

Entrepreneurial Intention: The Role of Internal and External Factors

Iklima Husna Abdul Rahim*, Ahmad Shakani Abdullah

Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah

*Corresponding Author Email: iklima.husna@ums.edu.my

DOI Link: <http://dx.doi.org/10.6007/IJARBS/v16-i3/27845>

Published Date: 07 March 2026

Abstract

Graduate unemployment remains a persistent issue in Malaysia, particularly among young university graduates who tend to prefer paid employment over self-employment. In response, higher education institutions have introduced entrepreneurship education to encourage graduates to consider entrepreneurship as a career option. However, entrepreneurial intention among undergraduates remains relatively low. This study examines the internal and external factors that influence entrepreneurial intention among university students. A quantitative approach was employed using a survey with open-ended questions administered to 114 final-year Bachelor of Business (Entrepreneurship) students at Universiti Malaysia Sabah. Data were analysed using thematic analysis. The findings reveal that motivation, facility support, entrepreneurship courses, and creativity emerged as key internal factors, while entrepreneurial activities, role models, and financial support were identified as external factors influencing entrepreneurial intention. The study contributes empirical insights that may assist policymakers, universities, and relevant agencies in strengthening entrepreneurship education and support systems to foster entrepreneurial intention among undergraduates.

Keywords: Entrepreneurial Intention, Internal Factors, External Factors, Entrepreneurship Education, University Students

Introduction

Graduate unemployment continues to pose a significant challenge in Malaysia, particularly following the economic disruptions caused by the COVID-19 pandemic. According to the Department of Statistics Malaysia (2020), the national unemployment rate increased sharply from 3.3% in 2018 to 5.3% in May 2020, marking the highest rate recorded since 1998. Although the gradual reopening of economic sectors led to a decline in unemployment, the number of unemployed graduates remains a critical concern.

In Malaysia, graduates are defined as individuals aged 15 years and above who have obtained tertiary-level qualifications from recognised institutions. In 2019, approximately 170,300 graduates were reported as unemployed, reflecting an increase compared to the previous

year. This situation indicates that strong academic performance alone no longer guarantees employment. Employers increasingly emphasise employability skills such as communication, critical thinking, and adaptability, rather than academic results alone (Ismail, 2011; Zaliza & Mohd Safarin, 2014).

In addressing graduate unemployment, the Malaysian government has introduced entrepreneurship education across schools and higher learning institutions. This initiative aims to cultivate entrepreneurial mindsets and encourage students to pursue self-employment as an alternative career path. Universities also actively promote participation in entrepreneurship-related activities, including workshops, seminars, and business training programmes (Rahim et al., 2015). Despite these efforts, many graduates remain reluctant to venture into entrepreneurship, often perceiving it as a risky career choice with uncertain income prospects (Othman, 2011).

Previous studies have suggested that graduates are more inclined to seek employment rather than create job opportunities (Mohamad et al., 2014). This tendency highlights the importance of understanding the factors that influence entrepreneurial intention among university students. Therefore, this study aims to examine the internal and external factors that stimulate entrepreneurial intention among undergraduates enrolled in the Bachelor of Business (Entrepreneurship) programme at Universiti Malaysia Sabah. By identifying these factors, the study seeks to contribute to the literature on entrepreneurship education and provide insights for improving policies and educational strategies aimed at fostering future entrepreneurs.

Literature Review

Internal Factors Influencing Entrepreneurial Intention

Motivation

Motivation refers to internal forces that influence an individual's direction, intensity, and persistence of behaviour (McShane & Glinow, 2010). In the context of entrepreneurship, motivation plays a crucial role in shaping entrepreneurial intention. Prior studies have consistently shown that motivated individuals are more likely to pursue self-employment as a career option (Aarabi et al., 2013; Yousuf et al., 2007).

Facility Support

Facility support provided by universities and government agencies is another important internal factor influencing entrepreneurial intention. In Malaysia, various public and private institutions actively support entrepreneurship development through financial assistance, infrastructure, and technical guidance (Türker & Selçuk, 2009; Azwa Ambad & Ag Damit, 2016).

Entrepreneurship Course

Entrepreneurship education aims to develop entrepreneurial knowledge, skills, attitudes, and awareness necessary for venture creation and management (Lee et al., 2005). Universities introduce entrepreneurship courses to cultivate entrepreneurial mindsets and encourage students to explore self-employment opportunities.

Creativity

Creativity is closely associated with entrepreneurship, as it enables individuals to generate innovative ideas, recognise opportunities, and develop novel solutions (Dewett, 2007). Creativity has been conceptualised as a mental ability, a process, and a behavioural outcome (Andriopoulos, 2000).

External Factors Influencing Entrepreneurial Intention

Entrepreneurial Activities

Participation in entrepreneurial activities such as workshops, business competitions, seminars, and pitching sessions has been found to positively influence students' entrepreneurial intention. These activities enhance students' awareness, skills, and confidence in entrepreneurship (Martin et al., 2013; Mai & Anh, 2013).

Role Model

Role models play a significant role in shaping entrepreneurial intention by providing inspiration, guidance, and social learning opportunities. Previous studies have reported a positive relationship between exposure to entrepreneurial role models and entrepreneurial intention (Kirkwood, 2009; Obschonka et al., 2012).

Financial Support

Access to financial support is a critical external factor influencing entrepreneurial intention, particularly among young and novice entrepreneurs. Financial constraints are often cited as a major barrier to business start-up (Bruton et al., 2015). In Malaysia, various government agencies and financial institutions provide funding schemes, loans, and grants to support new ventures.

Methodology

This study adopted a quantitative research design using a survey approach. The respondents comprised 114 final-year students enrolled in the Bachelor of Business (Entrepreneurship) programme at Universiti Malaysia Sabah. Purposive sampling was employed, as the selected respondents had greater exposure to entrepreneurship education compared to students from other programmes. Data were collected using open-ended questionnaires. The responses were analysed using thematic analysis following the six phases proposed by Braun and Clarke (2006), which include familiarisation with data, coding, theme development, theme review, theme definition, and report production. This approach enabled the identification of recurring internal and external factors influencing entrepreneurial intention among the respondents.

Result and Discussion

Internal Factors Influencing Entrepreneurial Intention

The findings indicate that motivation is the most dominant internal factor influencing students' entrepreneurial intention, followed by facility support, entrepreneurship courses, and creativity. This result is consistent with prior studies which emphasised motivation as a key driver of entrepreneurial intention, particularly in shaping individuals' persistence, risk-taking behaviour, and desire for independence (Nor & Yufiza, 2004; Aarabi et al., 2013; Barba-Sánchez & Atienza-Sahuquillo, 2018).

Students highlighted motivational initiatives such as talks by successful entrepreneurs, exposure to the benefits of entrepreneurship, and provision of small start-up capital as effective mechanisms to enhance entrepreneurial intention. This supports earlier findings that entrepreneurial motivation is closely linked to exposure, encouragement, and perceived feasibility of entrepreneurship as a career choice (Yahya, 2010; Benzing et al., 2007).

Facility support emerged as the second most influential internal factor. Respondents emphasised the importance of access to business spaces, kiosks, and university-supported platforms that allow them to operate businesses while studying. This finding aligns with Türker and Selçuk (2009) and Azwa Ambad and Ag Damit (2016), who asserted that institutional support and physical facilities significantly lower entry barriers for novice entrepreneurs.

Entrepreneurship courses were perceived as more effective when emphasising practical learning rather than theory alone. This supports Lee et al. (2005) and Rahim et al. (2015), who argued that entrepreneurship education should integrate experiential learning and industry exposure to enhance students' entrepreneurial readiness. In addition, creativity, although less frequently mentioned, was recognised as a supporting factor that can be cultivated through entrepreneurship education and hands-on activities, consistent with Hamidi et al. (2008) and Berglund and Wennberg (2006).

External Factors Influencing Entrepreneurial Intention

Among external factors, entrepreneurial activities were identified as the most influential. Participation in workshops, seminars, entrepreneurial talks, and business pitching sessions enhanced students' understanding of real-world business challenges and opportunity recognition. This finding corroborates previous studies by Peterman et al. (2003) and Mai and Anh (2013), which highlighted the role of experiential entrepreneurial activities in strengthening entrepreneurial awareness and intention.

Role models also played a significant role in stimulating entrepreneurial intention. Interaction with successful entrepreneurs enabled students to learn through observation and shared experiences, reinforcing entrepreneurship as a viable and desirable career path. This result supports the findings of Kirkwood (2009), Bygrave (2004), and Obschonka et al. (2012), who emphasised the importance of role models in shaping entrepreneurial identity and motivation.

Finally, financial support was recognised as a crucial external enabler, particularly for students with limited personal capital. Access to grants, loans, and alternative financing mechanisms such as crowdfunding was perceived to increase confidence and reduce fear of failure. This finding is consistent with Bruton et al. (2015), who highlighted financial constraints as a major barrier to entrepreneurial entry, especially among young entrepreneurs.

Conclusion

This study highlights the significance of both internal and external factors in shaping entrepreneurial intention among undergraduate entrepreneurship students. Motivation and entrepreneurial activities emerged as the most influential drivers, confirming that strong

personal drive combined with experiential exposure is essential in fostering entrepreneurial interest (Tanveer et al., 2013; Barba-Sánchez & Atienza-Sahuquillo, 2018).

The findings further emphasise the critical role of universities in strengthening entrepreneurship education through adequate facility support, practice-oriented courses, and exposure to role models and financial assistance. Consistent with previous studies (Rahim et al., 2015; Azwa Ambad & Ag Damit, 2016), the study underscores the need for a holistic entrepreneurship ecosystem to nurture capable and confident future entrepreneurs.

Despite its limitations in sample size and scope, this study provides valuable insights for policymakers and higher education institutions in designing effective strategies to enhance students' entrepreneurial intention and contribute to graduate employability and economic sustainability in Malaysia.

Acknowledgement

The authors gratefully acknowledge Universiti Malaysia Sabah for the financial support and the students who participated in this study.

References

- Aarabi, M. S., Subramaniam, I. D., & Alminitisir, M. S. (2013). The relationship between motivation and entrepreneurial intention among university students. *International Journal of Management and Business Research*, 3(1), 1–12.
- Andriopoulos, C. (2000). *Mind stretching: A grounded theory for enhancing organizational creativity*. Unpublished PhD thesis, University of Strathclyde.
- Azwa Ambad, S. N., & Ag Damit, D. H. D. (2016). Determinants of entrepreneurial intention among undergraduate students in Malaysia. *Proceedings of the Fifth International Conference on Marketing and Retailing (5th INCOMaR)*.
- Barba-Sánchez, V., & Atienza-Sahuquillo, C. (2018). Entrepreneurial intention among engineering students: The role of entrepreneurship education. *European Research on Management and Business Economics*, 24(1), 53–61.
- Benzing, C., Chu, H. M., & McGee, C. (2007). Ghanaian and Kenyan enterprises: A comparative analysis of their motivations, success characteristics and problems. *Journal of Developmental Entrepreneurship*, 12(3), 295–322.
- Berglund, H., & Wennberg, K. (2006). Creativity among entrepreneurship students: Comparing engineering and business education. *International Journal of Continuing Engineering Education and Life-Long Learning*, 16(5), 366–379.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.
- Bruton, G. D., Khavul, S., Siegel, D. S., & Wright, M. (2015). New financial alternatives in seeding entrepreneurship: Microfinance, crowdfunding, and peer-to-peer innovations. *Entrepreneurship Theory and Practice*, 39(1), 9–26.
- Bygrave, W. D. (2004). *The entrepreneurial process*. In W. D. Bygrave & A. Zacharakis (Eds.), *The portable MBA in entrepreneurship* (pp. 1–26). John Wiley & Sons.
- Da Cruz, J. V. (2018). Beyond financing: Crowdfunding as an informational mechanism. *Journal of Business Venturing*, 33(3), 371–393.
- Department of Statistics Malaysia. (2020). *Labour force statistics Malaysia*. Official Portal, Department of Statistics Malaysia.

- Dewett, T. (2007). Linking intrinsic motivation, risk taking, and employee creativity in an R&D environment. *R&D Management*, 37(3), 197–208.
- Hamidi, D. Y., Wennberg, K., & Berglund, H. (2008). Creativity in entrepreneurship education. *Journal of Small Business and Enterprise Development*, 15(2), 304–320.
- Ismail, N. A. (2011). Graduate characteristics and unemployment: A study among Malaysian graduates. *International Journal of Business and Social Science*, 2(16), 94–102.
- Kirkwood, J. (2009). Motivational factors in a push–pull theory of entrepreneurship. *Gender in Management: An International Journal*, 24(5), 346–364.
- Lee, S. M., Chang, D., & Lim, S. B. (2005). Impact of entrepreneurship education: A comparative study of the U.S. and Korea. *The International Entrepreneurship and Management Journal*, 1(1), 27–43.
- Mai, T. T., & Anh, N. T. (2013). Factors affecting entrepreneurial intention among youths in Vietnam. *International Journal of Business and Management*, 8(20), 63–77.
- Martin, B. C., McNally, J. J., & Kay, M. J. (2013). Examining the formation of human capital in entrepreneurship: A meta-analysis of entrepreneurship education outcomes. *Journal of Business Venturing*, 28(2), 211–224.
- McShane, S. L., & Von Glinow, M. A. (2010). *Organizational behavior* (5th ed.). McGraw-Hill.
- Mohamad, N., Lim, H. E., Yusof, N., Kassim, M., & Abdullah, H. (2014). Estimating the choice of entrepreneurship as a career: The case of Universiti Utara Malaysia. *International Journal of Business and Society*, 15(1), 65–80.
- Nor, A. M., & Yufiza, M. Y. (2004). Motivational factors influencing entrepreneurship. *Journal of Entrepreneurship Research*, 2(1), 45–58.
- Obschonka, M., Silbereisen, R. K., & Schmitt-Rodermund, E. (2012). Explaining entrepreneurial behavior: Dispositional and contextual influences. *Journal of Entrepreneurship Research*, 2(1), 1–35.
- Othman, N. (2011). Entrepreneurship as a career choice among Malaysian graduates. *Journal of Education and Vocational Research*, 1(1), 20–29.
- Peterman, N. E., & Kennedy, J. (2003). Enterprise education: Influencing students' perceptions of entrepreneurship. *Entrepreneurship Theory and Practice*, 28(2), 129–144.
- Rahim, H. L., Abdul Kadir, M. A. B., Zainal Abidin, Z., Junid, J., Mohd Kamaruddin, L., Mohd Lajin, N. F., Buyong, S. Z., & Ahmad Bakri, A. (2015). Entrepreneurship education in Malaysia: A critical review. *Journal of Technology Management and Business*, 2(2), 1–11.
- Tanveer, M. A., Zafar, S., Shafique, R., Jhangir, M., & Rizvi, S. (2013). Motivational factors and students' entrepreneurial intention in Pakistan. *Journal of Basic and Applied Scientific Research*, 3(4), 263–269.
- Türker, D., & Selçuk, S. S. (2009). Which factors affect entrepreneurial intention of university students? *Journal of European Industrial Training*, 33(2), 142–159.
- Yahya, A. Z. (2010). Factors influencing entrepreneurial intention among students. *Journal of Small Business Studies*, 5(2), 45–58.
- Yousuf, M., Sandu, M. S., & Jain, K. K. (2007). Relationship between psychological characteristics and entrepreneurial inclination. *Journal of Asia Entrepreneurship and Sustainability*, 3(2), 12–19.
- Zaliza, H., & Mohd Safarin, N. (2014). Employability skills and graduate unemployment in Malaysia. *Journal of Technical Education and Training*, 6(1), 15–25.