

Entrepreneurial Capability, Network and Self Independence as Predictors of Entrepreneur Intent: A Comparison of Generation X and Y

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Abstract

Entrepreneurship is regarded as the driver of economic growth, sustainability and competitiveness. It contributes to job growth and innovation in an economy. Globally, entrepreneurship is dominated by two generational cohorts of Generation X and Y. Understanding the factors that predict their entrepreneurial intent is pertinent because intention is a precedent of entrepreneurial behavior. Most researches carried out on the entrepreneurial intent of generation X and Y cohorts have been done in the west but few research has been done in the Asian context. Hence, this research examines the differences in entrepreneurial intent of Generation X and Y in the Asian context with emphasis on Malaysia. The results suggested there are differences between the two generations in their capabilities, network and self independence as predictors of entrepreneurial intent. This further validates generational theory and shows similarities in the results of earlier studies carried out in the west.

Key Words: Entrepreneurship Capability, Network, Self Independence, Entrepreneurial intent, Generation X, Generation Y.

Introduction

Entrepreneurship is the fulcrum of a nation's development (Baron & Shane 2008); it is widely acknowledged as an important source of job growth and economic development (Rasli, Khan, Malekifar & Jabeen, 2013). The emergence of entrepreneurship in the past decades has laid credence to its position as the strongest economic driver ever witnessed by the global economy (Mushtaq, Hunjra, Nazi, Rehman & Azam, 2011). Entrepreneurship is described as a process that encompasses vision, change, and creation or

the cultivation of idea, creation of ventures and the execution of innovative and creative ideas to achieve profitability and success. It is the total process of discovery, assessment and employment of entrepreneurial potentials or opportunities (Shane & Venkataraman, 2000). Thus, it involves creation of a new enterprise through entrepreneurial actions in response to opportunities (Hunjra, Ahmad, Rehman & Safwan, 2011). Entrepreneurial process drives growth of local economies by enhancing creation of wealth, innovation and technological deployment as well as poverty alleviation. It further contributes to an economy's competitive position in the face of increasing challenges that dominates the global market (Venkatachalam & Waqif, 2005). Consequently, countries all over the globe have bought into the entrepreneurship success story to guarantee sustainable economic growth and development.

The entrepreneurship process is powered by adults in every society and the continuous expansion of the entrepreneurship space is pertinent to ensure sustainable economic success. According to Global Entrepreneur Monitor (GEM) 2014, adult participation in new enterprise or entrepreneurship process falls within the age bracket 15 – 64 years old globally. This is especially reflected in the Malaysian society with this age bracket constituting 65.14 percent of the total 29.7million population of the country (CIA, 2013). This age bracket is mainly dominated by two different and unique generations namely; generation X and Y. To key in to the global entrepreneurship drive and its strategic importance in enhancing competitive and sustainable economic growth and development; the Malaysian government incorporated entrepreneurship growth and development in its five year development plans and vision to achieve a high income and developed nation status. This has led to the creation of the Ministry of Entrepreneur and Cooperative Development (MECD) the SME (Small and Medium Enterprises) Bank and Perbadanan Nasional Berhad (PNS) to oversee and support entrepreneurial activities in the country. Various government institutions such as: The Ministry of Youth and Sports Malaysia and The Institute of Youth Development Research Malaysia (Institute Penyelidikan Pembangunan Belia Malaysia/IPPBM) are also involved in the training, research and other activities pertaining to entrepreneurship. The government also encourages and supports the teaching of entrepreneurship in schools and universities.

However, Malaysia is still lacking behind in its entrepreneurship drive and needs to increase participation in entrepreneurship among its population. The recent report of GEM in 2014 the Total Entrepreneurial Activities (TEA) in Malaysia is the lowest in Asia and Oceania region at 5.9 percent of adult population compared to Thailand 23.3 percent, Philippines 18.4 percent and Vietnam 15.3percent(Singer, Amoros & Arreola, 2014). Also, Malaysian entrepreneurial intention is low at 8.7(Kelly, Singer & Herrington, 2011). The low TEA and Entrepreneurial intention is an ominous sign for the sustainability and competitiveness of Malaysian economy especially country's drive towards a high income status by 2020. According to Webb, Kistruck, Ireland, & Ketchen (2010), to facilitate increase in entrepreneurial activities; the study of entrepreneurial intent (potential) is cogent. An individual's intention could help in predicting actions or inactions. Individuals may not choose entrepreneurship as a career without intention since intention is a precedent of increasing entrepreneur in the economy. Thus, the study was set out to examine the differences in entrepreneurial intent of Generation X and Y. Since most researches done on the entrepreneurial intent of generation X and Y cohorts have been done in the west and few research has been done in the Asian context This study intended to test the validity of the western researches in an Asian context with emphasis on Malaysia.

Literature Review

Entrepreneurial intention is the pedestal on which the entrepreneurial process is built over time (Lee, Wong, Foo & Leung, 2009). Entrepreneurial intention is defined as willingness of individuals to undertake entrepreneurial pursuits or actions, to be self-employed, or to initiate a new business (Dell, 2008; Dhose & Walter, 2010). It usually involves determination, ambition and the urge for self- independence (Zain, Akram & Ghani, 2010). According to Liñan *et. al.* 2005, Initiating a business is an intentional act and it has high implication for research.

Generation X and Generation Y

The validity of generational categorization is fraught with debates and controversies. An agreed demarcation of each generation is elusive. According to Edmunds and Turner (2005), the precise categorization and demarcation varies across nations and cultures essentially because distinct geographical settings experience different events at varied times. However, studies documenting the different demarcations for each distinct region is non-existent; hence, an Asian or Malaysian unique definition is not available.

For the purpose of this research, American scholars definition shall be adopted. According to Smola & Sutton(2002), Generation X in America are individuals born between 1965 and 1980. These generational cohorts perceptions were shaped by Music Television(MTV), Acquired Immune deficiency syndrome(AIDS)/ human-immuno deficiency virus(HIV) and the collapse of communism. , the members of this generation grew up in one of the most anti-child decades (Howe and Strauss,2000). They were the first children to be born to women who took pills to prevent them, and more children of this generation were born to single mothers than ever before. The divorce between Gen Xers' parents skyrocketed, while dual income families resulted in latchkey kids that became responsible for taking care of them. They were raised in a period dominated with insecurity and change in family and financial domains. Diversity increased and tradition was gradually considered as insignificant to the fabric of the society (Smola & Sutton, 2002). On the other hand, Generation Y are individuals born between If Gen Xers were the "lost" generation, Gen Yers are the "found" generation. Two-thirds of this generation were planned for and wanted by their parents. In contrast to their elder siblings, this cohort, they grew up in the decade of the child, and have been molded by self-esteem building parenting, education and counseling techniques. Their activities have been organized and planned for them by highly engaged parents. Their perceptions were molded by insecurity, terrorism and twenty four hours access to information. From birth, this cohort has been educated on the dangers of society. Kidnapping, school violence and drugs have impacted members of this cohort's life and their view of the world as a "dangerous" place.

Profiling Generation X of their Intention in Becoming Entrepreneurs

Past findings posit that although there are similar predicting factors for entrepreneurial intention in both Generation X and Y, most factors are different for both generations. Kian & Yusoff (2012) posits that self-employed Generation X has high satisfaction. This shows entrepreneurship becomes a good choice for Generation X. Besides that, Generation X has moderate satisfaction of achievement, recognition and promotion based on intrinsic factors and high satisfaction on worker pay and benefits based on extrinsic factors. McIntosh-Elkins, McRitchies, & Scoones (2008) further examined how well the extrinsic factors influence Generation X to become an entrepreneur. They found out Generation X value benefits more from a job than workers' pay. Benefits such as having flexible working time motivate Generation X to become an entrepreneur. Recognition, praises, and opportunity to earn new thing are motivating them to become self-employed too (Seung-Burn & Guy, n. d.). In short, both intrinsic and extrinsic factors become motivators for Generation X to become an entrepreneur.

Generation Y young adults display entrepreneurial spirit: they think like entrepreneurs and clients at the same time. Their youth and drive give them an advantage. However, they remain naïve when it comes to the business world (Cochran, 2007). Gen Y'ers tends to start their businesses with partners because they intuitively understand the power of collaboration and cooperative learning. They are also more environmentally conscious (Tremblay, Audet, & Gasse, 2010), and tend to want to fulfill a social mission. Young entrepreneurs rather tend to get involved right from the start while most of the entrepreneurs wait for their business to be settled and profitable before taking on social issues (Ford, 2009).

Education is another key determinant in attracting Generation Y in becoming entrepreneurs. Researchers have examined the link between the generational differences, particularly their unique mindsets with that of

employability and economic opportunity and suggested suitable education and training methods for developing future competent human capital (Thielfoldt & Scheef, 2004; Feyerherm & Vick, 2005). Various theories have been used to discuss differences and similarities in Generation cohorts however; this study has adopted generational theory. The theory advocates there are differences between Generation X and Y in terms of attitude, values and behavior due to their upbringing, environment and past experience. Hence, it best fit into the aim of the study.

Research Methodology

This study is an empirical study set out to examine the differences and similarities of entrepreneurial intent between Generation X and Generation Y in a Malaysian public university. This study employed a survey method. The data was obtained from the total population of Universiti Utara Malaysia (UUM) which includes students and staff of the university. Purposive sampling was adopted whereby every element is selected with the purpose differentiating generation X and Y.

A total of 100 respondents were selected reflecting the population of the university and also belonging to the Generational cohorts under study. 54.5 percent and 45.5 percent were male and female respectively. In terms of Generation X and Y both cohorts have equal numbers (50/50). Ethnically, 52.5 percent were Chinese; Malays were 38.5 and Indians 9 percent. Fifty two percent of the respondents were students and others constitute 48 percent. Close-ended questionnaires most of which were Likert-type scale. The researchers took great care to ensure that the questions asked would properly structure, focused, phrased and asked in a manner that is intelligible to respondents, able to minimize bias and able to provide data that can be statistically analyzed.

This was achieved through careful considerations for interrelated issues in questionnaire design. Statistical analysis such as descriptive, factor and reliability analyses as well as independent sample t-tests were employed in this study. Descriptive analysis was done on the personal background of respondents. After testing for the validity and reliability of the instrument, Further test was done on the factors using independent sample t-tests. For all cases of hypotheses testing, a *p*-value which is less than 0.05 will result in the rejection of the null hypothesis and vice versa.

Hence the following hypotheses were tested:

H1o: There are no significant differences in entrepreneurial capability in increasing the propensity towards entrepreneur intent between X generation and Y generation.

H1: There are significant differences in entrepreneurial capability in increasing the propensity towards entrepreneur intent between X generation and Y generation.

H2o: There are no significant differences in network support in increasing the propensity towards entrepreneur intent between X generation and Y generation.

H2: There are significant differences in network support in increasing the propensity towards entrepreneur intent between X generation and Y generation.

H3o: There are no significant differences in self-independence in increasing the propensity towards entrepreneur intent between X generation and Y generation.

H3: There are significant differences in self-independence in increasing the propensity towards entrepreneur intent between X generation and Y generation.

Analysis

Table 1: Group statistics of Entrepreneurial capability and Network support

Statistic	Generation	N	Mean	Std. Deviation	Std. Error
Entrepreneurial Capability	X	50	2.2950	.71730	.10144
	Y	50	2.8350	.89158	.12609
Network Support	X	50	2.1667	.71031	.10045
	Y	50	2.5867	.94175	.13318

The statistics above describe relationship between two independent variables of both Entrepreneurial capability and network support and two dependent variables of both Generation X and Y. According to the data, generation Y had the highest mean of **2.835** and **2.5867** compared to the mean of generation X of **2.295** and **2.1667** for both Entrepreneurial capability and network support variables respectively.

Table 2: Independent sample T-test of Entrepreneurial capability and Network support

Independent Samples Test		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Entrepreneurial Capability	Equal variances assumed	1.938	.167	-3.337	98	.001	-.54000	.16183	-.86115	-.21885
	Equal variances not assumed			-3.337	93.703	.001	-.54000	.16183	-.86133	-.21867
Network Support	Equal variances assumed	6.069	.016	-2.518	98	.013	-.42000	.16682	-.75105	-.08895
	Equal variances not assumed			-2.518	91.119	.014	-.42000	.16682	-.75136	-.08864

Based on the table above, the variable of entrepreneurial capability is significant. ($p = 0.001$; $p < 0.05$). Hence, H_0 will be rejected and H_1 will be accepted for this variable. Next, the variable of network support is significant ($p = 0.013$; $p < 0.05$). Hence, H_0 will be rejected and H_1 will be accepted for this variable.

Table 3: Statistics of Self-independence

Statistic	Generation	N	Mean	Std. Deviation	Std. Error Mean
Self- Independence	X	50	2.0433	.64489	.09120
	Y	50	2.5900	.96668	.13671

Statistic above describes *Self-Independence as independent variable* and to two dependent variables of both Generation X and Y. According to the data, generation Y had the highest mean of 2.59 compared to the mean of generation X of 2.0433

Table 4: Independent Sample T-test on Self independence

Independent Samples Test		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Self-Independence	Equal variances assumed	10.675	.001	-3.326	98	.001	-.54667	.16434	-.87279	-.22054
	Equal variances not assumed			-3.326	85.404	.001	-.54667	.16434	-.87339	-.21994

Based on the table above, the variable of *Self-Independence* is significant. ($p = 0.001$; $p < 0.05$). Hence, H_0 will be rejected and H_1 will be accepted for this variable.

Discussion

The result of the study laid credence to the position that Generation X and Y are generational cohorts with different entrepreneurial intent without any similarities. This could further explained through differences in their upbringing, experiences and values. In the light of this, the following findings are discussed:

Hypothesis 1: There are **significant** differences in entrepreneurial capability in increasing the propensity towards entrepreneur intent between X generation and Y generation.

Personal attitudes and family background aside, a person level of capability could be derived from two main factors, education and experience. Generation X generally has more experience than generation Y due to their longer exposure to the working environment and how to manage a certain business or organization. On the other hand, generation Y generally has more education than generation X because of the internet technology that enabled knowledge to be shared much easier and convenient during their academic time. Hence, the result from this research indicating a significant difference in the intention to be an entrepreneur between both generations could be well reflected

Hypothesis 2: There are **significant** differences in network support in increasing the propensity towards entrepreneur intent between X generation and Y generation.

In the opinion of the researchers, two main factors namely; family and friendship could explain the dissimilarity between the generation X and Y of their entrepreneur intent in term of network support. In terms of family majority of Generation X received support from their sibling to indulge in entrepreneur intent. In contrast, Generation Y mostly gets parents to support them in their entrepreneur intent. Hence, while both generations do have family, it could not be the same person in the family that provided the network support. Next, in term of friendship, generally, most individuals in Generation X has support from

friends that are experienced in terms of work or entrepreneurial success. These friends are usually referred to as working partner. In contrast, Generation Y mostly received support from their network of friends like facebook, tweeter, blog etc as they have access to all kinds of network through the social media more than Generation X and from people much older than them, who that could be a mentor or counselor. Hence, this may explain the result in this research that both generations are not the same in term of their network support.

Hypothesis 3: *There are **significant** differences in self-independence in increasing the propensity towards entrepreneur intent between X generation and Y generation.*

Self-independence is the ability to depend on oneself. In the light of this definition entrepreneurial intent is akin to aspiring to set up one's business independent of control from others. Hence, from previous research on Generation X and Y it is discernible that Generation X is more independent of the two cohorts. This is so because Generation X grew up in an anti-child decade in which divorce and single parenthood and working mums made many in this generation to be "latchkey kids". Generation X cohorts believes no one is there to look over their shoulders and this led to traits of independence and resilience. In contrast, Generation Y grew in the decade of child in which their activities are well planned and organized by highly engaged parents who are extremely protective. As a result, Generation Y has less self-independence traits because they always believe there is somebody looking over their shoulders. Therefore, this may explain the result in this research that both generations are not the same in terms of their self-independence.

Conclusion

This study has thrown more light on the understanding of differences between Generation X and Generation Y in their entrepreneurial intent in Malaysia. The findings suggested there are differences between the two generations in their entrepreneurial intent. Generation X was found to be different in terms of their entrepreneurial capability, network support and self-independence from Generation X. these findings is in tandem to previous research carried out in the western setting and provides more evidence on how Generation X and Y differences in their entrepreneurial intent in the Asian context are somewhat similar with that in the western setting. Thus, this study further validates the findings of most western researches on generational theory which were carried out in western setting. These findings will also facilitate better understanding by interested parties such as government, scholars and other institutions, of the prominent differences in Generation X and Y entrepreneurial intent in a local setting.

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