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Empirical paper

Exploring entrepreneurial readiness of youth and startup success components: Entrepreneurship training as a moderator



Seun Azeez Olugbola

Faculty of Economics & Muamalat, Universiti Sains Islam Malaysia, 71800 Bandar Baru Nilai, Malaysia

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ABSTRACT

From the behavioral perspective, this study analyzed the entrepreneurial readiness of youth in terms of opportunity identification, motivational factors, resources, and entrepreneurial ability. The study examined the effect of entrepreneurship training on young people's readiness to engage in entrepreneurial activity and the components behind successful startups. SEM was applied to a sample of 490 students from the Universiti Sains Islam Malaysia. The findings highlight the positive effect of opportunity identification, motivation, and resources on entrepreneurship and the central role of entrepreneurship training in all factors, including entrepreneurial ability. The role of entrepreneurship training implies that young individuals are able to develop their entrepreneurial ability. The study thus shows the individual's ability to change over the course of a lifetime. For individuals interested in the startup process, this study provides information capable of influencing their new business ventures.

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Explorando la preparación emprendedora de la juventud y los componentes del éxito de la puesta en marcha: Formación para el espíritu empresarial como moderador

RESUMEN

Desde el punto de vista conductual, este estudio analiza la disposición de los jóvenes hacia el emprendimiento a través de la identificación de oportunidades, los factores motivacionales, el impacto de los recursos y la capacidad empresarial. Además, el estudio examina

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E-mail address: olugbolaseun@gmail.com

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el impacto de la formación empresarial en la preparación de los jóvenes hacia la actividad empresarial y sus componentes de éxito. El enfoque deductivo hipotético se utilizó a través de modelos de ecuaciones estructurales, en una muestra de población de 490 estudiantes de “Universiti Sains Islam Malaysia”. Los resultados destacaron el efecto positivo de la identificación de oportunidades, la motivación y los recursos a disposición de los estudiantes para el emprendimiento y el importante papel de la formación empresarial en todos los factores, incluida la capacidad empresarial. La formación empresarial muestra que los jóvenes pueden desarrollarse porque el individualismo en sí mismo es un fenómeno social. Este estudio considera al individuo como una persona que puede cambiar a través del curso de la vida y proporciona más información para los interesados en el proceso de inicio que pueden influir en el nuevo negocio.

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Introduction

In the past 15 years, every economy has been finding ways to utilise the talents of the youth towards new venture start up (Hitt & Reed, 2000). Various entrepreneurship programmes, fora, seminars and conferences have been organized to find lasting solutions to the reasons why youth have not been fully engaged towards setting up their future venture. Different countries have invested in various entrepreneurship programmes in order to see whether students can exploit untapped business opportunities. Various approaches have been used to encourage the youth towards entrepreneurial activities such as giving bank loans, business facilities and access to finance (capital) in order to influence their career options. In other instances, some youths are given opportunity to submit their business proposals in order for private firms or government to fund their viable business opportunities. All these approaches have been used to test the entrepreneurial readiness of youth. Despite such effort, the youth participation in entrepreneurial activities still calls for concern. Hempel and Fiala (2012) supported that there are few research evidences on youth entrepreneurial activities despite huge demand from various sectors in the economy.

ODI (2012) describes youth entrepreneurial activities as the process involving individuals who are (or want to become) self-employed or who have started (or want to start) a new business, in either the formal or informal sector, in order to generate income. The current state of resolving global economic meltdown, economic crises or recession around the world has created the need to develop proper entrepreneurial skills/training among youth for proper opportunity utilisation in order to turn economy capacity towards more productive youth. Various questions have been asked among stakeholders on whether youth are ready to take the mantle of business opportunities around the world. Utilising the youth readiness towards new business creation gives an economy comparative advantage over another. Business opportunities are out there but only few youth can identify and turn it into productive output. This is the likely reason while Timmons (1994) stated that a good business idea is not necessarily a good opportunity because in reality for every hundred business ideas presented to investors, only fewer than four get funded. This is likely to discourage youth readiness towards or resulted to the minimal

level of youth readiness towards new venture creation. The minimal role of young people in entrepreneurial activities will likely continue to create concern among stakeholders if effective trainings are not introduced to cater for these concerns.

Many youths of nowadays possess business ideas but only few have the capacity and ability to turn it into viable businesses (Shane, Locke, & Collins, 2012; Timmons, 1994). Shane et al. (2012) added further that successful nature of new business start-up depends on youth' readiness to turn their ideas into business. In other words the discovery of opportunity and ability to utilise it depends mainly on readiness of youth to partake in such entrepreneurial activities. The low level of untapped open business opportunity (market niche) around the world is as a result of lack of necessary skills to run the entrepreneurial activities (Barringer & Ireland, 2015). Other factors have also been identified in the past such as motivational level (Ekpe, Razak, Ismail, & Abdullah, 2015); low level of participation in entrepreneurship training. Peterman and Kennedy (2003) argued that participation in entrepreneurship training programmes has positive influence on desirability to start a new business. Youths need motivation either through funding or other support mechanism from all stakeholders such as government, lecturers, family, friends, and religious group in order to bring the dream business to become reality. Therefore, the issue of access to resources such as capital and motivation are of a great concern to many youths that are ready to take risk of creating new venture.

This study aims at examining the relationship between undergraduate students' readiness and start-up success factor towards new business start-up. Malaysian youths are used because they are less involved in entrepreneurial activities. By carrying out this study using the start-up process component is one way of enhancing the socio-economic status of these students that are ready to get involved in these entrepreneurial activities. Entrepreneurship training as used in this study is very important to enhance soft skills that can motivate their entrepreneurial readiness. There are two main reasons while this study is very important. First, students may want to start up their own business. This paper depicts the importance of IMAR model in order to set-up sustainable venture. Secondly, students may wish to acquire the entrepreneurship training knowledge which will be helpful in their careers in larger organisation. Hence, this

study conceptualise the important skills that are needed for developing their future career organisation or useful in setting up both small and large scale venture and serve as important guidelines on job creation policy. This study introduces new way of looking at entrepreneurial readiness through behavioral perspectives using training as a moderator.

Theoretical model

Human capital theory

The theoretical framework of this study is adopted from various studies relating to human capital theory. Human capital is a term that describes hierarchy of skills and knowledge (Ucbasaran, Westhead, & Wright, 2008). Human capital theory as used in the past is one of the most used theories in relation to entrepreneurial readiness and ability. The theory postulated that entrepreneurs with higher level of input should produce superior output (Davidsson & Honig, 2003). Therefore if entrepreneurs can be trained with the necessary required skills, it is expected of them to create a venture of a superior nature. Psacharopoulos and Patrinos (2004, chap. 1) explained further that cognitive skills have a higher impact on individuals' earnings. This implied that individuals who possess higher entrepreneurship skills will have higher returns after the firm has been set-up. These quality skills may influence economic growth after engaging in new venture creation.

Based on Mulongo (2012) view, human capital can be applied at micro and macro levels. At micro level, the theory suggests that an individual bears the cost of engaging in education/training with the aim of attaining higher knowledge and skills that will boost their future enterprise. This cost may entail direct expenses such as tuition, expenditures on books and other out of pocket costs, or indirect expenses such as forgone earnings or psychic losses. The skills will not only generate income but will bring about increase in productivity and higher owner wages. At macro level on the other hand, entrepreneurship training and creation of new venture have been responsible for differences in productivity and overall technology today (Robert, 1988) especially in countries like Hong Kong, Korea, Singapore, Taiwan and Malaysia. The countries mentioned thus have achieved higher economic growth with higher investment in entrepreneurship education and training.

Furthermore, Robert (2006), findings postulated that human capital theory support the view that the societal well-being is not just a function of accumulation of capital, resources and labour but more of individual's knowledge and skills. Human capital can be used to develop more value system among individuals and society at large. Human capital theory predicts that improved knowledge and skill will yield a better economic advancement for both individuals and societies. Since every society is now moving towards knowledge economy, through which knowledge and skill carry greater impact than previous years, entrepreneurship knowledge will be a welcome development for any society that aim to get to the top. This view suggests that through knowledge and skills, individuals that are ready and society can be developed

through creation of enterprise that will have higher impact on the well-being of the people.

Entrepreneurial success components theory

Gibb and Ritchie (1982) developed the key start-up success components through qualitative method (social typology of prospective entrepreneurs). This theory sees entrepreneurship as a social process. This is because idea and ambitions emerge in a social situation. This theory argued that even though one cannot conclude that entrepreneurs can be developed in totality but they can still be assisted towards creating successful and sustainable business. While individual personality is important, a person's career may be influenced due to class structure, family influence, education, career choice, experience, present life style and social issues. This theory shows that environmental factors can influence an individual's life towards creating a successful business without having genetic factors towards new business start-up.

The stages of creating a successful business start from discovering the motives or commitments on why a business should be created. After acquiring such motives, the next step is to discover a viable idea. This idea must be attractive and validated on whether it can meet customer needs. The next step is to look for the necessary resources required such as materials, source of funding and quality suppliers. The final part is to apply the plan by getting into full business and then build professional network to sustain the venture. This model is divided into four basic success components. These factors are idea and market, motivation and determination, resources and ability. For the purpose of this study, idea & market will be used as opportunity identification. All these factors are examined thus and used for the development of the conceptual framework of the study as shown in Fig. 1. For the purpose of this study, the four variables developed qualitatively by Gibb and Ritchie (1982) will be empirically analysed by this study. This is a seminar paper that has not been empirically tested on youth entrepreneurial readiness to the best of my knowledge even though the components have been used in different criteria of entrepreneurship in the past research.

Literature review and hypotheses

Based on the existing literatures, past studies have discussed various variables in relation to youth readiness towards entrepreneurial activities but the researchers' contributions towards youth still remain minimal (Hempel & Fiala, 2012). Various issues have been highlighted on the level of young individuals' opportunity identification (Barringer & Ireland, 2015; Timmons, 1994), level of motivation (Choo & Wong, 2006; McClelland, 1961), resources utilisation (Mansor & Zahari, 2007; Mansor, Talib, & Shaikh Ali, 2008) and entrepreneurial ability (Diochon, Menzies, & Gasse, 2008; Souitaris, Zerbiniati, & Al-Laham, 2007). In the last few years, Table 1 shows the past and recent discussions on youth readiness towards entrepreneurial activities.

Discussions in the last few years focus less on youth readiness towards entrepreneurial activities. Most of these studies paid less attention on SEM analysis that combines all the items

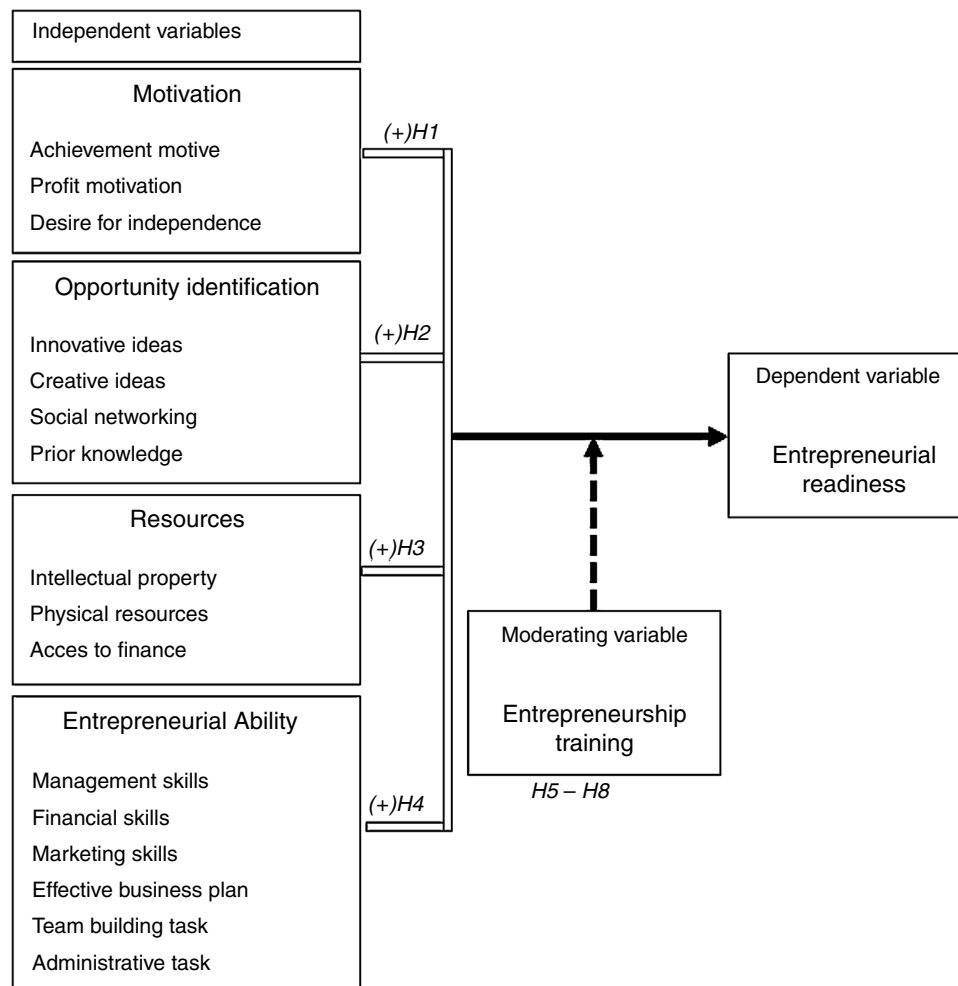


Fig. 1 – Conceptual framework of entrepreneurial readiness.

simultaneously. Even though some of the items used have been used in different scenario, only one study was able to conceptualise the variable used qualitatively. Apart from that, this study tests these variables empirically and uses entrepreneurship training as a moderator. Using entrepreneurship training as a moderator is rare in most studies.

Entrepreneurial readiness

Entrepreneurial readiness can be defined as the “confluence of a set of personal traits that differentiates individuals with readiness for entrepreneurship as especially competent to observe and analyse their environment in such a way that they channel their high creative and productive potentials, so they may deploy their capability to dare and need for self-achievement” (Coduras, Saiz-Alvarez, & Ruiz, 2016; Ruiz, Soriano, & Coduras, 2016). This definition pointed out that entrepreneurial readiness of youth depends on ability to explore various environmental opportunities, utilise its capability (entrepreneurial ability) based on the available resources and the need for self-achievement (motivation). Carsrud and Brannback (2009) emphasizes that entrepreneurial readiness depends on the mindset (inclination) of youth towards

entrepreneurial activities. This study argued that the potential would-be entrepreneurs are more likely to have positive mindset towards entrepreneurial activities if they feel they are ready and have ability to be successful in the entrepreneurial venture.

There are various factors that can influence readiness of young people towards entrepreneurial activities. Gibb and Ritchie (1982) identified various potential factors that could make youth to go into entrepreneurship such as change of class structure, family origin/businesses, occupational choice and development, present lifestyle, prior experience and social attachments. A study by Macke and Markley (2003) also shows while prospective entrepreneurs may want to create new venture due to self-sufficiency, lifestyle, necessity or desire for wealth, others may be ready for new business start-up due to ability to explore new area, attractiveness of business idea, entrepreneurship programme, willingness to invest and ability to create entrepreneurial team.

Motivation

Motivation is a need or desire that energizes behaviour and directs it towards a goal (Vallerand, 2004). McClelland (1961)

Table 1 – Past studies on youth entrepreneurship.

Author	Items measured	Approach	Contribution	Weaknesses
Greene and Saridakis (2008)	Career motivation, skills developed, career orientations, sources of support	Probit analysis	Older (+), males (+), parental self-employment (+)	Results remain contingent on the UK experience
Lau, Dimitrova, Shaffer, Davidkov, and Yordanova (2012, p. 155)	Entrepreneurial readiness capability, willingness	Hierarchical regression analyses	Capability (+) entrepreneurial willingness (–)	This research emphasizes on entrepreneurial readiness towards firm growth and less attention on youth readiness on business creation There is no empirical proof
Green (2013)	Youth entrepreneurship	A background paper	This background briefing paper has identified that, despite high latent rates, actual youth self-employment rates are low	
Sharma and Madan (2014)	Intention after completion of degree, prior experience in business, intelligence level, work experience	Chi-square test	Prior experience in business (+) Intelligence level (+) Work experience (no relationship)	This study is based on intention after the completion of degree
Seun and Kalsom (2015a)	Entrepreneurial readiness, opportunity identification (<i>personal characteristics, environmental trends, essential quality</i>), entrepreneurship training	Hypothetical deductive approach	Opportunity identification (+) <i>Personal characteristics (+)</i> <i>Environmental trends (+)</i> <i>Essential quality (+)</i> Entrepreneurship training (moderates)	The study considers single variable
Ekpe et al. (2015)	<i>Self-employment practice, entrepreneurial skill acquisition, self-motivation</i>	Conceptual model	Entrepreneurship practice five years after graduation	Lack of empirical analysis
Schillo, Persaud, and Jin (2016)	Entrepreneurial readiness, regulative, normative, cognitive, conducive, start-up intention	Multiple regression	Entrepreneurial readiness (+) Regulative (+), normative (+), cognitive (–), conducive (–)	The study does not build on the entrepreneurial readiness concept to determine how it relates to productive and unproductive youth
Coduras et al. (2016)	Entrepreneurial readiness	Conceptual paper	Conceptual paper	It lacks empirical back-up

stated that students who have higher motivation are more likely to be ready to set up their own ventures than those who have low motivation to engage in activities or tasks that have a high degree of individual responsibility or outcomes. In order to motivate students towards entrepreneurial readiness, need for achievement, independence and profit motive are very important motives (Choo & Wong, 2006). These three motives are found to have positive and significant impact on readiness towards new venture creation. Woo, Cooper, and Dunkelberg (2000) found that ability to obtain high profit and create successful new venture will generate higher motivation towards new business start-up.

There are various components of entrepreneurial motivation that are recognised by previous studies. Achievement motivation is one of the important factors encouraging individuals towards entrepreneurship (Coduras et al., 2016; Ismail, Ahmad, Gadar, & Yunus, 2012; Ruiz et al., 2016). McClelland (1961) holds the view that it is achievement motive, rather

than profit motive, which inspires entrepreneurial activity. But another study shows different result. Pihie and Sanni (2009) revealed that new venture is influenced by expected outcomes of entrepreneurship knowledge of starting a business and need for achievement is the tendency that motivates an individual who desire to start a business. Empirical evidence of achievement motivation is still minimal.

Previous studies stated that another main motive for starting a new venture is desire for independence (Choo & Wong, 2006; Hisrich, 1985). Desire for independence refers to the use of personal judgement on entrepreneurial behaviours rather than being moved to act through external factors (Shane, 2003). Desire to be independent occurs because individuals want to be their own boss (Barringer & Ireland, 2015). This is the prime reason some empirical evidences revealed that entrepreneurs' decisions are indifferent in relation to desire for independence. Kew, Herrington, Litovsky, and Gale (2013) argued that young individuals are naturally self-starters

because many youth guide their desire for independence with passion. This study suggests more research need to be carried out on desire for independence as a motivator that can influence entrepreneurial readiness. It is very interesting to discover that the importance of entrepreneurship training on motivation has not been fully tapped. On the basis of these discussions, the following hypothesis is developed:

Hypothesis 1. There is positive and significant relationship between motivation and entrepreneurial readiness of youth towards new business start-up (+).

Opportunity identification

Baron (2004) defined opportunity as perceived means of generating economic value that have not been previously exploited or currently being tapped by other youth. Therefore, opportunity identification can be seen as the cognitive process through which youth perceived opportunity have been recognised. It is one step to identify opportunity, it is another to evaluate and develop it into a new business. Ellis and Williams (2011) describe opportunity identification as the way youth perceives opportunity or choose their own business, despite having the option of generating income through employment opportunities at the time of considering to start a new business.

Previous study revealed that in order for students to exploit the niche of the market opportunities there is need for a refined concept (Timmons, 1994). In a study using second order structural equation modelling, the findings revealed that opportunity identification has positive and significant effect on readiness towards new venture creation (Seun & Kalsom, 2015a). Seun and Kalsom (2015b) carried out similar study using hierarchical regression model. The findings revealed that opportunity identification has positive and significant relationship with readiness towards new venture creation. These findings are supported by previous studies that once an entrepreneur is ready to start a firm, new venture opportunities become apparent (Barringer & Ireland, 2015; Stam, Audretsch, & Meijaard, 2008). Entrepreneurship training does provide more and better entrepreneurial opportunities as it nurtures the ability of students which raise their inclination and attitude towards entrepreneurship (Janice & Dmitriy, 2013; Souitaris et al., 2007).

There are various components of opportunity identification that are recognised by previous studies. The possession of prior knowledge, social networks, and superior cognitive capabilities play an important role that helps lead students to notice opportunities that may influence the readiness to start a firm (Gaglio & Katz, 2001; Mitchell et al., 2002; Shane, 2000). Kao (1989) stated that creative processes are the background, experience, and knowledge that an entrepreneur bring to the opportunity recognition process. In essence, it may take individuals hundred creative ideas to discover the one that ideally satisfies an opportunity (Barringer & Ireland, 2015). Most of the studies carried out on creativity in relation to opportunity identification are rather suggestive than empirical. Several studies revealed that prior knowledge in business helps entrepreneurs to recognise business opportunities (Markham & Baron, 2003; Wiklund & Shepherd, 2008). Past researcher investigating the relationship between prior

knowledge and entrepreneurial intention found significant relationship in university students (Keat, Selvarajah, & Meyer, 2011; Zahariah et al., 2010). Few empirical studies have been carried on prior knowledge, hence more researches need to be done in future.

It is also possible that while engaging in any business an individual builds a network of social contacts in that firm that may provide insights that lead to opportunities (Sorenson, Folker, & Brigham, 2008). Fernández-Pérez, Alonso-Galiciab, Rodríguez-Arizaa, and Fuentes-Fuentes (2015) revealed that business and personal network have positive impact in promoting academics interest in new business venture. Prior studies argued that the extent and depth of an individual's social networks have impacts on opportunity recognition (Kingsley & Malecki, 2004; Parker, 2008). The exposure towards more opportunities through building of social and professional contacts can lead to new business start-up (Audretsch, Bonte, & Keilbach, 2008; Davidsson & Honig, 2003). In essence, if students engage themselves in social networking such as entrepreneurship clubs or associations, seminars, conference, workshops, however this could give them connection advantage and may prompt their readiness towards starting up their firms in the nearest future. On the basis of these discussions, the following hypothesis is developed:

Hypothesis 2. There is positive and significant relationship between opportunity identification and entrepreneurial readiness of youth towards new business start-up (+).

Resources

Resources can be defined as “financial, physical, human, and organisational assets used by a firm to develop, manufacture, and deliver products or services to its customers” (Barney, 1995). A resource is a source or supply from which benefit (output) is produced. Entrepreneurial resources on the other hand are defined as “the propensity of an individual to behave creatively, act with foresight, use intuition, and be alert to new opportunities” (Mosakowski, 1998). Entrepreneurial resources are the tangible and intangible assets firms use to exploit competitive imperfections in markets (Alvarez & Barney, 2014). Entrepreneur resources include an entrepreneur's own resources and abilities (Wu, 2007). Past studies pointed out the importance of resources towards entrepreneurial readiness. Mansor and Zahari (2007) revealed that there is significant correlation between students' willingness to become entrepreneurs and resources. Another study confirmed the positive correlation between student readiness and resources and went further to show that entrepreneurship training does influence the effect of resources towards entrepreneurial readiness using hierarchical regression model (Mansor et al., 2008; Seun & Kalsom, 2015b).

There are various components of resources that are pointed out by previous studies. The problem of getting physical resources (technology) in relation to new business start-up has greater influence on entrepreneurial readiness (Department of Industry/Shell UK, 1982). Ease of access to physical resources such as communication, utilities, transportation and land or space, at a suitable price has positive and significant relationship with entrepreneurial readiness towards new business

start-up (GEM, 2012). Access to property right, licences are key variables in promoting entrepreneurial activities (Ellis & Williams, 2011). Although these legal facilities are common among existing business because the new business may not have the required resources to acquire them. Therefore, new firms should also be encouraged to have these property rights with lessened conditions in order for the business to be recognised both locally and internationally. In addition, one of the most cited resource challenges towards entrepreneurial readiness is access to finance. Previous studies recognise that young entrepreneurs may probably face challenges in securing start-up finance due to lack of collateral security, inexperience and ability to acquire credit facility (European Commission, 2005; World Bank, 2008).

In the world today there is need to know how to manage few resources effectively (Bygrave & Timmons, 1992). Putting too much resources at the forefront before viable idea will be a great mistake for entrepreneurial readiness. The question to ask is why does most business fail? Do most business fail because there are shortage of trained or quality entrepreneurs and viable idea as such too much resources chase too few deals? These are questions that have gained the attentions of researchers. On the basis of these discussions, the following hypothesis is developed:

Hypothesis 3. There is positive and significant relationship between resources and entrepreneurial readiness of youth towards new business start-up (+).

Entrepreneurial ability

Entrepreneurial ability can be defined as the ability to sense, select, shape and synchronize internal and external conditions for the exploration (recognition, discovery and creation) and exploitation of opportunities (Zahra, 2011). Using hierarchical regression model, Seun and Kalsom (2015b) revealed that entrepreneurship training does moderate the relationship between entrepreneurial ability and readiness towards new venture creation. Entrepreneurship programmes have increased the overall entrepreneurial ability of students towards entrepreneurial readiness (Souitaris et al., 2007).

There are various components of entrepreneurial ability that are examined by previous studies. Entrepreneurial ability is required to ensure perfection of administration in creation of new firm. Managerial and administrative abilities are very important for every student aiming to create venture in the future. Also, most of the new businesses fail at inception because of lack of effective business plan (Barringer & Ireland, 2015). This shows importance of business plan to new venture creation. Entrepreneurship training can help the students on how to write effective business plan in order to be part of the few successful individuals that will be considered when the new business is sourcing for funds. Another component of ability is marketing function. Gruber (2004) revealed that marketing function typically emerges together with the firm and only gradually grows as the firm progresses in professionalism. Most new venture creation needs to be aware of the importance of marketing their business. Financial task also contributes to basic component of ability. Diochon et al. (2008) stated that with financial knowledge measured at the outset and

outcomes measured over time, it is clear that higher levels of financial knowledge did not result to venture formation.

Finally, another factor contributing to level of students' entrepreneurial ability is team building task. The findings of previous studies show that what is missing among new firms is ability to build a great team (James, 2007; Macke & Markley, 2003). Doerr (1997) concluded the resources are available but the team that can utilise it are short in supply. Management teams are very important for the new venture creation and the growth of business. In the process of building management team, new venture should concentrate on what each of them can offer and not their personality. On the basis of these discussions, the following hypothesis is developed:

Hypothesis 4. There is positive and significant relationship between entrepreneurial ability and entrepreneurial readiness of youth towards new business start-up (+).

Entrepreneurship training

Entrepreneurship training has been used as one of the driving forces to improve entrepreneurial capabilities (Zahra, 2011). Training is a kind of orientation enhancement on knowledge, attitude and skills (Seun & Kalsom, 2015b). The Ministry of Education Malaysia has specific agenda for graduate entrepreneurship programmes. Every public university is given budget for establishing a Centre of Entrepreneurship Development. Trainings are continuously run by the Centre either in the campus or outside. The cooperation between industries and university is utilised as training providers and consultants. USIM developed a module called, Entrepreneurship Training Programme as a platform to develop young entrepreneurs. Therefore, it is very important for the students that will invest on new venture to engage in such specific skills such as ability to write effective business plan, having knowledge of managerial roles of new firms, understanding basic principles of financial accounting, being responsive to both social and business ethics and being conversant with marketing techniques. Every individual has entrepreneurial characteristics that are not fully developed. The entrepreneurial orientation can be used to fully developed individuals' innate characteristics after the individuals have fully engaged in enterprise training (Miller, 2011). This will improve the risk-taking ability, innovativeness and proactiveness of such individuals. The original question raised by Miller is "How does entrepreneurship differ in different individuals?" – may bring about promising insights for economic development through youth involvement in entrepreneurial activities. Entrepreneurship training plays an important role in venture creation, career decisions and economic growth and development.

The various factors of entrepreneurial readiness mentioned earlier (such as self-sufficiency, lifestyle and so on) are common reasons among individuals who aim to set-up new businesses. Therefore, can all these factors be influenced by entrepreneurship training? Some researchers have argued that entrepreneurs are born while others argued that entrepreneurs can be developed. This has led towards ongoing debate on entrepreneurial development. One of the famous management thinkers stated that entrepreneurs can

be developed because entrepreneurship is like any other disciplines and not magic (Drucker, 1985). Another study argued that while encouraging independent thought, creativity and initiative, the training should demonstrate the benefits of collaborative work by treating selected topics as group activities (UNESCO, 2006). The collaborative work among the students creates a network that will promote economic self-reliance and play a constructive role in the economy after establishing such venture. The training is an avenue to foster human capacity building which is a key element of sustainable development. Maryam and Thomas (2015) on the other hand, revealed that education and entrepreneurship training are very essential in developing young individuals' entrepreneurial competencies and during career phases – i.e. intending to start a business, starting a business, and running a business. This study further argued that early gap in human capital may lead to continuous environment disadvantage that may repeatedly widen readiness towards entrepreneurial careers but fortunately this gap may be reduced as young individuals gain greater benefit from training. This argument is further analysed through hierarchical model of 417 data which revealed that entrepreneurial readiness of students that participated in entrepreneurship courses are higher towards new business set up (Keat et al., 2011). This has led to the reason why this research is conducted using empirical analysis to test the entrepreneurial readiness of students. On the basis of these discussions, the following hypotheses are developed:

Hypothesis 5. Entrepreneurship training moderates the relationship between motivation and entrepreneurial readiness of the participant group (a) or non-participant group (b) (strengthens or weakens).

Hypothesis 6. Entrepreneurship training moderates the relationship between opportunity identification and entrepreneurial readiness of the participant group (a) or non-participant group (b) (strengthens or weakens).

Hypothesis 7. Entrepreneurship training moderates the relationship between resources and entrepreneurial readiness of the participant group (a) or non-participant group (b) (strengthens or weakens).

Hypothesis 8. Entrepreneurship training moderates the relationship between entrepreneurial ability and entrepreneurial readiness of the participant group (a) or non-participant group (b) (strengthens or weakens).

Method

Research design

The purpose of the study is hypothetical deductive approach. Maximum likelihood estimator is used as the data analysis techniques through structural equation modelling (SEM). This technique is used because this study involves large sample size. This method yields estimates that seek to maximise the likelihood that the observed data come from a population consistent with the implied model. This MLE method

Table 2 – Technical details of the research.

Geographic location	Malaysia
Methodology	Structured questionnaire
Sampling procedure	Simple random sampling
Study population	10,000 students of USIM
Sample size	490 respondents
Response rate	90.3%
Unanswered items	8.1%
Level of confidence	95%
Data collection period	January, 2015

has an advantage of giving full information that is, all the parameter estimates are evaluated simultaneously (Chumney, 2012). Table 2 represents the technical details of the study. The unit of analysis is Individual. The population of USIM is over 10,000. The sample size is 490 respondents. The sample size for 10,000 population is 370 samples (Aziz, 2010; Sekaran, 2003). The study uses simple random sampling techniques. All the students that participated in the entrepreneurship training are from second year to final year. Questionnaires are randomly distributed to the participant irrespective of the faculty, ages or levels. This programme is a graduation requirement irrespective of the faculty. These students are trained on business development, organisation behaviour and international standard businesses. Business mentors are invited to encourage and share their experiences on the success and weaknesses of their businesses among the students. At the end of the programmes, students are encouraged to write feasibility report in order for government to sponsor students with innovative business ideas. The study indicates the differences in the demographics of the respondents ranging from gender, age. The profile of the individual respondent indicates a higher number of females (354) respondents than males (136) representing 72.2% and 27.8% respectively. Majority of the respondents are between (21–23) years old, representing 58.8% responses. The age between (18–20) years and (24–26) years has 38.2% and 3.1% respectively.

Measures

Dependent variable

This study used a Likert-type five-point scale (ranging from 1 “strongly disagree to 5 “strongly agree”) of the three items ($\alpha = .785$). The purpose of the items is to test the level of students' entrepreneurial readiness towards new business start-up. This scale was adapted from Keat et al. (2011).

Independent variables

In this aspect, the study uses Likert-type five-point scale adapted from Keat et al. (2011). The predictor variables are separated into two parts. The first part uses a Likert-type five-point scale (ranging from 1 “strongly disagree to 5 “strongly agree”) for constructs such as opportunity identification of the four items ($\alpha = .824$), resources of the three items ($\alpha = .794$) and ability of the six items ($\alpha = .931$). The second perspective uses a Likert-type five-point scale (ranging from 1 “no motivation”; 2 “low motivation”; 3 “moderate motivation”; 4 “high motivation” and 5 “very high motivation”) to test the motivation construct of the three items ($\alpha = .817$).

Control variables

Data were obtained from the following controlled variables: age, gender (1= male, 0= female), age was measured using ratio data. The control variables are analysed based on descriptive analysis.

Moderating variable

According to [Cohen and Cohen \(1983\)](#), moderation takes place when the independent variable and the moderating variable have mutual effects on variance of dependent variable than that explained by the direct effect. This moderator variable of this study is measured using [Zainudin \(2014, chap. 7\)](#) approaches. The data are divided into two parts the “participant group” and “non-participant group”. This moderator is tested by asking the students on whether they participated in entrepreneurship training (1= yes, 0= no). In this approach, the direct effect of the constructs was first examined ([Arbuckle, 2012](#)). The moderating effect is examined by dividing the data into two parts. The constrained and unconstrained paths are tested on each group. The difference in Chi-square value between the constrained and the unconstrained model ([Zainudin, 2014, chap. 7](#)) are examined. If the value differs by more than 3.84, then the moderation occurs in that path. 418 students participated in entrepreneurship training and 72 respondents represent the non-participants. In order to avoid biasness, the study only compared the standardized regression weight to determine the type of moderation on each constructs.

Analysis and results

Measurement validity

Since the scale and the variables used in this study have been modified in different perspective, there is need to carry out a confirmatory factor analysis using AMOS 21.0 to evaluate data validity and reliability, factor loading and significance of each items ([Arbuckle, 2012](#)). The significance level was measured at 5% level.

The internal reliability shows that the Cronbach's α of the items are well above 0.7 threshold ([Zainudin, 2014, chap. 7](#)) as

shown in [Table 3](#). This shows the data is normally distributed. As shown in [Table 3](#), the composite reliability of the constructs ranges from 0.797 to 0.932. The average variance extracted (AVE) ranges from 0.542 to 0.697. The AVE and composite reliability are well above 0.5 and 0.6 respectively recommended ([Jörg, Christian, & Rudolf, 2009](#)).

In [Fig. 2](#), the factor loading results range above 0.5 thresholds ([Hair, Black, Babin, & Anderson, 2010](#)). The factor loading ranges from 0.63 to 0.91. The fitness index in [Figure 2](#) and [Table 3](#) shows that the level of absolute fit index; Incremental fit Index and Parsimonious fit Index are achieved. Therefore, this shows that all the constructs and measurement models used fit the data well (RMSEA = 0.045, GFI = 0.938). [Table 3](#) represents the mean, standard deviation and correlation result. The correlation of the exogenous variables is well below 0.85 suggested by [Zainudin \(2014, chap. 7\)](#). From [Table 3](#), the correlation of exogenous variables ranges from 0.23 to 0.54. This shows that all the data are independent of one another. The mean and standard deviation of the constructs are shown in [Table 3](#).

From [Fig. 2](#), there is redundancy item between e41 and e42. In order to correct this redundancy, this study chooses to introduce free parameter to correct the problem. After the corrected part, the modification indexes (MI) are all well below 15 suggested by [Zainudin \(2014, chap. 7\)](#) which shows the data are normal. The MI ranges from 4.013 to 10.630. The absolute value of skewness or kurtosis 1.0 or lower indicates the data is normally distributed. The absolute value of skewness ranges from -0.721 to 0.135. The absolute value of kurtosis ranges from -0.812 to 0.391.

Moderation analysis

The test of moderating effect of start-up components and entrepreneurial readiness was analysed through AMOS 21 software package ([Arbuckle, 2012](#)). According to [Zainudin \(2014, chap. 7\)](#), it is very complicated to run the model with latent content through interactions terms because it could result to distortion of standard error or cause problems with model convergence. Multi-group CFA has been suggested as an appropriate alternatives where the data are divided into

Table 3 – Mean, standard deviation, fitness index and correlation.

Construct	Items	Mean	Std. deviation	Range of standardized parameter	Cronbach's α	Construct reliability	Extracted variance	1	2	3	4	5
1. Opportunity identification	4	2.9475	.51034	0.69–0.79	0.824	0.825	0.542	1.00				
2. Motivation	3	4.0287	.53850	0.72–0.84	0.817	0.808	0.586	0.35	1.00			
3. Resources	3	2.6574	.42375	0.65–0.86	0.794	0.797	0.569	0.27	0.39	1.00		
4. Ability	6	2.4420	.54497	0.68–0.91	0.931	0.932	0.697	0.54	0.27	0.23	1.00	
5. Readiness	3	3.4103	.66564	0.63–0.87	0.785	0.801	0.577	0.71	0.39	0.35	0.37	1.00

Goodness of fit:

Absolute fit: $\chi^2 = 262.371$ (P-value = 0.000); RMSEA = 0.045; GFI = 0.938.

Incremental fit: AGFI = 0.916; CFI = 0.972; TLI = 0.966; NFI = 0.942.

Parsimonious fit: $\chi^2/df = 1.861$.

* P < 0.05.

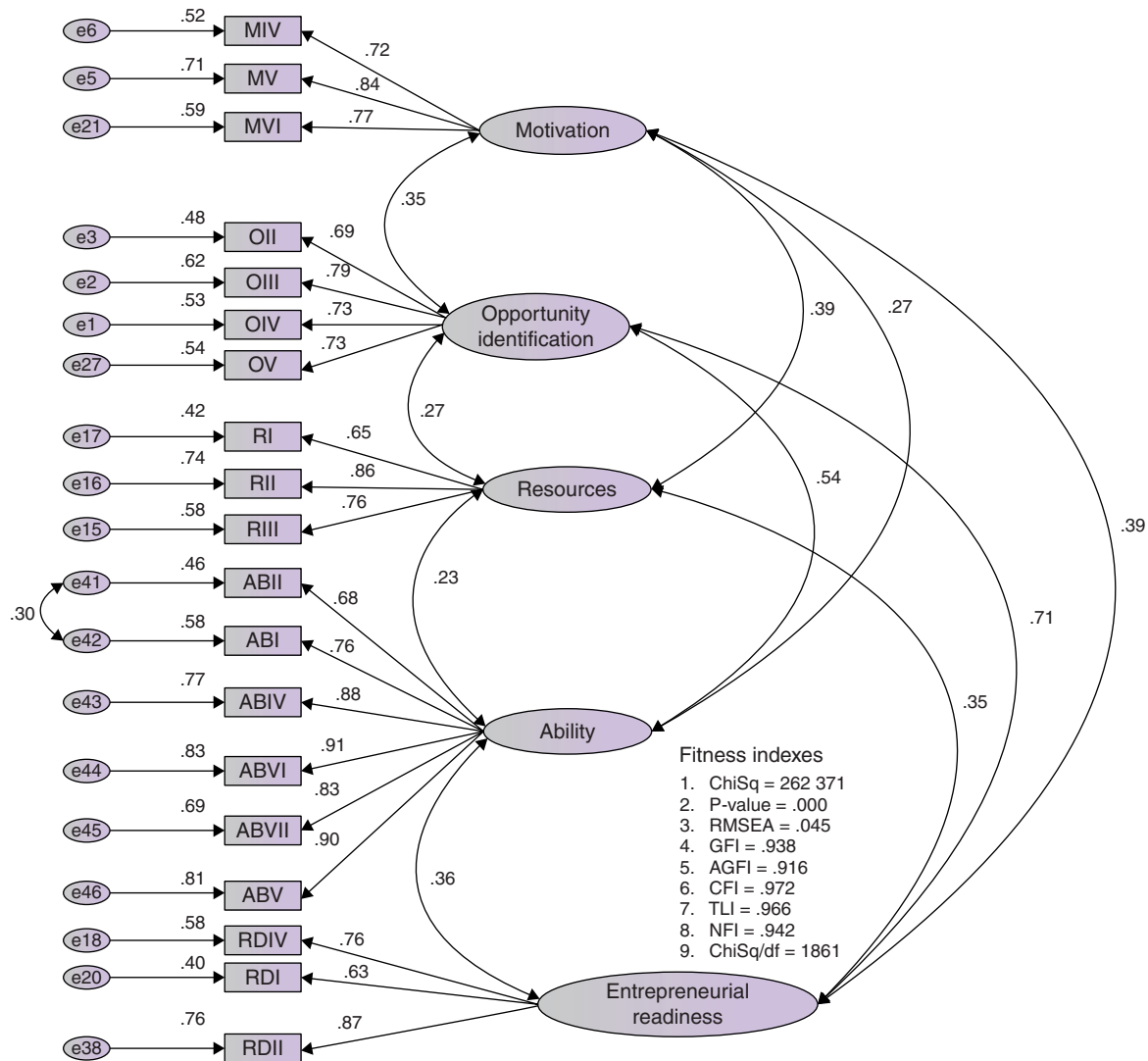


Fig. 2 – Multi-group measurement model for pool constructs.

two based on the objectives of the study and the path of interest is constraint to 1 (Zainudin, 2014, chap. 7). The divided data are run separately. The result of the constraint and unconstrained model are compared to test whether moderation occur.

These procedures were analysed using maximum likelihood estimator (MLE) path analysis by evaluating the direct effect, the unconstrained effect and the moderating effect. The moderator effect was analysed by dividing the data into “participant group” and “non-participant group” (Zainudin, 2014, chap. 7). The participant group is 418, while non-participant group is 72. In order to avoid biasness, the study uses bias corrected 95% bootstrap to draw inferences about the indirect effects using 10,000 bootstrap samples (Zainudin, 2014, chap. 7). Before engaging into detail analysis, the study tests whether the data are free from multicollinearity problem. Menard (1995) stated that VIF values greater than 10 and tolerance value less than 0.1 indicates a serious collinearity problem. The result of multicollinearity of the independent constructs revealed that the variance inflation factor (VIF)

ranging from 1.145 to 1.368 and tolerance value ranges from 0.731 to 0.873.

Fig. 3 and Table 4 show the unstandardized regression results of the independent constructs (motivation, opportunity identification, resources and ability) on the dependent construct (entrepreneurial readiness) before the introduction of training. Considering the direct effects, the results from Table 4 revealed that motivation, opportunity identification, resources are determinant factor of start-up component of new business and can influence entrepreneurial readiness without engaging in training. In Table 4, the result revealed that entrepreneurial readiness of students can be influenced when they have motivation ($\beta = 0.153$, $P < 0.05$), when they can identify opportunity ($\beta = 0.751$, $P < 0.001$) and when resources are available ($\beta = 0.180$, $P < 0.01$). However, before the training, no significant effect was found for the construct “ability” ($\beta = -0.063$, $P < 0.05$). The $\chi^2 = 267.163$ at degrees of freedom = 141 and probability level = 0.001. The R^2 of the four constructs explain 52% of the variance of entrepreneurial readiness. These results are used to answer

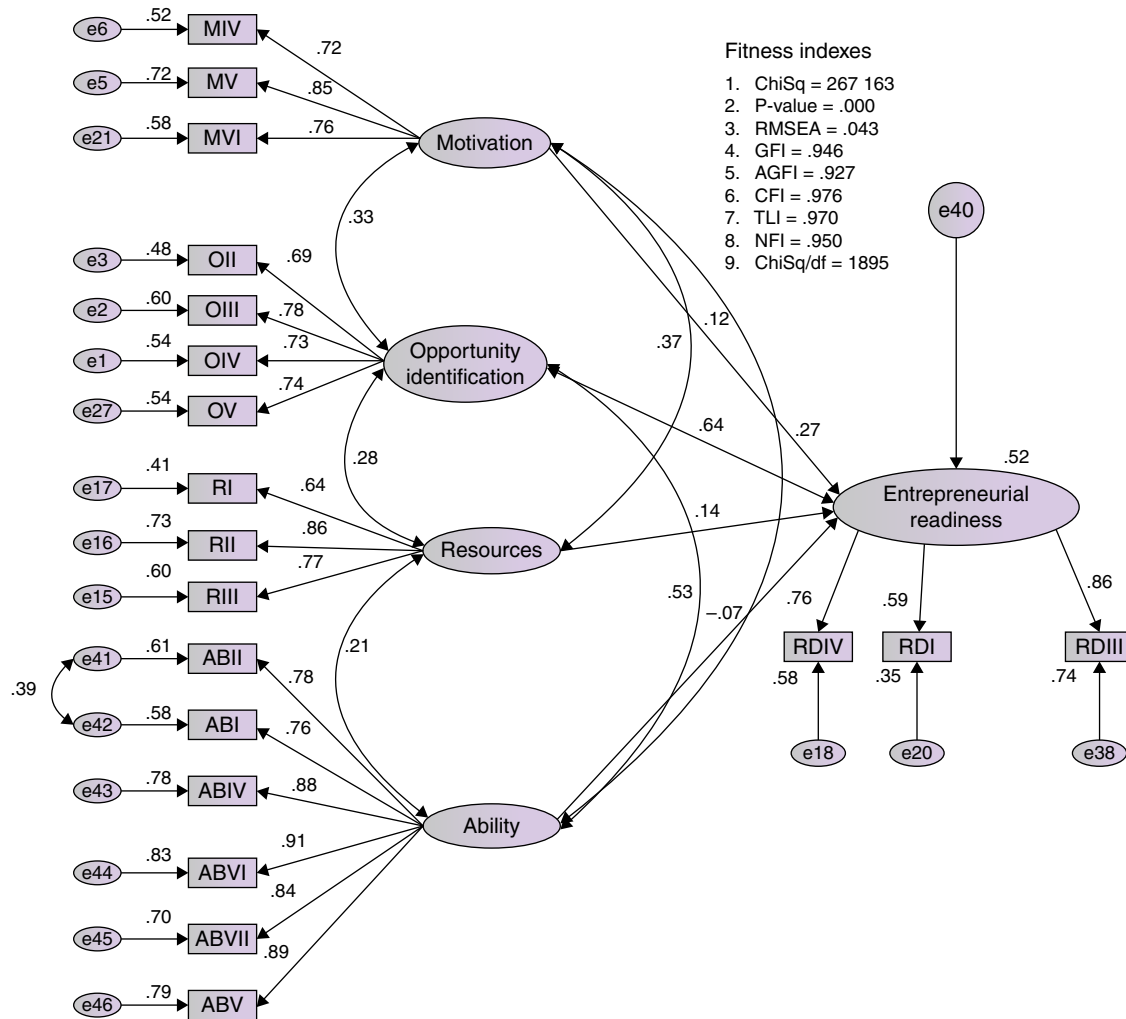


Fig. 3 – Regression result (direct effect).

Table 4 – Regression result (direct effect).

	Estimate	P-value	Result
Motivation	.153*	.018	Significant
Opportunity identification	.751***	.000	Significant
Resources	.180**	.005	Significant
Ability	-.063	.204	Not significant

$\chi^2 = 267.163$; Degrees of freedom = 141; Probability level = 0.001; $R^2 = 0.52$.
 $n = 490$.

* $P < .05$.

** $P < .01$.

*** $P < .001$ (two-tailed).

Hypotheses H1–H4. The results thus confirm positive and significant level of hypotheses H1–H3 while H4 is negative and not significantly supported.

For participants in entrepreneurship

In order to examine moderator effect of “participant group” (the students that participated in entrepreneurship training), Table 5 represent the result of the moderator analysis of the participant group. The unconstrained regression results

of the participant group revealed that entrepreneurial readiness of the students can be influenced by high motivation ($\beta = 0.145$, $P < 0.05$), level of opportunity identification ($\beta = 0.778$, $P < 0.001$) and availability of resources ($\beta = 0.173$, $P < 0.01$) as shown in Table 6. Therefore, no significant effect was found for the construct “ability” ($\beta = -0.074$, $P < 0.05$). Therefore, as shown in Table 6, Table 6 represents the result of the moderating analysis of the group. These results are further used to answer Hypotheses H5–H8. Since the $\Delta\chi^2 > 3.84$, the result of the moderated path analysis shows

Table 5 – Regression result of unconstrained effect.

	Estimate	P-value	Result
<i>Participant group (n = 418)</i>			
Motivation	.145*	.037	Significant
Opportunity Identification	.778***	.000	Significant
Resources	.173**	.009	Significant
Ability	-.074	.262	Not significant
$\chi^2 = 262.371$; Degrees of freedom = 141; Probability level = 0.001; $R^2 = 0.55$			
<i>Non-participant group (n = 72)</i>			
Motivation	.057	.753	Not significant
Opportunity identification	.750	.002	Significant
Resources	.246	.270	Not significant
Ability	-.067	.639	Not significant
$\chi^2 = 200.217$; Degrees of freedom = 141; Probability level = 0.001; $R^2 = 0.43$			
* $P < .05$.			
** $P < .01$.			
*** $P < .001$ (two-tailed).			

Table 6 – The results of moderated path analysis.

Training moderates	Constraint standardized estimate	Constraint effect	Unconstraint effect	Chi-square difference ($P > 3.84$)	df	Result
<i>Participant group (n = 418)</i>						
Readiness $\leftarrow$ motivation	.46	345.734	262.371	83.363	142–141 = 1	Strengthen
Readiness $\leftarrow$ opportunity identification	.76	268.260	262.371	5.889		Strengthen
Readiness $\leftarrow$ resources	.42	335.631	262.371	73.260		Strengthen
Readiness $\leftarrow$ ability	.41	400.435	262.371	138.064		Strengthen
<i>Non-participant group (n = 72)</i>						
Readiness $\leftarrow$ motivation	.44	201.069	200.217	0.852	142–141 = 1	Weaken
Readiness $\leftarrow$ opportunity identification	.70	215.724	200.217	15.507		Strengthen
Readiness $\leftarrow$ resources	.39	206.401	200.217	6.184		Strengthen
Readiness $\leftarrow$ ability	.54	229.805	200.217	29.588		Strengthen
* $P < .05$.						
** $P < .01$.						
*** $P < .001$ (two-tailed).						

that entrepreneurship training moderates and strengthens motivation ($\Delta\chi^2 = 83.363 > 3.84$), opportunity identification ($\Delta\chi^2 = 5.889 > 3.84$), resources ($\Delta\chi^2 = 73.260 > 3.84$) and ability ($\Delta\chi^2 = 138.064 > 3.84$) on entrepreneurial readiness of those that participated in entrepreneurship training. This result revealed the role of entrepreneurship training on all the constructs including ability of the participant group. The results thus confirm hypotheses H5a, H6a and H7a and H8a of participant group are strengthened.

For non-participant in entrepreneurship

Considering the moderating effect result of non-participant group. The unconstrained regression results of the non-participant group revealed that while only opportunity identification ($\beta = 0.750$, $P < 0.01$) was found to have significant effect on entrepreneurial readiness, no significant effect was found for the constructs – motivation ($\beta = 0.057$, $P < 0.05$), resources ($\beta = 0.246$, $P < 0.05$) and ability ($\beta = -0.067$, $P < 0.05$). Therefore, as shown in Table 6, since the $\Delta\chi^2 > 3.84$, the result of the moderated path analysis shows that entrepreneurship training moderates opportunity identification ($\Delta\chi^2 = 15.507 > 3.84$),

resources ($\Delta\chi^2 = 6.184 > 3.84$) and ability ($\Delta\chi^2 = 29.588 > 3.84$) on entrepreneurial readiness of non-participant group while the motivation ($\Delta\chi^2 = 0.852 > 3.84$) of non-participant group is not moderated or strengthened. This result revealed the role of entrepreneurship training on all the constructs except motivation. The results thus confirm hypotheses H6b, H7b and H8b are moderated and strengthened while H5b is weakened and not moderated.

Comparing the group effects for a moderator variable

In order examine in which group the effect of entrepreneurship training will be highly pronounced. This study compares the standardized regression weight of the participant in entrepreneurship and non-participant in entrepreneurship in Table 7.

From Table 7, the standardized parameter estimate of motivation is more pronounced in participant group. When motivation rises by 1% entrepreneurial readiness of participant group rises by 11.5% compare to non-participant group that rises by 4.3%. Those who participated in entrepreneurship training were more pronounced to be highly motivated

Table 7 – Standardized regression weights.

Construct	Path	Construct	Standardized beta estimate	P-value	Result
<i>Participant group (n = 418)</i>					
Readiness	←	Motivation	.115*	.037	Significant
Readiness	←	Opportunity	.670***	0.000	Significant
Readiness	←	Resources	.140*	.009	Significant
Readiness	←	Ability	−.062	.262	Not significant
<i>Non-participant group (n = 72)</i>					
Readiness	←	Motivation	.043	.753	Not significant
Readiness	←	Opportunity	.604*	.002	Significant
Readiness	←	Resources	.162	.270	Not significant
Readiness	←	Ability	−.068	.639	Not significant

* P < .05.

** P < .01.

*** P < .001 (two-tailed).

and ready for new venture creation than those who have not participated in such training activities. The results show that the type of moderation is full moderation since the standardized estimates of “participant group” are significant and the standardized estimate of “non-participant group” is not significant.

The standardized parameter estimate of the level of opportunity identification is more pronounced in participant group. When the level of opportunity identification rises by 1%, entrepreneurial readiness of the participant group rises by 67% compare to non-participant group that rises at 60.4%. Those who participated in entrepreneurship training have slight edge in identifying marketable business opportunities than the non-participant group. The results show that the type of moderation is partial moderation since the standardized estimates of both groups are significant.

In addition, the standardized parameter estimate of resources influence on entrepreneurial readiness is more pronounced in non-participant group by 16.2% compare to the estimate of 14% for by “participant group”. In a normal setting, ethically guided business are not influenced by resources but their marketable ideas. The results show that the type of moderation is full moderation since the standardized estimates of participant group are significant and the standardized estimate of non-participant group is not significant.

Finally, the standardized parameter estimate for ability is more pronounced in participant group of negative 6% than participant group with negative 5%. Thus, the study concludes that the effect of entrepreneurial ability towards new business start-up is more pronounced in “participant group” compared to “non-participant group”. Those who participated in entrepreneurship training are less likely not to have higher entrepreneurial ability and are less pronounced not to be ready for new venture creation than the non-participant. The results show that the type of moderation is full moderation since the standardized estimates of both groups are not significant.

Discussion and contribution

The purpose of the study is to assess the determinant factors (opportunity seeking, motivation, resources and ability) that

influence students’ entrepreneurial readiness. The start-up success factor is achieved with the following four constructs. This paper provides empirical support for start-up components. This study addressed the question on whether training moderates the start-up success components and entrepreneurial readiness. This paper represents one of the few empirical analyses of the on-going debate on whether entrepreneurs can be developed. This study affirmed the fact that opportunity identification, motivation, resources and ability are components of start-up process of new business venture. The findings of this study confirmed that all these four components can influence new business start-up after participating in entrepreneurship programmes.

By support, the results of this study confirmed that entrepreneurship training is a factor that can influence the relationship between ability and entrepreneurial readiness. For both participant and non-participant in entrepreneurship programmes, this study shows that the moderator is very important. This shows them on how to prepare effective business plan, market and manage their product and also know how to keep proper records of their business activities.

The importance of motivation on entrepreneurial readiness has been evaluated in this study. This study represents part of the few empirical analysis on motivation towards entrepreneurial readiness. The result of the study shows that students that participated in entrepreneurship training are highly motivated and are more pronounced to set up new business. This paper confirmed that students who did not participate in entrepreneurship training have low motivation. This study supported previous study of that students who have higher motivation are likely to be ready (Choo & Wong, 2006; McClelland, 1961; Pihie & Sanni, 2009).

The significant positive moderating effects of entrepreneurship training on opportunity identification and entrepreneurial readiness revealed the important reasons why youth engage in entrepreneurial activities. Every individual has a certain level of opportunity identification and this can be improved through training. This study shows that ways of identifying opportunity can be mastered if the students show their readiness towards entrepreneurship training. This will help the students on how to exploit the market opportunities. This result of opportunity identification

confirmed the previous study on the moderating effect of entrepreneurship training on opportunity identification and new venture creation (Janice & Dmitriy, 2013; Seun & Kalsom, 2015a).

In the case of influence of resources on entrepreneurial readiness, this study highlighted that the non-participant in entrepreneurship can be influenced by resources. The non-participants are more likely to put too much resources at the forefront of engaging in their business activities (Bygrave & Timmons, 1992). In the world today, where scarcity of resources are very high, ability to manage few resources should be of utmost importance. Therefore, this study shows that those that participated in entrepreneurship training are influenced more by viable ideas than resources. Using resources as component of new business start-up represents one of the few empirical analysis on resources.

Theoretical implication

This study has contributed to start-up success components theory as discussions of this theory on entrepreneurial readiness with opportunity identification, motivation; resources and ability are relatively rare in the literature. Most of the previous studies usually concentrated on the intention of individual but the behavioural part are rarely significantly tested. This study also contributed to theoretical framework with the inclusion of training as a moderator. Even though entrepreneurship training has been used for various purposes, training as a moderator will pave new way for academic body of knowledge.

Methodological implication

Previous research has explored several aspects of motivations and resources on new venture start-up. However, motivation and resources have suffered from significant methodological problems that are addressed in this study, making prior findings suggestive rather than conclusive. This study has also brought richer insights models to the academic body of knowledge through structural equation model used in this study. Most studies have been using ordinary least square (OLS) through regression approach. Therefore, this study has paved way for academic research on how entrepreneurship training as a moderator can be measured using structured model.

Practical implication

This paper has contributed on how jobs can be created in the economy so that the pressure on public sectors will be reduced. Acquiring entrepreneurial knowledge will increase the number of managers that can develop new business initiatives. This study justifies the process of creating new business. If more businesses are set-up the unemployment rate in the economy will be reduced. Government should use every university to provide more training programmes and provide field trip to various successful company in relation to the business the students intend to set up before graduating. The

training should be more practical than theoretical. Theories are fundamental but somehow it makes the students feel bored. Business should be fun as it involves money, tactics and success. The training should expose the youth more on new and surrounding issues rather than only referring to text books. The entrepreneurship programmes should be more of real world activities, i.e. both inside and outside situations. Youth can generate more knowledge and gain from success entrepreneurs' experiences if the training is more extensive. The programme should always involve ways of starting and sustaining business in the midst of challenges. Many new businesses have failed in the global market due to inability to solve various challenges faced by the firms at their early stage.

More facilities need to be provided for prospective entrepreneurs. This will prompt students' readiness towards creating the firms. The management should allow the students to practicalise and create business from university as part of entrepreneurship project. This may be done by allowing the students to do innovative business as practical. This will give them an outlook on how the outside world perform business activities. More activities should be added in order to improve their business style. Funds should be given to youth who have outstanding business prospects, in turn management should continue to monitor the students' growth processes before the students graduate. Any business created by the students can serve as way of generating revenue to the university. The training need to be highly focused on what students intends to create in future.

In the process of developing entrepreneurial policy it is very important for the government to consider the following recommendation. The policy of government on entrepreneurship programme should focus more on the prospective young graduate to initiate new business ideas into the market niche rather than limiting the training programme on the existing firms because these firms already possess on-going business activities. The support and incentives given by the government to prospective entrepreneurs that intend to create new firms should be diversified in order to involve all the sectors in the economy. Too much attention should not be given to the same business ideas in the same sector in order not to saturate the market. Since the world is at a global age, therefore government should try possible best to provide the new prospective firms access to information technology so that these firms will be able to compete both locally and internationally.

Better still government can create a new sector known as entrepreneurship sector to meet immediate need of prospective business starter. The introduction of entrepreneurship sector will pave more ways to the youth. This will cater and concentrate more on how business can be created in the face of economic challenges.

In terms of finance to the prospective entrepreneurs, government and institutions should avoid giving access to credit facilities where the opportunities in the market are limited. Since the prospective entrepreneur are new in the market, institution should assess the viability and risk propensity of the business ideas in order not to put the young entrepreneur in unserviceable debt that should have been

avoided. Banks and other institutions should give grant to young entrepreneurs as a way of supporting the sustainability of the new firms in the market place. The lending institutions should encourage the young entrepreneurs by introducing group based lending such as cooperative society group, clubs or credit and thrift group as an alternative for collateral security in absence of the formal credit security or assets that can be used for loan collaterals. Government should partner with the banks and other lending institutions to provide a programme that will be based on assessing the credit capabilities of the new entrepreneur. Government can help in terms of providing subsidy to the youth who cannot compete with the existing firms. In order to develop the rural part of the country, government should give more incentives for prospective entrepreneurs that want to create new firms in the community as a form of encouragement in order to entice more entrepreneurs to such location hence there will be economic growth in the economy.

The training programmes should assess the entrepreneurial capacity; discover the inner skills of the prospective entrepreneurs before the young entrepreneurs join the global market. This will help the entrepreneur in creating a venture that will lead to enterprise development. Also, apart from entrepreneurship training and education acquired from the university, government should invest in regular training of the would-be entrepreneurs after graduation in order for them to have more knowledge of entrepreneurial activity and financial activities such as knowledge of how to prepare cashbook for day to day activities, cash flow statement and balance sheet at the end of the year. Having these ideas will make them to discover how to manage limited resources and keep sales record up to date because this will be useful for business planning from time to time. The prospective entrepreneurs should be encouraged to form social networking contact since the existing firms already have formal developmental policies that will aid the continuity of their organisation.

In addition, the programme should be based on flexible curriculum and be based on the business ideas the graduates intend to set up in order to make the programme more realistic. Government should proffer solution to the risk propensity involve in setting up business in any location in the community either rural or urban. This will encourage the risk averse graduate to be encouraged to get going because there are facilities in place. Students should be trained about the “real business” each intends to carry out in future. Such learning can be fulfilling for graduates that are new in the market place, and can motivate the students to serve as instruments of change towards economic growth. Also, students should be kept informed and get involved with a larger picture of what each of them intends to achieve is all about and how the achievements can be attained at the university. Seeing how the students’ role can serve the greater mission by increasing the feeling of connectivity at creating new venture. In addition, Career counselling, a culture of open communication and Mentoring are required from the university to the students (Fernández-Pérez et al., 2015). This will not only influence students’ career choice towards entrepreneurial readiness but will also pave way for economic development.

Conclusion

The main contribution of this research is the development of new model for measuring entrepreneurial readiness towards starting up new business. Their career choice is a major concern for the government due to the fact that there are shortage of job in the economy. Young graduates are current hope of the economy and if they are not properly managed, it may result to brain drain. Since the students are still young in the market the knowledge acquired is very important for the growth of the economy so that it will result to success side of the coin. This study still calls for more research as every economy aims towards economic growth.

The limitation of this paper is due to inability to use longitudinal study. This study uses quantitative approach to evaluate the qualitative work of Gibb and Ritchie (1982). Future research should concentrate on triangulation method where quantitative and qualitative can be examined together in order to get richer insight for the academic body of knowledge. Other university students should be considered in future research in order to improve the generalisation of the study. It is also recommended for the future researchers to evaluate already graduated students in order to test the actual number of students that later established their businesses and their success rate. In addition, with the global economic situation in the world today, other youths that are currently employed need to be trained and retrained on future business creation since there is high rate of job insecurity. Non-educated students should be trained on how they can become self-reliant based on their capacity. Future research should look into how youth can effectively add towards economic growth through business creation or self-employment.

For the future training, management should conduct a seminar/workshop on how business can be set-up. This can be achieved by inviting successful entrepreneurs to share entrepreneurial knowledge. The best way to success is to have more sharing session with successful entrepreneurs especially alumni because with their knowledge sharing and challenges, this will pave way and give much ideas on when, what and how to overcome challenges.

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