

# Factors Influencing Students' Entrepreneurial Intention

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**Abstract.** This study examined factors influencing students' entrepreneurial intentions, including factors in entrepreneur education and entrepreneurial interest. The study was conducted on Economic Education students at IKIP Budi Utomo. The research sample was 48 people taken through a simple random sampling technique. The data were analyzed using multiple regression. Simultaneously, the factors of entrepreneur education and entrepreneurial interest affect entrepreneurial intention. The application of an appropriate curriculum, quality of students, and facilities needed as a factor in formal education, family environment as an informal education factor, and participation in training as a non-formal education factor are not influential on students' intention to become entrepreneurs. Furthermore, entrepreneurial interest, including three factors, namely personal attitude, subjective norms, and perceived behavioral control, has a dominant role in encouraging students' intention to become entrepreneurs. The results of this study are useful as consideration for compiling the curriculum of the Economic Study Program to produce graduates with strong intentions in entrepreneurship.

**Keywords:** *entrepreneurial intention, entrepreneur education, entrepreneurial interest*

## INTRODUCTION

Limited employment opportunities and a high unemployment rate are separate issues that must be solved together in Indonesia [1]. The Open Unemployment Rate in Indonesia is 5.28% in August 2019 and 5.33% in February 2017, over more than two years, decreased by 0.05%. The slow improvement of human resources is also a barrier to global competition in the future. In order to increase both competitiveness and quality of the Indonesian human resources, university graduates must be oriented to create jobs.

The Ministry of Cooperatives and SMEs states that, in 2016, the total entrepreneurs in Indonesia

amounted to 3.1% of the total population of 252 million people, which is still behind Malaysia 5%, China 10%, and Singapore 7%.

Based on consensus data, a country ideally has entrepreneurs as much as 5% of the total population so that the country can have high competitiveness [2].

The role of entrepreneur education in university is vital because it can be one of the factors driving the growth of new entrepreneurs in a country [3]. Entrepreneur education is learning that shapes thinking patterns, attitudes, and risk-taking [4]. Entrepreneur education held at university can motivate so that students have an entrepreneurial interest. "Entrepreneurial interest is the desire, interest, and willingness to work hard or have a strong will to run a business optimally" [5], [6]. Universities are expected to implement entrepreneurial learning programs that are tangible and in accordance with *stakeholder* needs. By learning a real learning concept, students are more motivated and encouraged to become entrepreneurs.

Entrepreneur education can be applied in the scope of formal, informal, and non-formal education, although it is still infrequent to apply education from an early age, except certain ethnicities such as Chinese, Minang tribe, Bugis tribe, and Madurese [7]. "High business motives can be seen in Minang, Bugis, and Madurese ethnics." Entrepreneur education is expected to produce entrepreneurs who have knowledge, skills, and attitudes in a particular field in accordance with their competence. Entrepreneur education can be seen from three approaches: knowledge, skills, and attitudes [8]-[10].

Entrepreneur education is an activity/learning process of entrepreneurship that is used as a basis of competence [11]. Someone with education can develop the potentials of entrepreneurship [12]. Education will strengthen the integrity and additional knowledge in entrepreneurship [13]. Entrepreneurship education is more focused on how someone forms a new business and the way someone works [14],[15]. By the focus set,

entrepreneur education will get a clear *outcome* so that the objectives of education will be achieved.

Interest in entrepreneurship can be seen from someone's seriousness in learning and also carrying out his/her work. Becoming an entrepreneur must have the knowledge, skills, and a good attitude. Entrepreneurial interest is the desire, willingness, interest, and willingness to work as much as possible [5]. An entrepreneur must plan strategies so that his/her goals can be achieved. Entrepreneurial interest is influenced, among others: gender, ethnicity, family experience, and education level [16],[17]. If it is seen from another aspect, social psychology can also affect the entrepreneurial interest in [18]-[21].

This is in line with Alma [22], explaining that there are three essential factors having a role in entrepreneurial interest, namely: *personal, sociological, and environmental*. Theory of Planned Behavior (TPB), determinants the interest in a person includes: attitude towards behavior, subjective norm, and perceived behavioral control [23]. Attitude towards behavior refers to one's actions for entrepreneurship in terms of abilities/competencies as well as attitude towards the internal and external environment. Subjective norms related to a decision to act or not to act following the norms that exist in a particular society or organization.

*Entrepreneurial intention* as the first step in the process of establishing a business is generally long-term [24]. Entrepreneurial intention is a commitment to start a business. The theory of Planed Behavior (TPB) model also influences entrepreneurial intentions [25],[26]. Attitude elements contained in TPB include *autonomy/authority, economic challenges, self-realization and perceived confidence, security and workload, avoid responsibility, and social career*. Entrepreneur education should start early because building entrepreneurship education from an early age can increase one's potential to become an entrepreneur. The factors influencing this intention are academic, social, and business environment support [25]. The same opinion is from the result of some studies [27],[28] state that factors in academic and entrepreneurial education and social support have a positive influence on entrepreneurial intentions. This condition is different from the results of the studies [29],[30], which result that academic support does not affect entrepreneurial intention, as well as two attitude factors, namely avoid responsibility and social environment which have no effect on entrepreneurial intentions [27]. Based on several studies and the above research results, there are still gaps to examine entrepreneur education and entrepreneurial interest in entrepreneurial intentions. The results of the study

are relevant as a material to evaluate learning and formulate a curriculum in economic study programs.

## METHOD

The design of this study is to test the factors influencing entrepreneurial intention. The independent variables studied include entrepreneur education and entrepreneurial interest. The population was the Economic Education students at IKIP Budi Utomo academic year 2013. A *simple random sampling* method was selected to obtain a sample of 48 respondents. The data were collected using questionnaires distributed to respondents.

The indicators are from: (1) Variable of entrepreneur education namely formal education (curriculum aspect, quality of educator, and facilities); non-formal education (follow entrepreneurial training both as participants and instructors, entrepreneurial partnering with businesses actors); informal education (entrepreneurial experience of family and environment); (2) Variable of entrepreneurial interest includes *personal attitude* (the desire to be a successful entrepreneur, starting point of running an entrepreneur, willingness to work hard and responsibility as an entrepreneur); *subjective norm* (the willingness to open employment opportunities, improve local economy, and the desire to empower people); *perceived behavioral control* (confidence to achieve success, dare to face risks, and deal with problems); (3) variable of *entrepreneurial intention* which includes internal factors (arranging business management, making business analysis and decisions, being optimistic about business success, ability to run a business, and financial management); external factors (family support to become successful entrepreneurs, ready to compete with competitors, choose professional HR, accept criticism and suggestion for business progress and willing to learn).

Those indicators were used by the researchers to create research instruments. Based on the elaboration of those indicators, 36 items were obtained. The data analysis technique used was multiple regression, and the data processing was carried out by SPSS for windows version 16.00 program.

## RESULTS & DISCUSSION

The research data obtained were used to assumption test in 3 ways as follows.

1. **Normality Test**, which gives the results of *Kolmogorov-Smirnov Z* sig 0.668 > 0.05 so that it can be said that the data distribution of all variables is normally distributed.

2. **Heteroscedasticity Test**, which obtained a *scatterplot* showing random distribution points either at the top or at the bottom of the zero of the vertical axis (Y) so that heteroscedasticity does not occur in the regression model.
3. **Multicollinearity Test**, in which the results of each variable have a VIF value (1.444) < 10 and tolerance (0.693) above 0.1, so there are no symptoms of multicollinearity among the independent variables.

**Multiple Regression Testing**

The summary of the results can be seen in the following table.

Table 1. The Summary of Multiple Regression Analysis and Hypothesis Test Results

Independent Variable	B	T	Sig t	Standardized Coefficients
Constant	2,166			
Entrepreneur Education	0,117	0,632	0,060	0,134
Entrepreneurial Interest	1,081	1,933	0,000	0,840
F		126,979		
Sig f		0,000		
R		0,922		
R Square		0,849		
Adjusted R Square		0,843		

Source: Data processed by researchers

Based on column B of Table 1, the double regression equation is drawn as the following formula.

$$Y = 2.166 + 0.117 X_1 + 1.081 X_2$$

Where: Y = Entrepreneurial intention

X<sub>1</sub> = Entrepreneur education

X<sub>2</sub> = Entrepreneurial Interest

The regression coefficient can be interpreted as follows:

1. The constant value a = 2.166 indicates no independent variable of entrepreneur education and entrepreneurial interest, the amount of entrepreneurial intention was 2.166.
2. The regression coefficient of b<sub>1</sub> = 0.117, when the variable of entrepreneur education increased 1 unit, the amount of entrepreneurial intention increased by 0.117 or each increase in entrepreneurial intention required variable of entrepreneur education as much as 0.117 with the assumption that other variables remained.
3. The regression coefficient value of b<sub>2</sub> = 1.081 means if the variable of entrepreneurial intention increased 1 unit, the amount of entrepreneurial intention would increase 1.081 or each increase in entrepreneurial intention needed variable of entrepreneurial interest as much as 1.081 with the assumption that other variables had no change.

**Hypothesis test**

The hypothesis formulation of this study was there was an influence among entrepreneurial education and entrepreneurial interest against entrepreneurial intention either partially or simultaneously. The analysis process was carried out through computer statistics, the SPSS program *16.00 version for windows* with multiple regression analysis models. The results of the hypothesis test are presented in Table 1.

**The partial testing**

The significance of entrepreneur education was at 0.060. The level of significance of entrepreneur education was > 0.05, meaning that H<sub>a</sub> is rejected and H<sub>0</sub> is accepted so that the entrepreneurial education does not have a significant influence on entrepreneurial intention. The significance of entrepreneurial interest was 0.000; the level of significance of the entrepreneurial interests was < 0.05. The hypothesis testing of this study gives the result that H<sub>a</sub> is not rejected and H<sub>0</sub> is rejected, meaning that entrepreneur interest has a significant influence on entrepreneurial intention.

**The simultaneous testing**

It is known that the value of Standardized Coefficients of entrepreneur education was 0.134, and entrepreneurial interest was 0.840. The value of Sig F was 0.000 < 0.05, so that H<sub>a</sub> in this study is not rejected and H<sub>0</sub> is rejected. Thus, entrepreneurial education and entrepreneurial interest simultaneously influence entrepreneurial intention. The influence was indicated by *R Square* of 0.849, meaning that 84.9% of the variable of entrepreneurial intention affects entrepreneurship education and entrepreneurial interest. The remaining 15.1% is determined by other variables not included in the analysis model.

**The Influence of Entrepreneur Education on Entrepreneurial Intentions**

The entrepreneur education is necessary to have the *Theory of Planned Behavior* [23], which is used as a basis for a person to have an intention to act. TPB components include some aspects concerning personal attitude, subjective norm, and behavioral control, and these aspects have a mutual connection. This is in line with the study of Wahyono et al. [31], who states that entrepreneur education significantly influences entrepreneurial intention when the education is based on TPB. Most students are not equipped with entrepreneur education from an early age so that when students study entrepreneur materials, they are still difficult to link the theory and its practice. Entrepreneur education contains entrepreneurial concepts, entrepreneurial theory, entrepreneurial values, and the end of the course students must be able to make a business plan. The

business plan that each student has to make is the profile of his/her business that is ready to run into practice. The practice domain is not already running; if there is a business that has already run, this business is still running at the early stage or based on the student's awareness personally. In line with the importance of early entrepreneur education, [32] Ogundele explains that training and education of entrepreneurs from an early age will change students' behavior and point of view to the future. Entrepreneur education should be built at an early age, not only at university, so that it will give enthusiasm and motivation to students to become new competent entrepreneurs.

### **The Influence of Entrepreneurial Interest against Entrepreneurial Intention**

The higher the interest in entrepreneurship, the students' confidence to choose entrepreneurship as professions will be stronger. These results are consistent with Theory of Planet Behavior which has components: (1) personal attitude, started from a desire to become a successful entrepreneur and thus starting entrepreneurship with full of responsibility as an entrepreneur, (2) subjective norm, started by having a desire to contribute to employment opportunity for personal and community, developing local economy and empowering the community, and (3) control of behavior, started by belief in own ability, dare to face risks, and be able to handle problems at hand—these components, as well as indicators of entrepreneur interest to encourage the realization of Entrepreneur Intention. Many students and graduates have opened their own jobs. Alma [22] believes there are several entrepreneurial interests among other factors: personal, sociological, and environmental factors. When all of these factors are embedded in a person, his/her intention to become an entrepreneur will be stronger.

### **The Influence of Entrepreneur Education against Entrepreneurial Intention**

Entrepreneur education and entrepreneurial interest have a positive influence on entrepreneurial intention. Entrepreneurial intention is the commitment of a person to become an entrepreneur. Entrepreneur education is organized through the study program level and institution level. At the study program level, especially for Economic Education Study Program, students get entrepreneurial materials designed in the curriculum and entrepreneurship seminars. For entrepreneur education at the institution level, it is carried out by holding entrepreneurship seminars, which is routinely held every semester by inviting external speakers who are competent in their fields as well as alumni who have succeeded in entrepreneurship so that they can become role models for the students. Entrepreneur

education aims to improve soft skills, foster business life, and provide opportunities for students to be directly involved in the business world.

### **CONCLUSION**

Entrepreneur education does not affect entrepreneurial intention due to the lack of control of students' behavior. Behavior control is essential to do to know how much intentions the students have to become entrepreneurs. Another factor is that not all students are equipped with entrepreneurship training and education from an early age. Some students still have difficulty in applying theory to practice. To improve the quality of entrepreneurship education, it is necessary to design an entrepreneurship curriculum until students are capable of practicing their own business plan that they have prepared.

Entrepreneurial interest influences entrepreneurial intention. The factors of entrepreneurial interest are personal attitude, subjective norm, and behavioral control, as well as social and environmental influences where students are located. These factors encourage students to become entrepreneurs. For students who already have the entrepreneurial intention, it is necessary to supervise them so that they are able to run their own business. Therefore, this is expected to add motivation for students on the broader community to apply entrepreneurship.

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