ANTecedents AND Consequences OF EntrePreNEurial QUALity AMONG GRADUATE ENTREPreNEURS

Shamsul Huda Binti Abd Rani
College of Business
Northern University of Malaysia
06010, Sintok,
Kedah Darul Aman, Malaysia
E-mail: diea1211@yahoo.com

Associate Prof. Dr. Tih Sio Hong,
National University of Malaysia
E-mail: sh@ukm.my

ABSTRACT

This study investigates the influence of psychosocial factors (work experience, university experience, social support and mentoring) as the antecedents to entrepreneurial quality among graduate entrepreneurs. Other than that, entrepreneurial success as a consequence of entrepreneurial quality was also investigated. Entrepreneurial quality in graduate entrepreneurs is important to be studied as they can help in the survival as well as succession of the business. In terms of the relationship between construct, the findings revealed that, the psychosocial factors of social support and mentoring influenced the development of entrepreneurial quality among graduate entrepreneurs. Entrepreneurial success also has been proven to be the consequence of entrepreneurial quality among graduate entrepreneurs.

Keywords: Graduate entrepreneurs, entrepreneurial quality, antecedents, consequences, Partial Least Square.

1. INTRODUCTION

Entrepreneurship is critical for the economy as entrepreneurship is an engine of economic progress, job creation as well as social adjustment (Guroğ & Atsan, 2006). The growing need to hasten economic development by generating new ideas and to translate into profitable ventures makes entrepreneurship an attention for the scholars as well as the policy makers (Turker & Selcuk, 2008). Parallel with the developing interest in entrepreneurship, many countries as diversified as Austria, Brazil, India, Malaysia, Singapore and the United Kingdom have promoted entrepreneurship education programmes into the education system since 1990 (Dana, 2001). In Malaysian context, the role of entrepreneurship is critical as Malaysia has envisioned being a fully developed country by the year 2020 (Saeed & Jain, 2000).

2. GRADUATE ENTREPRENEURS

Graduate entrepreneurs in this paper is defined as graduates who have graduated from higher education institutions and are currently running their own business. Botha (2006) claimed that graduate entrepreneurs are more into international ventures, intellectual as well as involved in services which deals with advanced knowledge. Due to the advantage of being graduates, graduate entrepreneurs are more likely to have received beneficial business advice from informal networks, government business services, friends and family, customer and suppliers, and thus have public procurement customers at the national or international level.
3. ENTREPRENEURIAL QUALITY

Research on entrepreneurial quality has become an interest in the field of entrepreneurship. Entrepreneurial quality has been defined in many ways by the previous researchers. In defining the concept of entrepreneurial quality, the previous researchers looked at entrepreneurial quality from various perspectives. As the studies on entrepreneurial quality are growing, the term also has also been defined from various perspectives.

Most of the previous studies defined entrepreneurial quality as any good and important value and characteristics possessed by the entrepreneurs (Frederick, 1931; Yusuf, 1995; Guzman and Santos, 2001; Cumplido & Alcalde, 2002; Cumplido & Linan, 2007; Shuhairimi et al., 2009; Hvide, 2009). In addition, other researchers have looked at the entrepreneurial quality from the psychological perspectives (Valtonen, 2007; Krauss, Frese, Friedrich & Unger, 2005; Darroch & Clover, 2005) and skills and competency perspective (Bath, Smith, Stein & Swann, 2001). In brief, in the past studies, most of the researchers defined entrepreneurial quality as good and important characteristics possessed by the entrepreneurs. Thus, with the consideration of the definitions by the previous researchers, this paper defined entrepreneurial quality as essential characteristics that lead to entrepreneurial success.

To date, there are studies conducted on entrepreneurial quality (Darroch & Clover, 2005; Shuhairimi, Azizi, Ku Halim & Saadah, 2009; Cumplido & Linan, 2007; Valtonen, 2007; Litunen, 2000, Cumplido & Alcalde, 2002; Sambasivan, Yusop & Mohani, 2009; Valtonen, 2007; Gurrol & Atesan, 2006; Kuip & Verheul, 2003; Koh, 1996). Most of the previous research on entrepreneurial quality focused on Small Medium Enterprise (SME) and Small Medium and Micro Enterprise (SMME) (Darroch & Clover, 2005; Cumplido & Alcalde, 2002; Sambasivan et al., 2009). Based on past research on entrepreneurial quality, limited attention has been given to understanding the entrepreneurial quality in graduate entrepreneurs (Dodd, Anderson & Jack, 2005; Kuip & Verheul, 2003). Studies on entrepreneurial quality among graduate entrepreneurs are important particularly in Malaysia to encourage and to provide knowledge for individuals, societies as well as the institutions in the development of entrepreneurial quality among graduate entrepreneurs. Thus, looking at the importance of entrepreneurial quality among graduate entrepreneurs in contributing to entrepreneurial success, the presence of this paper is hoped not just to increase the number of graduate entrepreneurs but also to increase the number of successful graduate entrepreneurs in the future. Therefore, there is important to study on the entrepreneurial quality among graduate entrepreneurs in developing and producing successful entrepreneurs for the future.

3.1 Model Of Entrepreneurial Quality

The literature review and the Model of Entrepreneurial Quality (illustrated in Figure 1) were the basis in developing the conceptual framework in this study as the model is said to have a comprehensive explanation of entrepreneurial quality (Darroch & Clover, 2005). The existing entrepreneurial quality model was adapted to the graduate entrepreneur context. Looking at the model of Entrepreneurial Quality by Guzman and Santos (2001), there are two factors namely global environment factors and personal environment factors. Global environment factors are the external factors that are unavoidable and out of individual entrepreneurs control (Cumplido & Linan, 2007). However, there are many studies in entrepreneurship that have been looking at the external factors of the entrepreneurs rather than the personal factors of the entrepreneurs (Darroch & Clover, 2005; Ma & Todorovic, 2009; Cumplido & Linan, 2007). Therefore, this study looked at different perspectives from the previous model. Psychosocial factors have been identified as the antecedents to entrepreneurial quality. Psychosocial factors are the combination of psychological and social environment factor of an individual.
3.2 Antecedents to Entrepreneurial Quality

Several researches have been conducted on the psychosocial factors which proved to have a relationship with entrepreneurial quality. In search of an integrated approach, the researchers tried to synthesize psychology and social to explain entrepreneurship (Srivatsava 2011). According to Berk (2007), psychosocial factors focus on how society shapes and influences a person's personal development and the quest for identity. Since this study looks at graduate entrepreneurs, several psychosocial factors related to graduates are highlighted as the antecedents of entrepreneurial quality. In this study, factors that crucial for individual identity are focused such as social support, working experience, university experience and mentoring (Greene & Saridakis 2007).

3.2.1 Social Support

Social support is important to human due to its crucial role in the development of a person (Eshbaugh 2010). Social support is particularly unique as the relationships frequently long lasting (Vijver & Toth 2009). Vijver & Toth (2010) proved that human development can be enhanced by social support. Furthermore, the greater the support entrepreneurs obtain, the more they will be able to adopt certain motivational behaviours. Although the role of social support is always considered important at the start-up stage, however, in reality social support continues to act as key network contacts and provides assistance for entrepreneurs in later years (Dodd et. al 2005). In graduate context, graduate entrepreneurs have more advantages in receiving beneficial support form informal networks, friends and family as well as from customers and suppliers compared to non-graduate entrepreneurs (Pickernell et. al. 2011).

3.2.2 Work experience

Work experience has been identified as an essential mean in acquiring attitudes and abilities. Work experience also can help a person to provide a unique knowledge and reputation to the firm (Barreira 2004). In entrepreneur context, more work experience can help to improve the quality of an entrepreneur (Clover & Darroch 2005). In fact, Shepherd, Douglas & Shanley (2000) found that entrepreneurs with work experience are expected to have some expertise in the production of business's output. In graduate's context, normally graduates had undergone their employment before they start venture into business (Kurana & Shane 2003). Moreover, for graduates, work experience gained during formal placements and internships can represent a significant aspect of many of the graduates' experiences (Andrew & Higson 2008). Due to the importance of work experience in an individual, Moffitt et. al. (2003) suggested that there is a need to further research on the relationship between work experience and individual quality.

3.2.3 University Experience

Lin (2011) in her studies claimed that university environment may influences the student’s life and development in future. In fact, the student’s perception on campus environment act as a predictor of their university experience (Gloria et al 2005). A research conducted by Lin (2011) revealed that the more students accept and interact with the university environment, the more satisfaction they have with their life at the university and the better they grow throughout their university career. Individuals have the opportunity to develop range of generic skills and also abilities for better impact in the future from their university experience (Greene & Saridakis 2007). In addition, graduates who employ positive coping skill, will build interpersonal and social networks that in turn will enhance the abilities and inspire the sense of belonging as well as the development of identity (Lin 2011).

3.2.4 Mentoring

Mentoring is defined as a supportive relationship between a youth or young adult and someone who offers support, guidance and concrete assistance as the younger partner
goes through a difficult period, takes on important tasks or corrects an earlier crisis (Gay 1994). In mentoring process, mentors help protégé in terms of career development and personal growth (Kram & Isabella 1985). Mentoring in entrepreneurship is described as a form of relationship between an entrepreneur (mentee) and experienced entrepreneur or manager (the mentor) (Jean & Audet 2009). From the relationship, the mentee or protégé will be able to develop as both an entrepreneur and a person. In entrepreneur context, Richard et. al (2009) pointed that mentoring are beneficial in terms of acquisition of new knowledge, increase confidence and in new relationships involvement. As for graduate entrepreneurs, they have advantages to access business advices from other successful person or mentor (Pickernell et. al 2011).

Based on the explanation, these hypotheses were developed:
H1: Social support influences entrepreneurial quality among graduate entrepreneurs.
H2: Work experience influences entrepreneurial quality among graduate entrepreneurs.
H3: University experience influences entrepreneurial quality among graduate entrepreneurs.
H4: Mentoring influences entrepreneurial quality among graduate entrepreneurs.

### 3.3 Consequences of Entrepreneurial Quality

Entrepreneurial success has always been identified as the important outcome of the entrepreneurial quality among graduate entrepreneurs and a construct of considerable interest to career scholars and practitioners (Robbins 2003, Heslin 2005). Research on entrepreneurial success benefits both individuals and organizations (Aryee, Chay & Tan 1994; Shaffer & Lau 1999).

#### 3.3.1 Entrepreneurial success

Alstet (2008) mentioned that it is important to periodically assess entrepreneurial perspectives of successful people established in entrepreneurship due to the rapid changes in societies, technology, governments, and marketplaces. At the individual level, knowledge of entrepreneurial success helps individuals develop appropriate strategies for career development (Aryee et. al. 1994; Ellis & Heneman 1990) whereas at the organizational level, knowledge of entrepreneurial success helps managers and owners to study the connectivity between an individual entrepreneur and entrepreneurial success (Alam, Obaidullah, Khan & Islam 2011). In the previous studies, being graduate entrepreneurs, they always been associated with entrepreneurial success (Pickernell et. al 2011).

Based on the explanation, this hypothesis was developed:
H5: Entrepreneurial Quality among graduate entrepreneurs influences entrepreneurial success.

### 4. MEASUREMENT

For entrepreneurial quality, the instrument used for measurement of need for achievement was adapted from Steers and Braunstein (1976) which consists of five items. The items for locus of control was adapted from Levenson (1974) consist of three items. Risk Taking Propensity’s items was adapted from Jackson (1976). The items for risk taking propensity consist of three items. The instrument used for measurement of perseverance was adapted from Duckworth et. al (2007).The items for perseverance consist of four items. Measurement for independent was adapted from Steers and Braunstein (1976) and consist of three items. Items for creative was adapted from Zhou and George (2001) and consists of six items. For the measurement of knowledgeable, the items were adapted from Shane (2000).

The measurement of constructs for social support was adapted from House (1981). In this study, work experience was measured using quantitative dimension of experience and the dimension is conceptualized in terms of tenure (years in previous jobs). Mentoring was adapted from Mathieu (2011). The items for mentoring consist of nine items. In terms of
university experience, the measurement of constructs was adapted from Pace (1979). Entrepreneurial success was represented by subjective measurement such as entrepreneurial satisfaction and personal growth. The measurement for entrepreneurial satisfaction was adapted from Greenhaus, Haber & Rachel (2005) and Wormley et. al (1990). In this section respondents were asked to indicate their degree of agreement or disagreement with each statement on a seven point likert scale from strongly disagree to strongly agree.

5. DATA COLLECTION

Probability sampling is a sampling technique in which every member of the population has a known and nonzero probability of selection (Zikmund, Babin, Carr & Griffin 2010). Probability sampling was chosen in this study as the sampling frame is available. The aim of this type of sampling is to reduce the sampling error to a minimum level (Cooper & Schindler 2011). The total numbers of graduate entrepreneurs in this study were 480 people. The detail of the name lists was obtained for use in sampling and data collection purposes. In determining the sample size, several sample size tables were referred. According to Kreijcie and Morgan (1970), sample size for population of more than 100,000 people is 384. As for Cohen et. al (2001), to determine sample size, the sampling error and significant level should be considered. Thus, for the population size of 100,000, the sample size is 383 at the significant level of 0.05 and sampling error of 5 percent and reliability level of 95 percent.

6.0 DATA ANALYSIS

Data analysis in this study used SPSS 18.0 (Statistical Package For Social Science) and PLS-SEM. Data have been key-in in the software. After that, data screening has been conducted. Missing data, test of normality as well as outlier detections have been carried out. The initial stage was a series of descriptive analysis such as the frequency counts, means and standard deviation to look at the profile of the respondents.

6.1 Reliability

Reliability and validity test have been conducted. According to Fornell and Larcker(1981), a cronbach’s alpha and a composite reliability 0.70 or greater is considered as acceptable. This study shows that all construct have more than 0.8 cronbach alpha value. The composite reliability values also ranged from 0.87-0.93.

6.2 Validity

In terms of validity, Sekaran and Bougie (2010) claimed that construct validity is a test of how well the results obtained from the use of the measure fit the theories around which the test is designed. Construct validity can be assessed through convergent and discriminant validity.

6.2.3 Convergent Validity

Convergent validity is the degree to which multiple items to measure the same concept are in agreement. Hair et. al (2010) suggested that factor loadings, composite reliability and average variance are needed in order to assess convergent validity. The loadings for all items exceeded the recommended value of 0.50 (Hair et. al 2010). Composite reliability values in Table indicate all constructs ranged from 0.87 to 0.93 which also exceeded the recommended value of 0.70 (Hair et. al 2010). The average variance extracted (AVE) measures the variance captured by the indicators relative to measurement error. AVE should be greater than 0.50. In this study, the average variance extracted was in the range of 0.50 to 0.67.
6.3 Discriminant Validity

The discriminant validity refers to the degree to which items differentiate among constructs or measure distinct concepts. The discriminant validity is assessed by examining the correlations between the measures of potentially overlapping constructs. According to Compeau et. al (1999), items should load more strongly on their own constructs and the average variance shared between each construct and its measures should be greater than the variance shared between the construct and other constructs. Table 1 presents the discriminant validity of the constructs. In total, in this study the measurement model demonstrated adequate convergent validity and discriminant validity.

6.4 Structural Model Results

Another step in a PLS Analysis is to create a structural model, by analyzing the inner model. The researcher first examined the path loadings between constructs to identify significance using computed T-statistics. To test for significance, all of the data were run using 500 bootstrapped samples. Path analysis was conducted to test the hypotheses generated. The R² value was 0.25 suggesting that 25% of the variance in extent of collaboration can be explained by social support, work experience, university experience and mentoring. Social support was positively related (β=0.23, p<0.01) to extent of entrepreneurial quality among graduate entrepreneurs. On the other hand, work experience was not a significant predictor of entrepreneurial quality among graduate entrepreneurs and so was university experience which was not a significant predictor of entrepreneurial quality among graduate entrepreneurs. Thus, H1 of this study was supported whereas H2 and H3 were not.

Mentoring was positively related (β=0.29, p<0.05) to extent of entrepreneurial quality among graduate entrepreneurs. Thus H4 was supported. H5 was also supported as the R² value of 0.41 which suggest that 41% of the variance in entrepreneurial success can be explained by extent of entrepreneurial quality among graduate entrepreneurs and there was a positive relationship (β=0.24, p<0.01) between entrepreneurial quality among graduate entrepreneurs and entrepreneurial success.

7. DISCUSSIONS

7.1 Social Support and Entrepreneurial quality among graduate entrepreneurs

The findings in the previous chapter showed that social support was positively related to entrepreneurial quality among graduate entrepreneurs. This is supported by Pickernell et. al (2011) who pointed that graduate entrepreneurs have advantage in terms of received beneficial support from informal networks or trade associations, family and friends at national or international level. Being graduates, they have exposed to the university life which they are always gain support from family, friends and colleagues in order to survive and to succeed during their studies. Therefore in doing business, the social support is always needed in order to develop quality in themselves.

7.2 Work experience and Entrepreneurial quality among graduate entrepreneurs

Based on the findings in the previous chapter, work experience has been found as not have significant relationship with entrepreneurial quality among graduate entrepreneurs. This is opposed to the statement by Barreira (2004) who claimed that work experience can help to provide a unique knowledge and reputation asset to the firm. This result might due for several reasons. Being graduates, there are a lot of career opportunities with high salary after they have graduated. This condition may make the graduates feel that they are in comfort zone. This is supported by an interview conducted by the researcher. In that interview, the participant mentioned that the graduates won’t have the passion to set up their own business since they have earned much from their workplace.
7.3 University experience and Entrepreneurial quality among graduate entrepreneurs

Chickering, Arthur, McCormick and John (1970) pointed that individual quality develops along which change that occurs during college or university years. Additionally, Pascarella (1987) claimed that, the extent and quality of graduate's involvement in college are the principal determinants of university impact on graduate's development. However, from the findings of this study, it showed that university experience do not have significant relationship with entrepreneurial quality among graduate entrepreneurs.

7.4 Mentoring and Entrepreneurial quality among graduate entrepreneurs

Doherty (1999) claimed that mentor may act as a teacher to enhance a person's skills and intellectual development. Additionally, Beckett (2010) pointed that successful mentoring has long term effects since it helps mentees to grow and develop the quality to become mentors of tomorrow. From the findings, it showed that, mentoring is significantly related to entrepreneurial quality among graduate entrepreneurs. This is supported by Pickernell et. al. (2011) who claimed that, as graduate entrepreneurs, they have advantage of having a wider networks and resources. Therefore from the advantage of availability to get access to successful entrepreneurs, the graduate entrepreneurs are believed to have mentors in helping them to develop and increase their entrepreneurial quality.

7.5 Entrepreneurial quality among graduate entrepreneurs on entrepreneurial success

Entrepreneurial quality is proven to have a significant relationship with entrepreneurial success (Yusof 1995, Darroch & Clover 2005). Additionally, Othman and Md Nor (2011) pointed that entrepreneurial quality are the among the critical factor that lead to entrepreneurial success. The findings of this study found that, entrepreneurial quality among graduate entrepreneurs had a significant relationship with entrepreneurial success. This relationship is also supported by the Resource-Based Theory where entrepreneurial quality has been identified as a unique resource that can contribute to entrepreneurial success (Raduan et. al 2006). Based on the findings, the entrepreneurial quality among graduate entrepreneurs influences entrepreneurial success. Additionally, Thomas et. al (2011) claimed that graduates are growth oriented and possessing skills and qualities, helps to produce more beneficial outcomes in their venture.

8. CONCLUSION

The researcher concludes that entrepreneurial quality among graduate entrepreneurs play an important role in determining entrepreneurial success. The presence of psychosocial factors such as social support, work experience, university experience and mentoring in this study have been found to contribute to entrepreneurial success in graduate entrepreneurs. Psychosocial factors such as social support and mentoring also help in developing entrepreneurial quality among graduate entrepreneurs which in turn will lead to entrepreneurial success (consequences). Additionally, even though the psychosocial factor such as work experience and university experience do not have a significant relationship with entrepreneurial quality among graduate entrepreneurs, however, these factors have the direct relationship with entrepreneurial success in graduate entrepreneurs.

9. SUGGESTIONS FOR FUTURE RESEARCH

More research on graduate entrepreneurs in Malaysia should be conducted. A wider and detail approach of study in entrepreneurial quality among graduate should be done. The future researcher might come out with other factors such as cognitive, spiritual etc which can influence the development of entrepreneurial quality among graduate entrepreneurs. Other than that, In this research, entrepreneurial quality was studied as one single construct without looking at the influence of each of its dimensions with other constructs. Future researcher might study on each dimensions of the entrepreneurial quality among graduate entrepreneurs with other constructs.
Figure 1 Model of Entrepreneurial Quality

Source: Guzman and Santos 2001

Figure 2 Theoretical Framework

Table 1 Discriminant validity of the constructs

<table>
<thead>
<tr>
<th></th>
<th>EQuality</th>
<th>Esuccess</th>
<th>Ssupport</th>
<th>mentoring</th>
<th>university</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQuality</td>
<td>0.709</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Esuccess</td>
<td>0.47313</td>
<td>0.719</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ssupport</td>
<td>0.40734</td>
<td>0.508263</td>
<td>0.791</td>
<td></td>
<td></td>
</tr>
<tr>
<td>mentoring</td>
<td>0.442614</td>
<td>0.482714</td>
<td>0.529508</td>
<td>0.752</td>
<td></td>
</tr>
<tr>
<td>university</td>
<td>0.256453</td>
<td>0.342918</td>
<td>0.308005</td>
<td>0.361022</td>
<td>0.817</td>
</tr>
</tbody>
</table>

Diagonal (in bold) represent the average variance extracted while the other entries represent the squared correlations
** work experience is measured using ratio scale
REFERENCES


Botha, M. 2006. Measuring the effectiveness of the women entrepreneurship programme, as a training intervention, on potential, start-up and established women entrepreneurs in South Africa. *University of Pretoria Theses and Dissertations*.


Greenhaus, J.H., Parasuraman, S., Wormley, W.M. 2000. Effects of race on organizational
experiences, job performance evaluations, and career outcomes. *Academy of Management Journal* 33(1) 64-86.


Jaume, J.2010. Graduate entrepreneurs could boost the economy, but how many are there? December 6th 2010.


Pickernell,D., Pacham,G., Jones,P., Miller,C. & Thomas, B. Graduate entrepreneurs are different: They access more resources? *International Journal of Entrepreneurial Behavior and Research*. 1-16.


Shuhairimi, Ku Halim, Azizi & Saaodah. 2009. Core values in successful entrepreneur: An evaluation of Islamic dimensions towards the formation of ummah tranquillity.


