

FACTORS INFLUENCING Y GENERATION TOWARDS AGRIBUSINESS ENTREPRENEURIAL INTENTION

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Abstracts: Agribusiness is a vital component for Malaysian economy especially the oil palm industry. Agribusiness contributes to export earnings, employment opportunities, and reduce poverty level among the rural populations. The Government believes that, training graduates to become modern agribusiness entrepreneurs will contribute towards dynamic economics, alleviate the rate of employment and raise the prestige of the agricultural sector. This research investigated the perception of a total of 316 graduates from five universities throughout Malaysia, to determine the factors influencing them to choose careers in agricultural sector in the future as self-employed. This quantitative study adopted established measurement for examining the relationship between perceived social status, job security, perceived behaviour control and agribusiness entrepreneurial intention among generation Y. Perceived social status, job security and perceived behaviour control demonstrated Composite reliability (CR) values of 0.91, 0.92, 0.92 and 0.95, respectively. The findings showed only job security and perceived behaviour control variables had positive and significant relationship with agribusiness entrepreneurial intention except perceived social status. These findings of the study are expected to assist the relevant authorities to design more appropriate programs and activities in order to boost the Y-generation interest towards agribusiness entrepreneur. Future research may explore into other psychological traits such as in dependable, optimistic, realistic and locus of control to determine their influence on intention to agribusiness entrepreneurial activity and their relationship with variables of this research.

Keywords: agribusiness entrepreneurial intention, perceived social status, job security, perceived behaviour control, Gen -Y

1. INTRODUCTION

Agribusiness has been in existence since the history of human civilization (Hamidu, 2015). David and Goldberg (1957) conceptualized agribusiness in terms of three components, namely, agricultural input sector, production sector and processing and manufacturing sector. Meanwhile, the Asian Productivity Organization (2003) defined agribusinesses are complex enterprises that integrate agricultural production, value-added processing, packaging, distribution, and marketing activities. The huge scale, varied diversifications and range stakeholders in the value chain make agribusiness the biggest business sector globally with value at USD 5 trillion (Francis, 2013). As such, agribusiness as a discipline is reflected via a

strong symbiotic relationship between agriculture, economics, and business mergers (Bairwa *et al.*, 2014). In general terms, agribusiness refers to the business of agricultural production (Bairwa *et al.*, 2014). Zakaria *et al.*, (2014) conceptualized agribusiness as all business-oriented entities involved in the production, input supply, agro-processing, marketing and distribution of agricultural commodities. The importance of agribusiness role in shaping a country's development through its GDP growth (Mujuru, 2014; PEMANDU, 2010; Rasiah, 2011) notes the motivation of this study. Mujuru (2014) revealed that agribusiness is another important approach for promoting human capital development as well as improving the well-being of the society. Empirically

demonstrated by Moi *et al.*, (2011), agribusiness creates employment, provides income, enhances the standards of living, and has been seen as an asset in the alleviation of poverty level in a country. Furthermore, since most agribusiness activities are in the rural areas, their development can be an effective instrument in alleviating poverty in any country (Asian Productivity Organization, 2003). Sah (2009) pointed that agribusiness entrepreneur can solve many problems such as, reduce the burden of agriculture, create job opportunity in rural areas, embedded migration youth from rural to cities and support industrial development in rural areas. In addition, Brooks *et al.*, (2012) stated that the agricultural sector would likely be the dominating sector of employment for Generation Y over the next decades. Moreover, agribusiness has been one of the current sectors focused by the Malaysian Government for developing young generation of modern agribusiness entrepreneurs who uses high technological tools in their productions.

1.1. Problem statement

Although, several various initiatives via government agencies, the number of entrepreneurs in Malaysia is still lower and the entrepreneurial intent remains as small as 8.7% (Kelly *et al.*, 2011). In addition, Zaki *et al.*, (2015) empirically revealed that only six percent agriculture students have the intention to become an agribusiness entrepreneur after graduation. Evidences from literature reviews (such as Rejendran, 2011: Awang *et al.*, 2013) further emphasizes that entrepreneurship is rarely considered to be a career option amongst Malaysian university students. The situation is more worrying for the agricultural sector when the Government policy to produce young agribusiness is at stake. Hence, scholars and practitioners (for example, Soon *et al.*, 2014: Dony *et al.*, 2015: Talib *et al.*, 2015) insisted that investigation and understanding of such scenario by conducting more studies to identify the predictors of entrepreneurial intention especially among students of higher learning. Moreover, the Malaysian government via its authorities is still looking at the best formula for encouraging the y-generations towards entrepreneurship, especially to be an agribusiness entrepreneur. Findings of the study are expected to assist the relevant authorities to design more

appropriate programs and activities in order to boost the Y-generation interest towards agribusiness entrepreneur.

1.2. Objective study

The objective of this study is to understand the several predictors of agribusiness entrepreneurial intention amongst undergraduates today. The factors will be investigate, namely perceived social status, job security and perceived behavior control. The specific objectives of this study are:

- (a) To verify the relationship between job security and agribusiness entrepreneurship intention among Gen-Y
- (b) To investigate the relationship between perceived social status and agribusiness entrepreneurship among Gen-Y
- (c) To examining the relationship between perceived behavior control and agribusiness entrepreneurship among Gen-Y

2. LITERATURE REVIEW

Agribusiness Entrepreneurial Intention

Agribusiness is the business of agricultural production that denotes a set of dispersed activities, performed by a variety of diverse economic agents involved in production, processing, distributing, storage, marketing, financing and regulation of goods of agricultural and livestock origin. In most developing countries, agribusiness has been known to be the driver for economic development. Regardless of declining gross domestic product (GDP), from 2010 (25026 MYR) to 2016 (23041 MYR), the average GDP from agriculture in Malaysia averaged at 22447.96 MYR Million. As such relevant steps taken by the government and its agencies to ensure agribusiness remain proficient for initiating the agricultural growth thus support Malaysia's progress towards development. Initiated by the 8th Malaysian Plan, the government introduces the product-based approaches which enable a more effective formulation of policy thrusts to meet the challenges of increasing competitiveness and enhancing profitability in agriculture. Relevant courses are offered at lower as well as higher

education institutions to culture entrepreneurship among Malaysian especially for those who enrol in the related agricultural programmes.

The agribusiness entrepreneur shares many characteristics of “generic” entrepreneur, but also has its distinct features due to the specific context of the agricultural sector (Lans, Seuneke & Klerkx, 2013). Interestingly, empirical evidences (e.g. Muhammad Mu’az *et al.*, 2011; Zaki, Abdul Rahman & A, Khushairi, 2016) demonstrated that graduates agreed that agribusiness has high potential for self –employment but their willingness to be self-employed is low. Wijaya (2007) revealed that graduates did not favour choosing entrepreneurship as a career because of the potential challenges and frustrations in establishing new business. Hudu *et al.* (2013) argued that proper awareness campaigns and exposures need to be done to motivate and encourage students to go into agribusiness specifically to be the agribusiness entrepreneur. As emphasized by Farah and Bahaman (2014), at global scenario, there are a lot of studies that focuses their interest on the inclination towards agriculture but scarce within local context. As such, more studies need to be done in order to understand predictors of agribusiness entrepreneur among graduates in Malaysia.

A concern of this paper is not the number of graduates but the factors that could influence graduates’ to become an agribusiness entrepreneur. Thus, this study will focus on perceived social status, job security and perceived behaviour control as a predictor of agribusiness entrepreneurial intention.

Job security

Probst (2006) conceptualize job security in term of an individuals’ perceived stability and continuance of one’s present employment. Job security means the assurance to comfort a worker’s feelings about the possibility over loss of a job or loss of desirable job features, such as a lack of promotion opportunities, current working conditions, as well as, long-term occupation opportunities (Akpan, 2013). Job security is an individual expectation about continuity in a job situation. The perception of job security is definitely an imperative factor in and of subjective wellbeing (Clark *et al.*, 2010). Job security is

depended to the firm policies with their employees’ and firm’s performance (Javed & Siddiqui, 2012). Unfortunately in Malaysia, entrepreneurship is the least favoured career choice among graduates because they assume to get better secure positions in the public sector, although the current scenario in this sector sees fewer vacancies. This statement is supported by Munnell and Fraenkel (2013), which mention that due to the nature of the public sector, workers have historically had better job security than private sector workers or self-employed. To date, very little empirical evidence exists documenting the relations among job security and agribusiness entrepreneurial intention in Malaysian context. It is important to explore the job security factor to understand how it affects entrepreneurial intention among university graduates.

Perceived Social Status

Nelson *et al.*, (2014) believed that status emerge in response to social systems needs for order, production and reproduction. Social status can be acquired through the characteristics that an individual is inherited with (e.g. religion, wealth) and by what he/she get and achieve (e.g. education level, job tittle) (Yim *et al.*, 2014). Social status is also related to the kind of relation that a community make with an individual, their character and occupation, job complexity and responsibility, and the perspective of people in society regarding the employee’s status (Parcel & Mueller, 1983). Previous research revealed that social status would affect an individual entrepreneurial intention and also the rate of enterprise formation. Individuals from families in lower social status have less entrepreneurial intention than those from families in a higher social status (Nelson *et al.*, 2014). As emphasis earlier, due to the nature of agribusiness and lack of emphasis on agribusiness entrepreneurial intention, this study aim to enlarge the existing literature by exploring the role of social status on agribusiness entrepreneurial intention..

Perceived Behaviour Control

Perceived behavioural control refers to people’s perceptions of their ability to perform a given behaviour (Maes *et al.*, 2014; Ajzen, 2006). Perceived behavioural

control is defined as the individual belief about being able to execute planned behaviour and the perception that the behaviour is within the decision maker's control (Basu & Virick., 2008). Batool *et al.*, (2015) revealed that empirical studies in the entrepreneurship literature have found entrepreneurs to have a higher level of perceived behavior control than non-entrepreneurs. Moreover, Boyd and Vozikis (1994) stated that perceived behaviour control influences not only the formation of individual's entrepreneurial intentions, but also the possibility of forming a business in the future. In their study, Almobaireek and Manolova (2012) suggested future studies to explore the role of perceived behavioural control in shaping entrepreneurial intentions in the context of Muslim societies. Thus, this study explored the relationship between perceived behaviour control and agribusiness entrepreneurship intention among Malaysian university graduates. Hence, the theoretical framework of the study is presented in Figure 1.

3. METHODOLOGY

A sample of 316 graduates participated in this study. The selection of graduates as the respondents is due to their prime age for employment and exposure to theoretical and applied knowledge on entrepreneurship (NoorHazlina *et al.*, 2012). A total of 385 questionnaires were distributed and 316 were returned and useable, yielding a response rate of 82 per cent. Section A comprises questions eliciting demographic and other

personal demographics, such as gender, race, age, mother's occupation and father's occupation. For this study, agribusiness entrepreneurial intention was measured through a Likert-scale with six items adopted and modified from Linan and Chen (2011). Meanwhile, in section C 'job security' is measured using five items adopted and adapted from Akpan (2013). Perceived social status is measured using six items adopted and adapted from Yim *et al.*, (2014). Correspondingly, 'perceived behaviour control' is made up of six items adopted and adapted from Farah and Bahaman (2014).

The PLS-SEM version 3.0 was used to analyse the research model. This study examine the measurement model (reliability and validity of the measures) followed by an investigation of the structural model (examining the hypothesized relationship)(Hair *et al.*, 2017). To test the significance of the path coefficients and the loadings a bootstrapping method 5000 resamples was applied (Hair *et al.*, 2017).

4. FINDINGS

The demographic data in Table 1 revealed information of graduates' gender, age and father's background. Among the respondents, 55% graduates were male and 45% were female. Respondents' age mostly ranges from 21-35 years, with represented Gen Y populations. Malay ethnicity comprises 74.4% compare to other ethnic. Finally, fathers of 85.4% respondents are not entrepreneur.

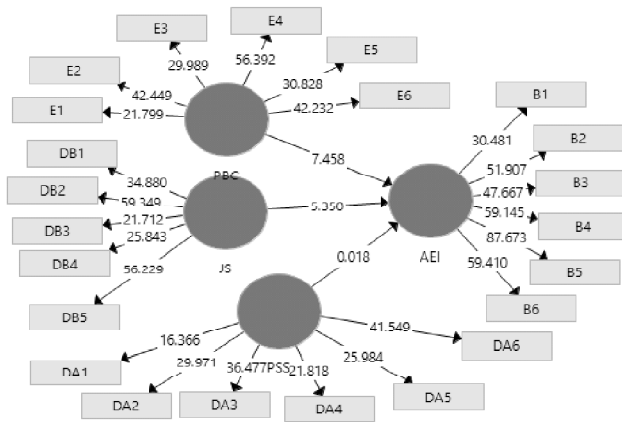


Figure 1: The relationships between perceived social status, job security and perceived behavioral control variable on agribusiness entrepreneurial intention

Table 1 Demographic Data

Demographic	Frequency	Percentage
Gender		
Male	174	55.0
Female	142	45.0
Ethnicity		
Malay	235	74.4
Non-Malay	81	25.6
Fathers' background		
Entrepreneur	46	14.6
Not Entrepreneur	270	85.4

Measurement Model

Two approaches have been used to analyze the measurement model namely convergent validity and discriminant validity. The convergent validity of the measurement is usually ascertained by verifying the loading values, average variance extracted (AVE) and composite reliability (CR). The results in Table 2 demonstrated that all loading values were higher than 0.7, the AVE were also more than 0.5 and the composite reliability were all more than 0.7 as suggested in the literature (Hair *et al.*, 2017).

Meanwhile, Fornell-Larcker (1981) and heterotrait and monotrait ratio of correlations (HTMT) method were applied to assess the discriminant validity. Table 3 shown all the values on the diagonals (bolded) were higher than the corresponding row and column values indicating the measures were discriminant. In addition, Henseler *et al.*, (2015) has recommended an alternative method, based on multitrait-multimethod matrix to confirmed discriminant validity. Hair *et al.*, (2017) suggested that if the HTMT value is higher than HTMT_{0.85} value of 0.85

Table 2
Measurement Model

Construct	Item	Loadings	AVE	CR
Agribusiness Entrepreneurial Intention	B1	0.809	0.76	0.95
	B2	0.877		
	B3	0.872		
	B4	0.887		
	B5	0.906		
	B6	0.883		
Perceived social status	DA1	0.728	0.64	0.91
	DA2	0.818		
	DA3	0.827		
	DA4	0.789		
	DA5	0.808		
	DA6	0.825		
Job security	DB1	0.828	0.70	0.92
	DB2	0.888		
	DB3	0.784		
	DB4	0.815		
	DB5	0.862		
	DB6	0.862		
Perceived behavior control	E1	0.756	0.67	0.92
	E2	0.84		
	E3	0.80		
	E4	0.87		
	E5	0.805		
	E6	0.833		

(Kline, 2011), or HTMT_{0.90} value of 0.90 (Gold *et al.*, 2001) then it indicates a problem of discriminant validity exists.

As shown in Table 4 all the values passed the HTMT_{0.85} (Kline, 2011) and also the HTMT_{0.90} (Gold *et al.*, 2001) thus indicating that discriminant validity has been ascertained.

Table 3
Discriminant Validity

Construct	AEI	JS	PBC	PSS
Agribusiness entrepreneurial intention	0.873			
Job security	0.654	0.836		
Perceived Behaviour Control	0.646	0.605	0.818	
Perceived social status	0.508	0.789	0.457	0.8

Note: Values on the diagonal (bolded) are square root of the AVE while the off-diagonals are correlations.

Table 4
HTMT analysis

Construct	AEI	JS	PBC	PSS
Agribusiness entrepreneurial intention				
Job security	0.709			
Perceived behaviour Control	0.698	0.666		
Perceived social status	0.524	0.869	0.477	

Structural Model

To assess the structural model R², beta and the corresponding t-values and p-values via a bootstrapping procedure with a resample 5000 were employed. The R² values of 0.527 was above the 0.26 values as suggested by Cohen (1998) indicating a substantial model.

Next, we analyse at the predictors of agribusiness entrepreneurial intention which were perceived social status, job security and perceived behaviour control. The results in Table 5 shown that job security (β=5.35, p<0.00) and perceived behaviour control (β=7.458, p<0.00) were both positively and significant relationship to agribusiness entrepreneurial intention. However, perceived social status (β=0.018, p>0.05) has demonstrated insignificant relationship to agribusiness entrepreneurial intention.

Table 5
Patch Coefficient

<i>Relationship</i>	<i>Std Beta</i>	<i>Std Error</i>	<i>T- value</i>	<i>P-value</i>	<i>Decision</i>
JS -> AEI	0.413	0.077	5.35**	0.00	supported
PBC -> AEI	0.396	0.053	7.458**	0.00	supported
PSS -> AEI	0.01	0.063	0.018	0.493	Not supported

** p<0.01, p<0.05

DISCUSSION AND FUTURE STUDY

The results of the research revealed several important insights that add to the body of knowledge in the agribusiness entrepreneurship mainstream literature. Perceived social status is found to have insignificant relationship on agribusiness entrepreneurial intention. This result contradicted previous studies that claimed family and friends are essential factors in inducing a student's decision to become an entrepreneur (Ambad & Damit, 2016). The contrast may due to the diversity of statistical population, different values and beliefs among the generation Y. Graduates believe that agriculture sector still low in prestige in society. They see the current socioeconomic situations among individuals who involve in agribusiness in Malaysia are still living under poverty level. Moreover, graduates view culture is an essential component and believes in performing the behavior (to become agribusiness entrepreneur), the outcome must reflect they are looking great and have a good status in society. Perceiving agribusiness sectors as mingling with dirty, difficult and dangerous jobs, intention to be an entrepreneur in agribusiness might be faded.

The findings showed that job security traits have positive relationship towards agribusiness entrepreneurial intention with coefficient correlation of 0.413 and p-value $0.000 < 0.01$; which means that there is a significant and positive relationship between job security and agribusiness entrepreneurial intention. The result is particular consistent and supported by previous study such as Manik and Sidharta, (2016) which revealed that job security has positive impact on stimulating graduates' entrepreneurial intention. Hence, graduates who feel more comfortable with their level of job security towards agribusiness (in this case, agribusiness entrepreneurs have a high job security), may be more likely to become an agribusiness

entrepreneur. Generally, this study can claim that exposure to entrepreneurship at the university level has broaden graduates perspectives on job security in agribusiness. One of the contributing factors explaining this phenomenon is the fact that wages employment or 'secure' employment is no longer a promise mainly in the public sector for university graduates (Arokiasamy *et al.*, 2011). The finding of this study provides further confirmation for the effect of job security on behavioral intention in agribusiness entrepreneurship literatures.

Perceived behavioural control has shown that it has a positive and significant impact on agribusiness entrepreneurial intention among graduates. Thus, if the graduates believed that it is easier to become an agribusiness entrepreneur, it will foster them to become an agribusiness entrepreneur. In other words, an individual with high or low perception of behavioural control is more or less inclined to act on the behaviour. This result is consistent with previous studies conducted by Paco *et al.* (2011) and Ambad and Damit, (2016). This finding not only empirically supports the affirmation that agribusiness entrepreneurs are usually having self-confidence and well-educated but also extends the perceived behavior control research findings across the discipline boundary.

In conclusion, the finding implies that the decision to become an agribusiness entrepreneur in the context of this research is strongly influenced by perceived behaviour control and followed by job security.

More study is needed on the other predictors of agribusiness entrepreneurial intention. This study investigated only three determinants such as perceived social status, job security and perceived behaviour control. The future study should determine graduates agribusiness entrepreneurial intention from the other perspective. This

study recommends that future research should look into other psychological traits such as in dependable, optimistic, and locus of control to determine their influence on intention to agribusiness entrepreneurial activity and their relationship with variables of this research.

CONCLUSION

Agribusiness has always been well poised to face challenges. It is undeniable that agribusiness entrepreneurship can catalyze the nation economy and offer a lot of business opportunity. The supportive and benevolent government policies have complemented the sector and prepared it for the future. As long people eat, agribusiness will always be there and will be never out of “fashion” (Harron, *et al.*, 2001).

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