that when there is inconsistent or weak relation between predictor and criterion variables, then a moderator is necessary. The study therefore makes the proposition that:

H2: Social influence moderates the relationship between entrepreneurial skill acquisition and self-employment practice among the university graduates.

The Conceptual Model of the Study: The focus of this study was to examine the relationship between entrepreneurial skill acquisition and self-employment practice, moderated by social influence. The study developed a conceptual model which had a link with Schumpeter 1942 Entrepreneurship Theory and Ajzen 1991 Theory of planned Behaviour. The conceptual model for this study is as shown in Figure 1 below.

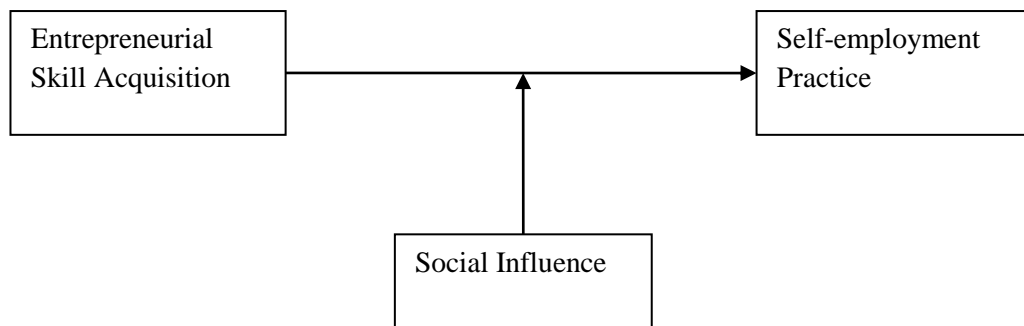


Figure 1:
The Conceptual Model

Underpinning Theories:

The study is tied to Schumpeter (1942)' Entrepreneurship Theory, and Ajzen (1991)' Theory of Planned Behavior. There are two phases of Schumpeter (1942)' Entrepreneurship Theory. In the first phase, the theory believed that entrepreneurs are inventors of innovation and technology, and therefore have owner-managed firms; buying and using the labor of other people to bring something new (capitalism) thereby leading to economic growth of a nation. In the second phase, Schumpeter believed that it is the large organizations that drive innovation and technology because they have enough resources to invest in Research and Development (R&D). These two sides of the theory have triggered a lot of debates in entrepreneurship literature (Kruger, 2004). Therefore, there are both adherents and critics of Schumpeter (1942)' theory. This present study relates to the first phase of the theory in terms of owner-managed firms.

Ajzen (1991)' Theory of Planned Behavior (TPB) lays much emphasis on individual's intention to perform a given behavior; which is an indication of how hard people are willing to try, and how much effort they are willing to exert in order to perform the behavior (Ajzen, 1991). The theory states that intentions are the best predictors of behavior. The performance of a particular behavior also depends on other non-motivational factors such as availability of opportunities and resources like money, time, skills and cooperation of other people. The theory generally deals with individual's attitude towards a behavior which could be positive or negative. Therefore, social groups could influence youth's attitude or intention towards self-employment practice.

3 Methodology:

Survey Procedures

The study employs a quantitative research method (survey) to solicit responses from Malaysian University Graduates of Entrepreneurship, who graduated between 2006 and 2009 (five years ago); using questionnaires and stratified random sampling. This is because five years is the minimum period for trained entrepreneur to transit to actual practice (Stohmeyer, 2007). Three universities from three zones of Malaysia Peninsular are studied. The method is also used because University' Business and Entrepreneurship Faculties offer similar courses. A controlled group made up of graduates from other faculties who did not take entrepreneurship courses was also included in the sample. The study employs descriptive statistics and multiple regressions as data analysis method.

Measures

Skill training is measured as skill acquisition, general or business training, in line with previous studies (Kickul et al., 2007). Social influence is regarded as influence of friends, families, role models and advisors, and the measures were adapted from Kennedy et al. (2003). Self-employment is defined in terms of the tendency to engage in new business or business expansion; and measured in line with Shane (2003), Tata and Prasad (2008). All measures are tapped on a 4-point scale.

Conclusion:

The paper concluded that youth entrepreneurship development in Malaysia is still at the low ebb, compared to other developing nations such as Bangladesh and Vietnam. In support of previous studies, this study concludes that skill acquisition alone is a necessary but not a sufficient condition for self-employment among the youths. This is because other studies established that the level of education and skill acquired through training, work experience and social network leads to entrepreneur's preparedness to exploit entrepreneurial opportunity (Shane, 2003; Shastri & Sinha, 2010). Social influence also had a positive effect on entrepreneurial orientation (Ekpe & Mat, 2012). The paper, therefore, suggests that the Government of Malaysia should provide special incentives or packages to aspiring youth entrepreneurs. Apart from the present skill training, the Government should give special micro-finance package to youth entrepreneurs above what their counterparts are annually earning in paid employment. This will attract a greater number of youths into entrepreneurship than what is presently being witnessed. They should also be advised to join business social groups or professional associations in school or community that will provide business social networks, professional advice and training for self-confidence preparatory to business start-ups after graduation. Parents should also encourage the youths to go into self-employment practice.

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