

**FACTORS INFLUENCING ENTREPRENEURIAL  
INTENTION AMONG RURAL COMMUNITY IN  
LENGGONG VALLEY, MALAYSIA**

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LENGGONG VALLEY, MALAYSIA**

by

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Al-fatihah to:

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and  
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## LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
CBT	Community Based Tourism
EI	Entrepreneurial Intention
EET	Entrepreneurial Event Theory
GEM	Global Entrepreneurship Monitor
IPPBM	<i>Institut Penyelidikan Pembangunan Belia Malaysia</i>
KMO	Kaiser-Meyer-Olkin
KRA	Key Result Area
MSA	Measure of Sampling Adequacy
NGOs	Non-Government Organization
OECD	Organizational for Economic Cooperation and Development
PADP	Perak Amanjaya Development Plan
PBC	Perceived Behavioural Control
RME	Rural Micro Enterprise
R&D	Research and Development
RTC	Rural Transformation Centre
SMEs	Small and Medium Enterprises
TPB	Theory of Planned Behaviour
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USA	United State of America

**FAKTOR-FAKTOR YANG MEMPENGARUHI NIAT KEUSAHAWANAN  
DALAM KALANGAN KOMUNITI LUAR BANDAR DI LEMBAH LENGGONG,  
MALAYSIA**

**ABSTRAK**

Lenggong Valley ialah sebuah tempat tarikan pelancongan desa yang baru membangun. Ia telah diiktiraf sebagai tapak warisan dunia oleh Pertubuhan Pendidikan, Saintifik dan Kebudayaan Pertubuhan (UNESCO) pada Julai 2012. Status ini pasti akan menyediakan pelbagai peluang perniagaan kepada masyarakat setempat. Menurut Teori Tingkahlaku Terancang (TPB), terdapat tiga faktor utama iaitu sikap, norma sosial dan kawalan tingkah laku yang dirasakan mempengaruhi niat untuk memulakan perniagaan (EI). Terma (EI) merujuk kepada niat yang spesifik oleh individu untuk memulakan perniagaan. Walaupun banyak kajian yang telah dilakukan dalam suasana akademik yang memberi tumpuan kepada pelajar universiti dari pelbagai negara, hanya sedikit kajian yang dijalankan untuk mengetahui faktor yang mempengaruhi masyarakat luar bandar memulakan perniagaan (EI). Justeru, faktor seperti sikap terhadap wang, sikap terhadap memulakan perniagaan, *social embeddedness* dan kecerdasan emosi jarang dibincangkan khususnya dalam kalangan masyarakat luar bandar. Kajian ini mengkaji hubungan antara faktor (sikap terhadap wang, sikap terhadap memulakan perniagaan, *social embeddedness* dan kecerdasan emosi) dengan EI dalam kalangan masyarakat luar bandar di Lembah Lenggong, Malaysia. Teknik persampelan rawak mudah telah digunakan untuk mengumpul data secara rawak daripada 500 masyarakat luar bandar di Lenggong Valley. Pakej Statistik untuk Sains Sosial (SPSS) telah digunakan untuk mengkaji hubungan antara



faktor-faktor yang dinyatakan di atas dan EI. Analisis regresi berganda, korelasi, ujian-t dan ANOVA digunakan untuk menguji hipotesis. Keputusan gagal untuk menyokong hubungan hipotesis antara sikap terhadap wang dan EI. Walau bagaimanapun, sikap terhadap memulakan perniagaan, *social embeddedness* dan kecerdasan emosi telah disahkan mempunyai hubungan positif yang signifikan dengan EI. Di samping itu, jantina dan umur didapati positif yang signifikan dengan EI tetapi etnik dan pekerjaan tidak ketara dengan EI. Kajian ini memberi beberapa sumbangan teori dan praktikal serta memberi kefahaman lanjut mengenai faktor yang mempengaruhi EI terutamanya di Lembah Lenggong, Malaysia. Implikasi metodologi dan praktikal telah dibincangkan dan beberapa cadangan yang berpotensi untuk kajian yang akan datang telah dikenal pasti. Kesimpulannya, kajian ini membantu untuk menjelaskan faktor yang mempengaruhi EI dalam perspektif yang lebih luas dan lebih inklusif.

**FACTORS INFLUENCING ENTREPRENEURIAL INTENTION  
AMONG RURAL COMMUNITY IN LENGGONG VALLEY, MALAYSIA**

**ABSTRACT**

Lenggong Valley is a new developing rural tourism attraction. It has been acknowledged as a heritage site by United Nations Educational, Scientific, and Cultural Organization (UNESCO) in July 2012. The status would definitely provide various business opportunities for the local community. According to Theory of Planned Behavior (TPB), there are three main factors namely attitude, social norm and perceived behavioral control that influencing EI. The term EI refers to specific intention by individual toward specific target goals to start a business. Although much has been done in academic setting which focusing on university students in various countries, very little has relates factors influencing EI among rural community. Further, little is known about attitude toward money, attitude towards business start-up, social embeddedness and emotional intelligence influencing EI among rural community. This research attempts to examine the relationship between factors (attitude toward money, attitude towards business start-up, social embeddedness and emotional intelligence) with EI among rural community in Lenggong Valley, Malaysia. Simple random sampling technique was applied to randomly collect data from 500 rural community in Lenggong Valley. A Statistical Package for Social Science (SPSS) was applied to examine the relationship between aforementioned factors and EI. Multiple regression, correlation, t-test, and ANOVA was used to test the hypotheses. Result failed to support hypothesis relationship between attitude toward money and EI. However, attitude towards business start-up, social embeddedness and emotional

intelligence was confirmed to have a significant positive relationship with EI. In addition, gender and age was found significant positive with EI but ethnicity and employment was not significant with EI. This research makes several theoretical and practical contributions and provides further insights on the factors influencing EI particularly in Lenggong Valley, Malaysia. Methodological and practical implications were discussed and several potential avenues for future research were identified and proposed. In short, this research helped to clarify in more inclusive global picture of the factors influencing EI.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 RESEARCH BACKGROUND**

This chapter provides a brief description on factors surrounding attitude, social norm and perceived behavioural control with regard to entrepreneurial intention (EI). Further, this chapter narrates in brief the ultimate matters faced by Lenggong Valley. By doing so, it formulates the problem statement and objectives of this study which subsequently determines the research questions of this study. Next, the scope of the research has been highlighted. The significance of the research is determined in the next section. Key terminologies are defined accordingly before it ends with a chapter organisation as a map of the overall thesis.

#### **1.1.1 Introduction of Entrepreneurial Intention (EI)**

Entrepreneurship is a dynamic process of creation, innovation and vision as it requires an application of energy and passion towards the execution of new ideas and creative solutions (Kuratko & Hodgetts, 2004). Entrepreneurship has captured the researchers' attention in both theory and practice since the 18th century. In reality, entrepreneurship is a critical element under the perspective of economic value (Shane & Venkataraman, 2000; Hamidon, 2009); employment opportunities (Thurik & Wennekers, 2004); national wealth (Kuratko & Hodgetts, 2004); economic development

and growth (Thurik & Wennekers, 2004; Acs & Audretsch, 2010) and rural community development (Panggiran, 2009; Ghazali & Sirat, 2011). On top of that, entrepreneurial activities can also be a source of income for individuals, families, communities and countries (Kuratko & Hodgetts, 2004).

Deakins (1999) believes that entrepreneurship is stemmed from three main facets comprising economic approach, social-environmental approach and psychological approach. Economic approach, for example, emphasises on the role of entrepreneurs in economic development. On the other hand, social-environmental approach relates the influence of social and cultural environment towards the entrepreneurs while psychological approach focuses on the personal traits of entrepreneurs for example, entrepreneurial orientation (Cachon & Cotton, 2008; Rauch, Wiklund, Lumpkin & Frese, 2009), entrepreneurial competence (Rodermund, 2004; Muzychenko, 2008), entrepreneurial cognition (Mitchell, Busenitz, Bird, Gaglio, McMullen, Morse, & Smith, 2007; West, 2007), entrepreneurial behaviour (Bird, 1988; Zampetakis & Moustakis, 2007) and entrepreneurial intention (EI) (Shapero & Sokol, 1982; Krueger & Carsrud, 1993; Krueger, Reilly & Carsrud, 2000).

Basically, EI is defined as the decision to start a new business which was planned beforehand and preceded by an objective to accomplish it (Linan & Chen, 2009; Engle, Dimitriadi, Gavidia, & Schlaegel, 2010). Scholars have recognised the significance of EI as a key strand for society in developing the entrepreneurship field (Evans, 2009; Engle

et al., 2010; Fitzsimmons & Douglas, 2011). Indarti, Rostiani and Nastiti (2010) stress that individual with high EI will be motivated to become an entrepreneur. With a strong foundation and target to start the business, it is affirmed that EI will further direct the entrepreneur towards success (Schwarz, Wdowiak, Almer-Jarz, & Breitenecker, 2009). As such, EI is the best approach to encourage an individual to become an entrepreneur (Turker & Selcuk, 2008; Devonish, Alleyne, Soverall, Marshall & Pounder, 2009).

Studies on EI were started in 1975 by Shapero that focused on desirability and personal feasibility. Later, Bird and Jellinek (1988) recognise the role of personal characteristics, abilities and experiences as factors that influence EI. Meanwhile, other studies have associated EI with students in higher education institutions (e.g. Turker & Selcuk 2008; Linan & Chen, 2009; Mohd Zain, Mohd Akram & Ghani 2010; Indarti et al., 2010; Engle et al., 2010; Schenkel, Azriel, Brazeal, & Matthews 2010; Zarafshani & Rajabi, 2011). This scenario was occurred due to the assumption that students of higher education institutions might prefer to become entrepreneurs since they have learnt the theory of entrepreneurship during their studies (Linan & Chen, 2009). On the other hand, EI studies on non-academic setting suggest that mid-career individuals might have the intention to start a business (Choo & Wong, 2011). It can be proven from the work of Wang (2009) that distinguishes EI among community of top managers who are working in small- and medium-sized new enterprises. Interestingly, most of these studies applied the Theory of Planned Behaviour (TPB).

The Theory of Planned Behaviour (TPB), also known as the Ajzen's Theory, is applied in this research to examine factors influences EI, with three main factors: [1] attitude, [2] social norm and [3] perceived behavioural control (PBC). Attitude is an acquired inclination to react in an explicit or implicit condition within certain circumstances towards any subject matter (Ajzen & Fishbein, 1980). Previous studies have tested the dimensions of attitude, namely; attitude toward business start-up (Ali, Topping & Tariq, 2011; Zampetakis, Kafetsios, Bouranta, Dewett, & Moustakis 2009), attitude towards money (Schwarz et al., 2009), attitude towards change (Schwarz et al., 2009) and attitude toward autonomy (Engle et al., 2010).

Meanwhile, social norm refers to the outer belief of individuals in relation to the approval or disapproval possibility of vital referent individuals or groups towards a given actions (Ajzen, 1991). The social norm is measured by closer group (Linan, Rodríguez-Cohard & Rueda-Cantucho, 2011; Linan & Chen, 2009) and it has a significant result toward EI (Linan et al., 2005; Linan & Chen, 2009; Altinay, Madanoglu, Daniele & Lashley, 2012). Apart from closer group, environment (Schwarz et al., 2009; Engle et al., 2010; Mohd Zain et al., 2010), capital (Linan, Santos & Javier, 2007; Indarti et al., 2010), opportunity recognition (Geissler & Zanger, 2011), networking (Indarti et al., 2010; Chen & He, 2011) and contextual factor (Turker & Selcuk, 2008; Siu & Lo, 2011) are also found to be significantly related with EI.

On the other hand, perceived behavioural control (PBC) refers to the people's perceptions of their ability to perform a given behaviour (Linan & Chen, 2009). It is measured by self-efficacy (van Gelderen, Brand, van Praag, Bodewes, Poutsma & van Gils, 2008; Moriano, Gorgievski, Laguna, Stephan, & Zarafshani 2011), and personality traits (Nga & Shamuganathan, 2010; Zarafshani & Rajabi, 2011). For the purpose of this study, PBC includes the element of perceived self-efficacy and perceived controllability.

Previously, the three aforementioned factors (attitude, social norm and PBC) have been tested on students in higher education institutions and they have indeed shown significant relationship with EI (e.g. Engle et al., 2010; Schenkel et al., 2010; Zarafshani & Rajabi, 2011). While there are umpteen research works on factors influencing EI from various countries and cultures (Engle et al., 2010; Marino et al., 2011) especially in academic setting, there is still a lacuna to be filled with respect to research on EI in non-academic setting. In this case, local community is regarded as one of the non-academic setting that was rarely highlighted especially on factors that influence EI, primarily in the rural tourism development area. By examining these factors, it provides assistance to those who will start a business (Douglas, 2013).



Within the rural destination, local community may act as a supplier (of goods and services) and has a vested interest in tourism destination. Therefore, they would be well aware of the success factors at the destination in question and would be in a good position to offer accurate insight (Cheuk, Lo & Atang, 2015). Therefore, promoting, supporting and strengthening entrepreneurship in rural area is needed in order to serve various local needs (Burcea, Hudea & Toma, 2014).

In order to strive for a healthier economic growth in rural area, Malaysia needs to move up the vertical chain of products and services. Given this scenario, fostering entrepreneurial development has become one of the highest priorities in Malaysia's public policy. Based on 11th Malaysia Plan, it is remarkable to note that each state has been transformed into 'entrepreneurship territory' in order to achieve Vision 2020. For the sake of nurturing and inducing people to dabble in entrepreneurship, the rural residents have been given new boosters through diverse approaches and campaigns. There are many entrepreneurial programmes to encourage them participate in entrepreneurship such as Youth Entrepreneurship Projects; Entrepreneur Training and Guidance; Business Stall Projects; Workshop; Cottage Industry; Marketing and Promotion Projects; Commercial Agriculture; Rural Tourism and Economic Development Projects (Ministry of Rural and Regional Development, 2012). However, the documented programmes were not successful due to the lack of strategy to implement the activities (Abdullah, 2010). On a related note, there are various agencies under the Ministry of Rural and Regional Development to assist in enhancing the standard of living of rural community such as *Lembaga Kemajuan Wilayah Kedah*

(KEDA), *Lembaga Kemajuan Terengganu Tengah* (KETENGAH), Rubber Industry Smallholders' Development Authority (RISDA), *Lembaga Kemajuan Johor Tenggara* (KEJORA), *Jabatan Kemajuan Masyarakat* (KEMAS) and Federal Land Consolidation and Rehabilitation Authority (FELCRA) (Omar, 2010).

To date, the establishment of Ministry of Entrepreneur and Cooperative Development with a broad array of programmes have been implemented to stimulate innovative entrepreneurial activities and competitive new venture. The direction of Malaysia's entrepreneurial vision is outlined in the "Knowledge Economy Master Plan", where human capital is acknowledged as a driving force for a successful economy (11th Malaysia Plan, 2015). Besides that, the New Economic Model and the Economic Transformation Programme have identified tourism as a key economic sector to generate a high income level and provide significant potential for growth and development. Since Malaysia owns an abundance of biodiversity, the government has identified ecotourism (and hence rural tourism) as an area to be further developed, with the condition that it is well managed according to the principles of long-term sustainability, in order to improve and maintain tourist yield (Ministry of Tourism Malaysia, 2012).

Malaysia has various strategic tourism attractions in rural area, for example archaeology and heritage. Besides Bujang Valley in Kedah, Niah Caves in Sarawak and Bukit Tengkor, Agop Batu Tulung and Munsuli in Sabah, Chia (2010) accentuates that the best known archeological site in the country is located in Lenggong Valley. In

tandem of the recognition of the United Nations Educational, Scientific, and Cultural Organization (UNESCO), Lenggong Valley has many opportunities to be offered that can be potentially developed especially in terms of transportation services, accommodation services, tourism activities, food and beverages, as well as local handicrafts (Rindam & Hassan, 2015). Generally, the development of local community in rural areas need to be emphasised in order to accelerate tourism development. This is in line with the interest of government to strengthen the development of rural area by changing the mind-set and behaviour of rural residents. Minister of Rural and Regional Development, YB Dato' Seri Ismail Sabri Yaakob state that through the rural transformation plan, development of rural communities nowadays can be implemented through changes in local communities' attitude and mind-set by increasing their knowledge and skills (Ministry of Rural and Regional Development, 2015). Therefore, Lenggong Valley is a significant research location due to its novelty as a new developing rural tourism that has been declared as a world heritage site. The next section will introduce Lenggong Valley as a case study of this research.

### **1.1.2 Background of Lenggong Valley, Perak, Malaysia**

Perak is one of the 13 states in Malaysia and it is the second largest state in Peninsular Malaysia. Lenggong Valley, with covers area of 11,456.29 hectares, is situated in the Lenggong Sub-district, District of Hulu Perak. Lenggong Valley is surrounded by two mountains namely the Titiwangsa Range and the Bintang Range. This place has been declared as a world heritage site by UNESCO in 30 July 2012 and is

one of the longest archaeological, cultural sequences created in a single locality (Saidin, Abdullah, Mohd Nordin & Saad, 2011) and the oldest outside the African continent (Noor, Lim & Mohamed, 2013). In line with such recognitions, Lenggong Valley has been awarded the “Prehistoric Heritage Town”, indicating its importance as a rich source of natural success, heritage, and culture that has attracted different segments of travellers (The Perak State Draft Structure Plan, 2001–2020).

### **1.1.3 Lenggong Valley as Rural Tourism Development Area**

There are 136 tourism destinations in Perak (Hengky, 2011) and Lenggong Valley serves as one of the tourism destinations. *“The Lenggong Valley has recently been earmarked by Department of National Heritage of the Ministry of Unity, Culture, Arts and Heritage for future development, in particular the archaeotourism and ecotourism”* (Chia, 2010, p.339). This place has undergone a massive rural tourism development phase due to its unique physical landscape, abundant species of flora and fauna, cultural attractions (local crafts, cuisine and indigenous people), legendary attractions and its archaeological attractions such as caves (Rindam & Hassan, 2015).

Notable efforts have been made by the Ministry of Tourism Malaysia to promote Lenggong Valley as a tourism destination. For example, on December 12, 2010, The Deputy Minister of Tourism Malaysia had officially launched the “Lenggong’s Tourist Information Center” to endorse Lenggong Valley as fascinating tourism area. The

ministry has collaborated with the State Tourism Council to actively promote the tourists' attractions in Lenggong Valley, such as Gua Kajang, Bukit Jawa, Gua Asar, Gua Gunung Runtuh, Gua Ngaum, Gua Puteri, Gua Teluk Kelawar, Kota Tampan, Homestay Kampung Beng and Lenggong Archaeological Gallery (Ministry of Tourism Malaysia, 2012). Further, the tourism website of Lenggong Valley, has been launched namely, “[www.pelanconganlenggong.my](http://www.pelanconganlenggong.my)” to assist the public to get more information about Lenggong Valley (Ministry of Tourism Malaysia, 2012).

According to the Minister of Tourism and Culture, Datuk Seri Mohamed Nazri Abdul Aziz, the conservation management plan has been successfully provided by The National Heritage Department. He also added that, in order to preserve the 1,814-hectare heritage site, the government will acquire privately-owned land in the area to ensure the historical site is well protected (Bernama: Malaysian National News Agency, 2014, Feb 15). While Lenggong Valley enjoys an increasing popularity as a world heritage site, all appointed bodies such as heritage industry personnel, tour agents, and local authority should bear the responsibility in creating public awareness towards the importance of preserving and conserving the archeological and heritage through sustainable basis (Chia, 2010).

In appreciation of the world heritage site status, Lenggong Valley has been furnished with Lenggong Archaeological Gallery. It is an open-air gallery, boasting lore and legend, stone tool and skeleton, packs a great history into a small space. This gallery provides various information's about the Lenggong Valley as a world heritage site, especially on archaeological and tourism information. The number of visitors to the gallery is steadily increasing and this scenario proves that Lenggong Valley has been recognised as the archaeological tourism site, particularly among foreign tourists (Lenggong Archaeological Gallery, 2013). In fact, the number of visitors at the gallery has increased to 5,000 a month from 2,000 previously (Bernama: Malaysian National News Agency, 2014, Jan 11). This scenario has resulted in diverse business opportunities for the local community to involve in business and entrepreneurship as well as fulfil the increase of demands by tourist.

#### **1.1.4 Business Opportunities in Lenggong Valley**

The residences in Lenggong Valley are dominated by ethnic Malays and most of them works in agricultural sector and small-medium business sector (Jaafar, Dahalan & Mhd Rashid, 2015). Lenggong District Council reported that the most registered business activities in Lenggong Valley is wholesale and retail trade, indicating 70%, followed by repair of motor vehicle and motorcycle, with 16%, while food and beverage services is 11% (Mhd Rashid, 2014). The economic development in Lenggong Valley is largely in line with the development of tourism and duty-free industrial area (The Perak State Draft Structure Plan, 2001–2020). According to Ministry of Information, Communications and Culture, (2011), 21% of the economic activities in Lenggong

Valley are devoted to agriculture and animal husbandry. Besides that, Lenggong Valley also offers various heritage and non-heritage tourism attractions (Mhd Rashid, 2014). For example, tourists will be able to experience an on-site visit of archaeological treasures that consist of historical attractions e.g. cemeteries of popular people, an ancient house and ancient mosque, an animal farming (i.e. deer, cattle and goat farm) natural attraction, indigenous people as well as local food and product. These valuable attractions indirectly offer various business opportunities for local communities.

Apart from that, each village in Lenggong Valley has its own small-scale businesses such as operating coffee shops, grocery stores, snack shops and clothing stores. It is also learned that preserved fish has become the unique tourist attraction in the Lenggong Valley. Through the *Pelan Tempatan Daerah Hulu Perak 2002-2015* (PTDHP), residents' development and entrepreneurship programmes in Lenggong Valley will foresee the growth of tourism-based business activities. Besides tourism, other significant economic activities of Lenggong Valley comprising the production and sales of local food products such as *serunding*, *dodol*, *ikan pekasam* and black pepper. In addition, the local communities are actively involved in agricultural economic activities such as rearing cattle, goats, freshwater fish and deer. The deer farm in Lenggong Valley is the largest meat farm in Malaysia where the products are locally and internationally consumed (Rindam & Hassan, 2015).

To cater for the economic growth, PTDHP 2002-2020 has been developed to cover three districts namely the District of Lenggong, District of Temelong and District of Durian Pipit. This step is clearly realised through the ‘One kampong, one product’ initiative, proposed by the Ministry that each hamlet should have at least one product to be generated. For example, Gelok Village is focusing on tourism product while Bonggol Batu Village is concentrating on local food manufacturing. Meanwhile, Kuak Village is popular with *ikan pekasam* or pickled fresh water fish as its core product.

## **1.2 PROBLEM STATEMENT**

Based on TPB, three constructs, i.e., attitude, social norm and perceived behavioural control (PBC) have been used by various scholars to predict EI in academic setting (e.g. Turker & Selcuk 2008; Devonish et al., 2009; Engle et al., 2010; Ali et al., 2011). There are many variables to measure attitude, social norm and PBC. In terms of attitude, attitude toward business start-up (Izquierdo & Buelens, 2008; Fitzsimmons & Douglas, 2011; Fini, Grimaldi, Marzocchi, & Sobrero, 2009) has been proven to have the most significant relationship with EI. However, other dimensions of attitude such as attitude toward money (Schwarz et al., 2009) and attitude toward entrepreneurship (Ali et al., 2011; Karimi, Biemans, Chizari, Mulder, Mahdei, 2013) seem to be contradicted with the findings. For social norm, the most significant variables are closer group (Kautonen, Luoto & Tornikoski, 2010; Finisterra do Paço, Ferreira, Raposo, Rodrigues, & Dinis, 2011) and few other dimensions of social norm such as environment (Schwarz et al., 2009; Engle et al., 2010; Mohd Zain et al., 2010), capital (Indarti et al., 2010; Linan, et



al., 2007), and opportunity recognition (Geissler & Zanger, 2011). On the other hand, self-efficacy is the most popular variable to measure PBC (Fitzsimmons & Douglas, 2011; Brown, Beale & Jonhson, 2011) besides other variables such as personality trait (Llewellyn & Wilson, 2003; Nga & Shamuganathan, 2010; Zarafshani & Rajabi, 2011).

Different background profiles of students have been proven to provide different impact on EI (e.g. Sandhu, Siddiq & Riaz, 2011; Talas, Celik & Oral, 2013). For illustration, gender offers different influence toward EI. In this case, a handful of scholars (i.e. Verheul, Thurik, Hessels, & Zwan, 2010; Diaz-Garcia & Jimenez-Moreno, 2010; Gurel et al., 2010; Mansor, Shaikh Ali, & Abdul Ghani 2011; Mahmood, 2009) find that male has more intention on the decision to start business compared to female. However, contradicting finding was discovered in the context of rural community (Lucas, Cooper & MacFarlane, 2008; Duricova, 2014). With regard to ethnicity, Agbim, Oriarewo and Owocho (2013) reveal the significant result between the differences between ethnic groups and EI. Based on a study by Ahmad, Ramayah and Tuan Muda (2013), the result concludes that three main ethnicity in Malaysia shared some commonalities in terms of their attitude towards entrepreneurship, social norm and PBC. Employment is another significant demographic factor toward EI. Employment which is referring to occupation status shows contradicting findings on EI. Some studies agreed that employment is significant with EI (c.f. Hisrich, Peter & Shepherd, 2009; Eliasson & Westlund, 2013; Remeikiene, Startiene & Stundziane, 2013) but not a study done by Ooi and Ahmad (2012). Another demographic factor is age. Various scholars agreed that age have opposing relation with EI. Most of prior studies agreed that youth is the best group

to have the intention to start-up business (Indarti et al., 2010; Levesque & Minniti, 2006) which is contradicted with the study by Small (2012) and Hudson and Goodwin (2014).

Research on EI towards rural community is limited in numbers. Often, most of residents in rural areas whether in the developing or developed nations are from lower-income group (William, 2011; Doltu, 2011; Tribhuvananda & Nandeshwar, 2011; Tajuddin, 2011). In order to increase the rural community's income, one of the strategies is to integrate them with entrepreneurship (William, 2011). Entrepreneurship is widely recognised as the engine of economic, social and community development (Smith, 2010; Edelman, Brush, Manolova & Greene, 2010). Nevertheless, local community in rural area faces difficulties in starting up a business (OECD, 2005). Hence, they feel less interest to have an intention to participate in entrepreneurship (Mohamad, 2008; Aref, Gill & Aref, 2010; Zampetakis et al., 2009; Jackson & Inbakaran, 2006). To that extent, there are studies that associate the rural community participation in entrepreneurship with the emphasis on the attitude, social norms and abilities of rural community (Drabenstott, 2010; William, 2011).

In Malaysia, the participation of rural residents in entrepreneurship and training programme is still low (Che Abdullah & Mustapha, 2009; Buang, Raduan & Husin, 2010; Talib & Jusoh, 2012). Concerns have been voiced regarding this issue and the causes were also highlighted by various parties. For example, the limited capital or financial constraint (Talib & Jusoh, 2012; Talib, Jusoh, Ibrahim, & Ahmad, 2012), lack of entrepreneurship mind-set (Rural Development Master Plan, 2010), limited opportunities for entrepreneurial activities (Ahmad, Wan Yusoff, Md Noor & Ramin, 2012), land issues, low productivity, low educational level and skills (Yusnita, Shaladdin & Aziz, 2013) have restricted the local community in rural area to participate in entrepreneurship. The rural community is still lagging behind in many aspects, especially in education, technology, quality of life, and in securing economic opportunities compared to urban communities (Panggiran Bagul, 2009; Ghazali & Sirat, 2011). Ahmad et al. (2012) highlight that rural community confronts lack of assistance and favourable conducive environment to develop entrepreneurship programmes in comparison to urban settings. Besides that, Yusnita et al. (2013) indicate that communities in rural area are still traditionally performing the farming and livestock activities. As a result, they faced difficulties in starting up the business to develop and survive in their life. In addition, Mohamad Salleh and Mohd Sidek (2011) believe that entrepreneurial attitudes, small size of local markets and social capital are among the most challenges that hinder rural community to involve in business and entrepreneurship.

On the other hand, a study conducted by the Global Entrepreneurship Monitor (GEM) in 54 countries, reveals that Malaysia obtains 8.7% in terms of individual intentions to become an entrepreneur compared to other countries such as Colombia (55.8%), Chile (46%) and China (42.8%). The low score is due to the attitude among Malaysians in becoming entrepreneurs. Additionally, attitude also has an impact on supportive of entrepreneurship-related tourism development, especially participation among local community in the development process (Cheuk et al., 2015). The participation among rural residents in entrepreneurship development is essential to increase their quality of life. In fact, the rate of poverty in Malaysia is salient in rural area (Omar, 2010). For example, the highest poverty rate in Peninsular Malaysia is in Perak state, indicating 1.5% of rural community population in 2012 (Ministry of Rural and Regional Development, 2015). As a result, further development is needed since rural residents in Malaysia suffering from less efficient facilities and technology, ineffective education and economic opportunities compared to their counterparts (Ahmad et al. 2012; Yusnita et al., 2013). In such essence, the economic perspective views that the tourism sector is one of the segments that raise the rural communities' standard of living (Md Sharif & Tuan Lonik, 2014).

There are steady increases in the number of rural tourism studies related to the world heritage site (Blundell, 2012; King, 2012). Previous research on UNESCO's world heritage sites are mainly focused on numerous aspects such as sustainability (Ngamsomsuke, Hwang, & Huang, 2011; Howard, 2003), planning and management (O'Halloran, 2014), preservation (Di Salvo, 2014), community development (Kankpeyeng, Insoll & MacLean, 2009), challenges and potentials of archaeological heritage (Sorensen & Evans, 2011), excavations and protection of cultural heritage (Onuki, 2007) and others of the ilk. However, there are a limited numbers of research works to explore on entrepreneurship of world heritage site. Besides, prior studies on Lenggong Valley have only concentrated on archaeology (Saidin, 2015; Saidin, 2006), tourism related SMEs (Mhd Rashid, 2014), tourism attractions (Rindam & Hassan, 2015; Md Noor, 2015; Yahaya & Yahaya, 2015; Hassan, 2015; Abu Bakar, Edward & Md Yusoff, 2015; Abd Aziz & Zakaria, 2015), local community engagement (Jaafar, Md Noor, & Rasoolimanesh, 2014) as well as community and entrepreneurship (Jaafar et al., 2015; Dahalan & Jaafar, 2015). Therefore, the study on entrepreneurial intention of local community in Lenggong Valley seems timely and opportune to be further disclosed.

### **1.3 RESEARCH OBJECTIVES**

The objectives of this research are:

RO 1. To examine the relationship between factors influencing entrepreneurial intention (EI) among local community of Lenggong Valley. The factors include:

- a. attitudes (attitude toward money and attitude toward business start-up);
- b. social norms (social embeddedness); and
- c. perceived behavioural control (emotional intelligence).

RO 2. To examine the influence of demographic factors namely gender, ethnicity, employment and age toward entrepreneurial intention (EI) among local community of Lenggong Valley.

### **1.4 RESEARCH QUESTIONS**

Based on the research objectives, the research questions are constructed as follows:

RQ 1. What is the relationship between attitudes (attitude toward money and attitude toward business start-up) and EI?

RQ 2. What is the relationship between social norm (social embeddedness) and EI?

RQ 3. What is the relationship between perceived behavioural control (emotional intelligence) and EI?

RQ 4. What is the influence of demographic factors (gender, ethnicity, employment and age) toward EI among local community in Lenggong Valley?

This study will explore these questions and seek to provide information about factors that contribute EI towards the local community in Lenggong Valley.

## **1.5 SCOPE OF THE RESEARCH**

This research will examine factors influencing EI among local communities in Lenggong Valley. By employing the Theory of Planned Behaviour (TPB), this research operates the method used by Ajzen (1991) in order to examine the following factors, namely attitude toward money, attitude toward business start-up, social embeddedness and emotional intelligence. As TPB consists of attitude, social norm and perceived behavioural control (PBC) factors, this study considers TPB as a more comprehensive theory. Hence, it adopts quantitative approach to explore further on the subject matters. Questionnaire survey will be handed to local residents of Lenggong Valley. More specifically, this study tries to gain knowledge of the local communities' intention to start a new business, in which, includes planned behaviour towards actual behaviour (of starting a business). The theoretical model of this research provides sufficient explanation relating to the factors contributing to EI, particularly the growth or independent intentions that are necessarily embodied in the intention to start a business.

## **1.6 SIGNIFICANCE OF THE RESEARCH**

This research contributes to the growing body of knowledge, both theoretically and practically on the factors influencing EI. First, this research examining factors influencing intentions towards starting a business among local community in rural development area and world heritage site area. This research proposes the cognitive approach to understand the factors of rural community involve in entrepreneurship. Without doubt, this effort will provide further explanation by cognitive approach on factors influencing the intention of rural community to initiate a business.

Secondly, research on EI has been consistently studied among students in educational institutions and academic setting (Mohd Zain et al., 2010; Zarafshani & Rajabi, 2011; Engle et al., 2010; Linan & Chen, 2009; Schenkel, et al., 2010; Turker & Selcuk, 2008). However, EI studies are often neglected with limited plausible explanation to the issues of factors influencing intention to start up business in non-academic setting.

Thus, in attempt to provide further understanding regarding this phenomenon, this research will explore the factors influence EI particularly in rural development area and world heritage site. In order to start a business, rural community members need to develop themselves in terms of their mind-set and attitude to involve in businesses. The recognition of world heritage site has provided various business opportunities that can be valuable to local community to involve.



Finally, findings of this research could indicate factors that influence intention of rural community to start up a business. By having this knowledge, perhaps, government agencies or non-government organisation could then target the local community who have intention to start-up a business to get involved more effectively. Also, findings of this research could assist head of organisations of rural area to encourage local people to involve in business by looking at their attitude, embeddedness in the community and abilities to handle their emotion.

## **1.7 DEFINITION OF KEY TERMS**

It is pertinent to define the terms used in this study. Following are the key terms used in this study:

### **Entrepreneurial intention (EI)**

EI refers to the intention of an individual to start a new business (Engle et al., 2010).

### **Attitude**

Attitude is an acquired inclination to react in an explicit or implicit condition within certain circumstances towards any subject matter (Ajzen & Fishbein, 1980).

### **Attitude towards money**

Attitude toward money is defined as an individual who view high income to attain autonomy, freedom and power and they assume high income as a symbol of success and achievement (Lim & Teo, 2003).

### **Attitude toward business start-up**

Attitude toward business start-up refers to the degree to which the individual holds a positive or negative personal valuation about being an entrepreneur (Ajzen, 2001; Autio, Keeley, Klofsten, & Parker, 2001).

### **Social norm**

Social norm refers to the outer belief of individuals in relation to the approval or disapproval possibility of vital referent individuals or groups towards a given actions (Ajzen, 1991).

### **Social embeddedness**

Social embeddedness is defined as *'the fact that people are social being whose attributes and actions are conditioned by their location within networks of 'concrete, ongoing personal relations'* (Granovetter, 1985, p. 490)

### **Perceived behavioural control (PBC)**

Perceived behavioural control (PBC) is defined as '*the perception of the ease or difficulty of becoming an entrepreneur*' (Linan & Chen, 2009, p. 596).

### **Emotional intelligence**

Emotional intelligence is defined as the "*ability to monitor one's own and others' feelings and emotions, to discriminate among them and use this information to guide one's thinking and actions*" (Mayer, Salovey & Caruso, 1990, p. 189).

### **Local community**

Local community is defined as a group of interacting people who are sharing an environment and location (Richards & Hall, 2000) under the same norms (Bartle, 2007) and social system (Haugh & Pardy, 1999) in Lenggong Valley.