ATTITUDE AND ENTREPRENEURIAL INTENTION AMONG RURAL COMMUNITY: THE MEDIATING ROLE OF ENTREPRENEURIAL OPPORTUNITY RECOGNITION

Norziani Dahalan,
School of Distance Education
Universiti Sains Malaysia, Pulau Pinang, 11800, Malaysia

Mastura Jaafar, Siti Asma’ Mohd Rosdi
School of Housing Planning
Universiti Sains Malaysia, Pulau Pinang, 11800, Malaysia

Abstract

Entrepreneurship has been well documented to have an economic and social implication for the nation to increase income. Most of developing countries give further consideration to include entrepreneurship as an agenda to help the poor to increase the living standard. In fact, entrepreneurship offers various business opportunities for rural communities to achieve better quality of life. However, the crucial part of doing business is to recognize business opportunity. Entrepreneurship and opportunity are two terms that complement each other. Opportunity recognition enables the entrepreneur to identify a good idea and transform it into a business concept. The purpose of this study is to examine the relationship between attitude (attitude toward money, attitude toward start-up) and entrepreneurial intention. This paper also intends to understand the role of entrepreneurial opportunity recognition as a mediator between attitude and entrepreneurial intention. The aim of this research is to support training providers, to identify input for entrepreneurial training, specifically developing business concepts among rural community. From the practical perspective, it might help the government to understand the necessity to encourage entrepreneurial movement among rural community as to ensure business ideas flow. This research employed the quantitative method of data collection. The questionnaires were distributed to 500 local populations according to districts and villages. The findings of this study showed that both attitude (attitude toward money, attitude toward start-up) influence entrepreneurial intention. The relationship between attitude toward start-up and entrepreneurial intention was mediated by opportunity recognition.

Keywords: Attitude, Entrepreneurial Intention, rural community, Entrepreneurial opportunity recognition, idea generation.

Introduction

The study of entrepreneurial intention has been a central theme in entrepreneurship. According to N. Krueger, D.Reilly, and Carsrud (2000), intention has already proven the best predictor of planned behavior. It is worth to note that entrepreneurship is a type of planned behavior (Krueger et al., 2000). A possible reason behind this statement is that the decision to become an entrepreneur is considered as voluntary and conscious (Liñán & Chen, 2009). For example; for the new businesses, Aviram (2010) stated that they are created neither instantly, nor by accident and some of the businesses are intentionally. Similarly Schlaegel and Koenig (2013) in their review posits that entrepreneurial intentions are central to understanding entrepreneurship as they are the first step in the process of discovering,
creating, and exploiting opportunities. This gives the impression that intention is very important in entrepreneurship theory and construct (Thompson, 2009).

Previous studies indicated that entrepreneurial intention has been explored from various angel specifically education-related sectors. In particular, entrepreneurial intention among students in higher education has been studied all over the world. For instance in Asian countries (Indirti et al., 2010; Zahariah et al., 2010), European countries (Turker et al., 2008; Linan, 2009), the Middle East (Zarafshani, 2011), Australia (Schwarz, Wdowiak, Almer-Jarz & Breitenecker, 2009), and Caribbean (Devonish, Alleyne, Charles-Soverall, Marshall, & Pounder, 2010). Further, evidence in the literature indicate there are many factors determine entrepreneurial intention such as demographic profile including gender, age, education and working experience (Indirti, 2009; Schwarz et al., 2009), attitude including attitude toward money and change (Schwarz, 2009), attitude toward start up (Linan, 2009), and personality traits such as extraversion and conscientiousness (Engle et al., 2010 and Joyce et al., 2010), need for achievement (Indirti et al., 2010) and self-efficacy (Linan et al., 2005; Akhtar Ali et al., 2011; Douglas et al., 2012). Further, researcher have expanded examination of entrepreneurial intention to include investigating environmental factors such as structural support, capital access, information access, and social networks (Indirti, 2009) and contextual factors such as perceived support, perceived barriers and close support (Devonish et al., 2009). The above empirical findings are separated into psychological and behavioral approach of entrepreneurial intention.

Ferreira, Raposo, Rodrigues, Dinis, and Paço (2012) in a review noted that psychological approach focused on trait or personality characteristic of individual that influence entrepreneurial intention. For instances; Zahariah et al., (2010) reported personality trait is an important determinant to entrepreneurship intention among Malaysian business students. Similarly, Zhao, Seibert, and Lumpkin (2010) in their study reveal that openness to experience and conscientiousness appear to be personality constructs that associate strongly to entrepreneurial intention. In contrast, Ferreira et al., (2012) find that behavioral approach of entrepreneurial intention link intention to subsequent actions. Ferreira and Colleagues (2012) stated that personal attitude, subjective norms and perceived behavioral control are included in behavioral approach of entrepreneurial intention. This kind of approach is drawn from a theory of planned behavior (Azjen, 1991). The model posits that intention is a function of three antecedents: a) “attitudes toward the act,” is considered as intrinsic and extrinsic personal outcomes; b) ”social norms,” is considered as extra personal influences on the decision maker; and c) “perceived behavioral control,” is considered as behavior feasibility (Krueger Jr & Brazeal, 1994).

This study focus on entrepreneurial intention because investigating the factors related to entrepreneurial intention may advance understanding of entrepreneurial action (Krueger et al., 2000). For example; Webb and Sheeran (2006) reviews summarizes the correlational studies that show intentions are reliably associated with behavior; average correlation (.47) between intentions and behavior (see Hausenblas, Caron, and Mack, 1997), average correlation (.40) between protection motivation (intention) and future behaviors. (see Milne, Sheeran, and Orbell, 2000). In another intention-behavior relations studies, Sheeran (2002) found that intentions explain 28% of the variance in future behavior.

Previous research identified several factors which might influence entrepreneurial intention. One important factor is attitude. Geissler and Zanger (2011) in their review posit that there are numerous empirical studies give evidence of the relevance of attitude concept as a strong and reliable predictor of entrepreneurial intention. Scholars argued that attitude and personality are closed linked when both predicted behavior. Attitudes are open to change and can be influenced by educators and by an environment that foster entrepreneurial activity (Florin, Karri, & Rossiter, 2007). Furthermore, according to the theory of planned behavior, individual’s attitude has an impact on behavior via intention (Schwarz et al., 2009).
Undoubtedly, attitude plays important roles in influencing entrepreneurial intention. Although extensive research has been carried out on relation between attitude and intention, however there has been little discussion which adequately covers attitude of rural community and entrepreneurial intention in Malaysia. Thus, this research may shed light on finding answers pertaining to attitude of rural community toward entrepreneurial intention. Indeed, in the case of Malaysia on an individual level, attitudes toward enterprise creation have been previously divided along racial lines due to the identification of race with economic activity (Ariff & Abubakar, 2002). Arif et al.,(2002) further explain that long tradition among Chinese entrepreneur formulate the handing over of family businesses from father to son. Also, they noted that bumiputera community did not have a tradition of entrepreneurship as they were used to being either employed in the government service, or self-employed as agricultural farmers or smallholders. Therefore, there is a need to clarify which attitude element plays the most influential role in shaping entrepreneurial intention among rural community. This would allow a greater understanding why do some people intent to participate in entrepreneurial activity and some don’t.

The intent to become entrepreneur does not depend only on attitude. Recently, researchers have shown an increased interest in subjectivity theory of entrepreneurship that focuses on individuals, know ledge, resources and skills, and the processes of discovery and creativity (Linan et al., 2011). This study suggests process of discovery or opportunity recognition as a plausible underlying mechanism which could help to further explain the relationship between attitude and entrepreneurial intention. Opportunity development occur when potential entrepreneur seek to convince, engage, or organize other social actors such as discussion and interpretation with others to develop their ideas (Dimov, 2007). On the other hand, entrepreneurship requires opportunities that lead to individual action and therefore intention can be regarded as a catalyst to action (Zainuddin, 2012). Besides, Hunter (2013) argues that opportunity is related to environmental forces and individual factors. Applying theory of planned behavior, this research intends to provide new findings which reflect relationship among attitude, opportunity, and entrepreneurial intention among Malaysian rural community.

### Attitude and Entrepreneurial Intention

Fishbein and Azjen (1975) defined attitudes as “a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object”. Attitude towards the behavior reflects the individual's global positive or negative evaluations of performing a particular behavior (Armitage & Conner, 2001). They further assert that in general, the more favorable the attitude towards the behavior, the stronger should be the individual's intention to perform it.

From another perspective, Allport (1935) defined attitude as “a mental and neural state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related”. According to Breckler (1983), people responses to objects through affect, behavior and cognition and he terms it as "The Tripartite Model". Robinson, Stimpson, Huefner, and Hunt (1991) explains that in the Tripartite Model, the cognitive component consists of the beliefs and thoughts an individual has about an attitude object. The affective component consists of positive or negative feelings toward the object. The conative or behavioral component consists of behavioral intentions and predispositions to behave in a given way toward the object. Florin et al., (2007) in a review note that attitude consist of all three dimensions and can be better understood when all dimensions are considered simultaneously (Allport, 1935; Breckler, 1983). Florin and colleagues (2007), summarize the findings from (Gasse, 1985; Robinson et al., 1991) stated that an individual attitude toward entrepreneurial behavior can be better understood when attitude toward an object form a comprehensive and orderly pattern that indicates unity in person’s orientation toward entrepreneurial activity.

Taken together, attitude and entrepreneurial intention relation are well established in theory planned behavior. In fact, the growing body of research on attitude and entrepreneurial intention by
applying TPB has been recognized widely. For example; Indirti et al., (2010) notice that students attitude, behavior and knowledge tend to stimulate their intentions and willingness to start a new venture in the future. Similarly, Ferreira et al., (2012) findings indicate that need for achievement, self-confidence, and personal attitude affect entrepreneurial intention among secondary students. According to Shariff and Saud (2009), attitude of individual to get involve in the field of entrepreneurship is driven by Push Factors and Pull Factors. They noticed that the Push Factors incorporate frustration resulted from limited opportunities, economic down turn and dissatisfaction. Whereas Pull Factors incorporate psychology and profit resulted from limited job opportunities and social mobility. One element in pull factor is money (Kirkwood, 2009). Another interesting study (Nordin, 2005) investigating the drive for women entrepreneur indicates that source of finance is a motivating factor to start a business. In addition, attitude toward money and change are significant factors of entrepreneurship (Schwarz, Wdowiak, Almer-Jarz, & Breitenecker, 2009). Accordingly, the following hypothesis is asserted:

Hypothesis 1a: Attitude toward money influence entrepreneurial intention among rural community

Hypothesis 1b: Attitude toward start-up influence entrepreneurial intention among rural community

Attitude and Opportunity recognition

The early stage of business start-up process deals with how opportunities are detected and acted upon. In order to recognize opportunity individual need knowledge. According to Hunter (2013) opportunity relies on an individual recognizing, discovering or constructing patterns and concepts that can be formed into ideas. He further asserted that the resulting intuition, vision, insight, discovery, or creation is an idea which may upon evaluation become an opportunity. However he claims that this ability is not uniformly distributed throughout the community, as people have different orientations towards time and space.

N. Krueger, Jr. (2007) stated that to be entrepreneur people need to see many opportunities. He further asserted that before acting to opportunities, people need to recognize those opportunities first. According to R. A. Baron (2006) there are three factor that plays a role in opportunity recognition that is engaging in an active search for opportunities, alertness to opportunities (the capacity to recognize them when they emerge); and prior knowledge of a market, industry, or customers as a basis for recognizing new opportunities in these areas. Baron further explains that many studies indicate that access to appropriate information plays a key role in opportunity recognition. Pertaining to entrepreneurship, Dimov (2007) claims that that potential entrepreneur did not think or act alone however are actively engaged in exchange information and value with surrounding community. The exposure to information is significantly related to opportunity recognition (Ozgen & Sanderson, 2006). Singh, Hills, Lumpkin, and Hybels (1999) highlighted social networking was very important source of information in discovering opportunities. Moreover, people depend of various sources of information to look for business opportunity. Qing (2009) in his review noted that half of the business opportunity is recognized from social network, and the other half from the individual itself. In addition Hills and Singh (2004) indicated that 62% of social network sources of opportunity come from business associates, friend and family.

To date research on opportunity development have focused upon entrepreneurial activity to achieve venture growth (Ardichvili, Cardozo, & Ray, 2003; Gielnik, Frese, Graf, & Kampschulte, 2012; Scott & Venkataraman, 2000). However, recognizing business opportunity among the newly business start-up may yield important insight to the entrepreneurship process.

Lunnan, Nybak, and Vennesland (2006) examines entrepreneurial attitude and the probability for start-ups among Norwegian non-industrial private forest owners. They described that probability for start-up is a function of opportunity recognition and risk aversion (attitude). Result reveals that both opportunity recognition and risk aversion correlate to probability to start-up. On the other hand,
Sambasivan, Abdul, and Yusop (2009) in a review note that personality traits such as risk propensity, achievement motivation, and preference for innovation help entrepreneurs identify opportunities better than the rest of the population. They also note that the need for achievement is a strong psychological force behind human action and it is a factor influencing entrepreneurial behavior. Sambasivan and colleague (2009) also believed that individuals with a high need for achievement have a strong desire to be successful and are actively searching for opportunities to succeed. As mentioned before, attitude and personality are connected when both predict behavior.

Based on the above arguments, the study posits that the relationship between attitude and entrepreneurial intention is partly influenced by opportunity recognition. When people have a more favorable attitude towards the behavior, they may be engaging in an active search for opportunities and therefore have a stronger intention to be an entrepreneur. Thus, this study proposed the following hypothesis:

Hypothesis 2a: Attitude toward money influence opportunity recognition
Hypothesis 2b: Attitude toward start-up influence opportunity recognition
Hypothesis 3a: Opportunity recognition mediates the relationship between attitude toward money and entrepreneurial intention
Hypothesis 3b: Opportunity recognition mediates the relationship between attitude toward start-up and entrepreneurial intention

**Methodology**

This research design applied the cross-sectional survey questionnaires, which were distributed to 500 respondents in Lenggong. This research is part of a larger study on community participation in Lenggong valley. A survey questionnaire was designed to focus on entrepreneurial intention among rural communities. This research employed the quantitative method of data collection. The questionnaires were distributed to the local community according to districts and villages. Lenggong is represented by three districts, namely, Lenggong, Temelong, and Durian Pipit, which have six, eight, and nine villages, respectively.

**Measures**

Attitude was measured based on a scale used in the study of Schwarz et al., (2009) and Linan et al., (2009). This scale used to measure attitude toward money and attitude toward start-ups. Respondents indicated on a 5-point likert scale, with 1= “strongly disagree” to 5= “strongly agree”.

In this research, opportunity recognition refers to entrepreneurial idea discoveries. Opportunity recognition was measured using a scale adapted from Westhead, Ucbasaran, Wright, and Binks (2005). Respondents indicated on a 5-point likert scale, with 1= “strongly disagree” to 5= “strongly agree”.

This research measure entrepreneurial intention by adapting a scale adapted from Linan et al., (2009). Respondents indicated on a 5-point likert scale, with 1= “strongly disagree” to 5= “strongly agree”.

**Results**

The means, standard deviations, reliabilities, and intercorrelations of all study variables are listed in Table 1. As can be seen from the zero order correlations, the predictor variables (attitude) generally show moderate to high relationships with outcome variables (entrepreneurial intention). The results show
cronbach’s alpha values for attitude toward money, attitude toward start-up, opportunity recognition and entrepreneurial intention were above .70. which indicate strong reliability.

Table 1
Means, Standard Deviations and Correlations Among the Variables studied

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Attitude toward money</td>
<td>.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Attitude toward start-up</td>
<td>.546**</td>
<td>.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Entrepreneurial intention</td>
<td>.477**</td>
<td>.813**</td>
<td>.97</td>
<td></td>
</tr>
<tr>
<td>4. Opportunity recognition</td>
<td>.405**</td>
<td>.727**</td>
<td>.851**</td>
<td>.95</td>
</tr>
<tr>
<td>Mean</td>
<td>3.62</td>
<td>3.35</td>
<td>3.26</td>
<td>3.10</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>.84</td>
<td>.97</td>
<td>.99</td>
<td>.94</td>
</tr>
</tbody>
</table>

Note: N=500, **p<0.01; Diagonal entries indicate Cronbach’s Coefficient alpha

To test the mediation effect this study followed Baron and Kenny (1986) recommendations. According to them, to establish mediation, the following conditions must hold:
1. The independent variable must affect the mediator in the first equation
2. the independent variable must be shown to affect the dependent variable in the second equation
3. The mediator must affect the dependent variable in the third equation. If these conditions all hold in the predicted direction, then the effect of the independent variable on the dependent variable must be less in the third equation than in the second. Perfect mediation holds if the independent variable has no effect when the mediator is controlled

Table 2 illustrates the result of mediation. The first equation in table 2 shows the result of attitude and opportunity recognition. The result of the regression indicated attitude explained 58% of the variance in opportunity recognition (F= (333.45, p<0.01). It was found that attitude toward start-up predicted opportunity recognition (β=.76, p<0.00). Therefore hypothesis 2b is supported. However, attitude toward money is not significant, thus hypothesis 2a is not supported. The second equation in table 2 shows the direct relationship between attitude toward start-up and entrepreneurial intention (β=.86, p<0.00), as did attitude toward money (β=.04, p<0.10). Therefore hypothesis 1a and 1b are supported. The model explain 79% of the variance (F= (867.42, p<0.01) in entrepreneurial intention. The third equation of table 2 shows the mediating effect of opportunity recognition on attitude-entrepreneurial intention relationship. It can be observed that when opportunity recognition is introduced into equation, the main effect of attitude toward start-up on entrepreneurial intention is reduced (β=.37, p<0.01). The results indicate that opportunity recognition partially mediates the relationship between attitude toward start-up and entrepreneurial intention. Thus, hypothesis 3b is supported.

Table 2
Regression analysis for testing mediation; Opportunity Recognition as mediator of attitude-Entrepreneurial intention Relationship

<table>
<thead>
<tr>
<th>Predictors</th>
<th>1st equation Opportunity recognition β</th>
<th>2nd equation Entrepreneurial intention β</th>
<th>3rd equation Entrepreneurial intention β</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude toward money</td>
<td>.01</td>
<td>.04**</td>
<td>.03</td>
</tr>
</tbody>
</table>
Discussion

The main purpose of the study was to examine rural community attitude toward entrepreneurial intention. There are two objectives of this research; 1) to examine rural community attitude on entrepreneurial intention, 2) to examine the mediating effect of opportunity recognition on attitude and entrepreneurial intention. Two hypotheses were developed to test rural community attitude on entrepreneurial intention. The findings confirmed that both attitude (attitude toward money and attitude toward start-up) predicted entrepreneurial intention. These findings were found to be consistent with theory planned behavior (Azjen, 1991) which posited that intention is a function of attitude.

Attitude toward money was found to have contributed to entrepreneurial intention. Although the significant value is small (p<.10), the findings are in line with Engle et al. (2010). Engle and colleague have examined the ability of Ajzen’s Theory of Planned Behavior to predict entrepreneurial intent in 12 countries as identified in the GLOBE project. They found that desired for wealth as a predictor of entrepreneurial intent was only significant in Ghana. Another important finding was attitude toward start-up was also found to have contributed to entrepreneurial intention. Rural community may engage in entrepreneurial activity when they believed that entrepreneurship offer unique benefit such as wealth and life satisfaction.

The findings indicate that opportunity recognition partially mediate the relationship between attitude toward start-up and entrepreneurial intention. Empirically the finding of this research suggests that rural community attitude toward start-up boost entrepreneurial idea discovery which lead to entrepreneurial intention. The findings demonstrated the importance to exert start-up attitude among rural community. Attitude toward start-up may trigger opportunity recognition (in this study idea discovery).

The findings highlighted the important of educating the local community for entrepreneurial program. Local people might have difficulty in escaping from their traditional culture and norm to start their entrepreneurial activity. The government needs to focus on developing and empowering the existing entrepreneurship program with specific targets of achievement. With a limited number of respondents who attended trainings, few established business, and less knowledge on financial facilities, more information should be provided to the local community.

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