

WHAT MAKES A GRADUATE AN AGRO-ENTREPRENEUR?

by

Siti Aznor Ahmad, Lim Hock Eam & Soon Jan Jan
School of Economics, Finance and Banking, Universiti Utara Malaysia

Abstract

Realizing the importance of entrepreneurship to economic development, the Malaysian Ministry of Higher Education has launched the Higher Education Institute Entrepreneurship Development Policy in 2010. This because, based on the 2010 Graduate Tracer Study, there is a low involvement (5.5 percent) of graduates in entrepreneurship, compared to employment in other sectors. This warrants a study to explore the factors influencing a graduate to become agro-entrepreneur. This study aims to identify these factors and also the characteristics of what actually make an agro-based graduate entrepreneur. In-depth interviews are conducted with twelve graduate agro-based entrepreneurs. The entrepreneurs are also requested to rate the importance of various triggering factors which are identified by previous studies. The factor rating results reveals that relatively, the most important factors are interest, satisfaction of being an entrepreneur, a sense of contribution to the society, generic skills (leadership, problem-solving, creativity and innovation, analytical, time and group management), social networking and taking-up of entrepreneur courses (after completing undergraduate studies); whereas, formal entrepreneur education, either at the degree, diploma or certificate level, is the least important. Results of in-depth interviews reveal that the characteristics of a graduate agro-based entrepreneur include those such as the right attitude, open mindedness, willingness to learn and face challenges, diligence, and good social networking.

Keywords: Agro-entrepreneur; graduate; entrepreneur education.

I. INTRODUCTION

According to the Malaysian Ministry of Education's Tracer Study, in 2010, there are only about 5.5% out of 87,886 graduates from all Malaysian higher education institutes involved in entrepreneur activities. Even though there is evidence of graduate entrepreneur, the figure is not really impressive and is far below what have been targeted in Malaysia's national policies for graduate entrepreneurs. For example, the Ninth Malaysian Plan has targeted to produce a total of 260,928 agri-entrepreneurs (Mohamed et al 2012). In line with Malaysia's Government Transformation Programme (GTP), the Malaysia Ministry of Higher Education (MoHE) establishes a Critical Agenda Project (CAP) which aims for education and entrepreneur development (MoHE, 2007). On 13 April 2010, MoHE launched the Higher Education Institute Entrepreneurship Development Policy (Dasar Pembangunan Keusahawanan Institusi Pengajian Tinggi). Under its entrepreneurship CAP, MoHE wishes to ensure all HEI students are exposed to entrepreneur's activities.

According to the Labour Force Survey (2009), there are approximately 158,500 graduate (both diploma and university level) entrepreneurs in 2008, in which the majority are involved in wholesale and retail trade; repair of motor vehicles, motorcycles, personal and household goods; real estate activities; and the manufacturing sectors. It is obvious there is no mention of any agriculture-related sector, indicating that graduates' involvement in agro-entrepreneurship is negligible. This might be due to the unattractive elements embodied in this sector, such as undesirable working condition and perceived low social status.

However, there is to date, no official statistics of this phenomenon. The agriculture sector needs fresh and innovative human resource in the form of graduate agro-entrepreneurs. The problem, however, is how to increase such numbers of graduate agro-entrepreneurs. Inspired by this problem, this study aims to explore the factors influencing a graduate to become agro-entrepreneur and also the characteristics of what actually make an agro-based graduate entrepreneur.

Entrepreneur, as defined by Timmons and Spinelli (2003) is someone who is an innovator or developer that recognizes and seizes opportunities, converts those opportunities into a workable or marketable idea, 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. Meanwhile, entrepreneurship refers to the capacity and willingness to undertake conception, organization and management of a productive venture with all attendant risks, while seeking profit as a reward. According to Davidson & Wiklund, (2001); Littunen, (2000); Shane and Venkataraman (2003) entrepreneurship has always been given emphasis in the areas of business research. Entrepreneurial activities have important stakes in economic development, and economic competitiveness (European Commission, 2002). Thus, an entrepreneur could be defined as someone who exercises initiative by organizing a venture to take benefit of an opportunity and as, the decision maker, decides what, how and how much a good or service will be produced.

This study requires the gist from labour economic theories, where theories of choice are commonly used to look at how economic agents behave. Some of the theories of choice include the income-leisure choice theory, hedonic wage theory, Becker's time allocation theory, Schultz's human capital theory, labour supply/demand theory, and consumer choice theory. All these theories involve choices to be made, which are exactly what we are dealing

with in this research - we are looking at why and what make an individual choose or intend to be an entrepreneur, especially an agro-based entrepreneur (which we term as agropreneur).

Gorman and Hanlon (1997) showed that entrepreneurial attributes were positively influenced by educational programs. Kolvereid and Moen (1997) demonstrated a connection between education in entrepreneurship and entrepreneurial behavior, which was similar to the study by Galloway and Brown (2002). Henderson and Robertson (2000) found effective education on entrepreneurship a factor that led students toward an entrepreneurial career. Mohan-Neill (2001) found that students who were exposed to entrepreneurship education to have more favorable views of small businesses.

Waldman (1997) indicated that an entrepreneurship education at the high school level would have a great impact on students seriously inclined towards starting a business after graduation. Kolvereid and Moen (1997) pointed out that entrepreneurship graduates have stronger entrepreneurial intentions than other business graduates. They viewed entrepreneurship graduates to be most suitable to involve the entrepreneurial activity and choose entrepreneur as their career.

Pages and Poole (2003) noted that college and universities as well as small business development centers commonly offer training courses which were typically available to small groups of entrepreneurs, teaching the ropes on how to start a business, how to develop and implement a business plan, and a variety of aspects of the small business development process. Syahrina & Armarnurah (2004) found that “entrepreneurs can be successfully trained” is an accepted statement and principle in the academic circles. But, this statement is still contestable in the business front.

Muhammad Mu’az Mahmud et.al (2011) evaluated the effectiveness of the Basic Student Entrepreneurial Program (BSEP) among local university graduates who had undergone training programs in agro-entrepreneurship development. They found three significant factors that influence graduates’ intention to becoming agro-entrepreneurs: the presence of entrepreneurs in the individual’s family (an entrepreneurial role model), educational background, and state of origin.

In another study, Soleimanpour et al (2012) found entrepreneurship spirit, job experience, and familiarity with applications of nanotechnology in agriculture and training courses about nanotechnology to be the main contributing factors of entrepreneurial potential of nanotechnology in the agriculture sector of Iran. In Universiti Utara Malaysia (UUM), the entrepreneurship programme is conducted under the Co-operative and Entrepreneurship Development Institute (CEDI) and the role of the institute is to develop and train people in the entrepreneurial context. Habshah et al (2005) noted that all undergraduate students in UUM receive some form of entrepreneurship knowledge through four initiatives to stimulate their interest in entrepreneurial activities. The four initiatives are: (i) to participate in the Student Enterprise Program (*Program Siswaniaga*), (ii) to take up entrepreneurship as part of the co-curricular requirement, (iii) to enroll in the Bachelor of Entrepreneurship programme, and (iv) to pass a mandatory basic entrepreneurship course (*Asas Keusahawanan*).

In short, literature clearly suggests the importance of education and other factors such as financing, skills, thinking, and risk-taking to be influencing students to make the choice of entrepreneur as their career. This paper aims to investigate what makes a graduate choose to be an entrepreneur.

II. DATA AND METHODOLOGY

The target population of this study is the existing successful (and sustained) graduate entrepreneurs in agro-based industry. The targeted respondents are approached based on their suitability and availability. The in-depth interviews on the factors that triggered them to be entrepreneurs were conducted on a total of 12 graduate entrepreneurs from Kelantan (3), Johor (3), Kuala Lumpur (2), Selangor (2) and Kedah (2) from June-July 2014. In addition to that, we gave out pre-interview forms for the respondents to fill in before interviewing them. This form solicits the opinions of the respondents on the importance of various factors that influence a graduate in choosing to be an entrepreneur (based on the literature).

Descriptive statistics analysis is performed on the information obtained from the pre-interview forms; whereas, a qualitative analysis is performed on the information obtained from the in-depth interview.

III. RESULTS AND ANALYSIS

Table 1 presents the summary statistics (mean and standard deviation) on the respondents' perception of the importance of the factors that influence a graduate in choosing to be an entrepreneur. There are a total of 28 factors identified. In general, all the factors are rated above average (their mean values are more than 4, a mid-point in the 7-point rating scale of 1 being "not important at all" and 7 being "extremely important").

As shown in Table 1, the top three factors are "interest", "satisfaction from being an entrepreneur", and "a sense of contribution to society". Income-related factors are ranked 13th (profit obtained) and 14th (financial pressure); whereas education factors are ranked 10th (short term entrepreneur course after completing the studies), 26th (academic achievement) and 28th (Degree/diploma/certificate in entrepreneur).

Table 1 Determinants of being a graduate entrepreneur

No.	Determinants	Mean	Std Dev
1	Interest	6.23	1.48
2	Satisfaction from being an entrepreneur	6.15	1.68
3	Contribution to the society (e.g. information sharing)	6.08	1.55
4	Leadership	6.00	1.68
5	Problem-solving	6.00	1.68
6	Creativity and innovation	6.00	1.47
7	Social networking	6.00	1.47
8	Analytical ability	5.92	1.50
9	Time management & teamworking	5.92	1.71
10	Taking up short-term entrepreneurship courses after graduation	5.85	1.28
11	Communication skill	5.85	1.72
12	Environmental awareness & environmental-friendly products	5.85	1.52
13	Expected profits	5.69	1.44
14	Financial pressure	5.62	1.71

15	Influence from having entrepreneur family members	5.54	1.51
16	Influence from having entrepreneur friends	5.54	1.71
17	Personal traits	5.46	1.51
18	Entrepreneurial experience during undergraduate studies	5.38	1.66
19	ICT skills	5.38	1.50
20	Knowledge of Malay language	5.38	1.61
21	Knowledge of English language	5.31	1.49
22	Business start-up fund	5.31	1.70
23	Entrepreneurial experience prior to undergraduate studies	5.00	1.73
24	Short-term entrepreneurship courses during studies	4.92	1.71
25	Knowledge of Chinese language	4.91	1.22
26	Academic achievement	4.69	1.60
27	Knowledge of other languages	4.64	1.03
28	Having an entrepreneurship degree/diploma/certificate	4.62	2.14

Note: 7-point rating scale (from 1 being not important at all to 7 being extremely important).

Based on the in-depth interviews, the characteristics related to an agro-based graduate entrepreneur are: right attitude as entrepreneur, open-mindedness, willingness to learn and face challenges, diligence, and good social networking. These characteristics are mentioned by the respondents in various forms such as below:

Right attitude:

All respondents stated that having the right attitude to be the most important determinant of being an entrepreneur. To these respondents, the right attitude involves being confident of oneself, being a risk-taker, having strong mental strength and physical stamina, not giving in easily, being highly disciplined, to always have a positive outlook, and to have a real interest in whatever one does.

Open mindedness and willingness to learn:

The respondents also rated open-mindedness and willingness to learn to be important determinants, in which it involves willingness to learn from other experienced entrepreneurs, to always be opened to new innovative ideas and thinking, and to always think of better solutions.

Face challenges:

The ability to face challenges is also rated by the respondents to be one of the determinants, where one is brave enough to face difficulties and decisive enough to make difficult choices.

Hardworking:

Entrepreneurs, according to the respondents, also need to be hardworking, and to persevere relentlessly in their entrepreneurial pursuits, in addition to being efficient and effective in their tasks.

Good social networking:

Last but not least, 30% of the respondents believed that having a good social network, strong connections, and being approachable to be crucial determinants as well.

Obviously, the right attitude is the most mentioned characteristics and education is the least mentioned characteristics.

IV. CONCLUSION

The most influential factors that influence a graduate decision to be an entrepreneur in agro-based industry are found to be interest, satisfaction to be an entrepreneur, and a sense of contribution to society. It is surprising that education factors, except for short term entrepreneur course after completing the studies, are of least importance (academic achievement and degree/diploma/certificate in entrepreneur). This result reveals that to encourage a graduate to be an entrepreneur in the agro-based industry, formal education is less effective. The characteristics needed to be an agro-based graduate entrepreneur appears to be having the right attitude towards the career, being open minded, willing to learn and face challenges, hardworking, and good social networking.

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