

# Entrepreneurial Education Influence on Entrepreneurial Character and Entrepreneurial Intention

Tri Kurniawati, Menik Kurnia Siwi, Rita Syofyan, Sari Rahmiyanti

Universitas Negeri Padang, Padang, Indonesia  
 Email: trikurniawati@fe.unp.ac.id

## ABSTRACT

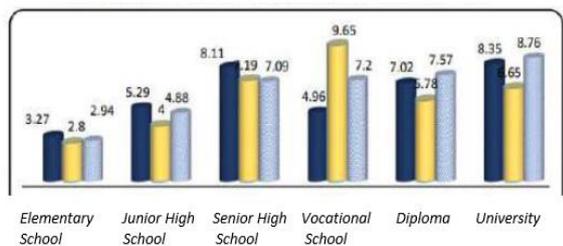
Indonesia still faces the problem of high educated unemployment rate, especially for college graduates. College graduates are still be oriented as job seekers rather than being the job creator. This study aims to analyze the influence of entrepreneurial education on entrepreneurial character and entrepreneurial intention, the students in Universitas Negeri Padang in a quantitative research approach. Samples are determined based on Slovin formula and selected by using proportional random sampling. Data is analyzed by using descriptive and path analysis. The results show that entrepreneurial education has no significant effect on entrepreneurial intention, so the indirect effect in this study is not proven. While the entrepreneurial character has significant effect on entrepreneurial intention and entrepreneurial education has no significant effect on entrepreneurial character on the students of Universitas Negeri Padang.

**Keywords:** *entrepreneurial education, entrepreneurial character and entrepreneurial intention*

## 1. INTRODUCTION

Indonesia still faces the unemployment problem. It is considered as a major cause of poverty in Indonesia. As a matter of fact, the government has made various efforts to overcome this problem, for example, through educational programs. However, based on data from Central Bureau of Statistic, locally known as BPS, the unemployment rate in Indonesia in 2018-2019 comes from higher education and secondary school levels. The following graph shows the Open Unemployment Rate from BPS.

**Figure 1.** Unemployment Rate in Indonesia Based on Education in 2018-2019



University graduates become one of the contributors to the number of unemployed in Indonesia. This highly possibly happens due to a mismatch between existing job vacancies and the qualifications of college graduates. This is the rationale for Minister of Education, Nadiem Makarim, to declare that there must be independence in learning. Independence in learning can mean that students should be able to get more than one competency while they are in college. To answer these challenges, UNP has adopted a policy of making entrepreneurship courses and entrepreneurial practice as compulsory courses in university.

Entrepreneurship courses at Universitas Negeri Padang aim to produce young entrepreneurs from various disciplines. The expected entrepreneurs are educated ones and have managerial insight. With the entrepreneurship courses, it is expected to overcome the unemployment problem in Indonesia.

Until now, to build students' intention on entrepreneur is indeed still a challenge. When completing their education, they are still thinking of becoming employees in State-Owned Enterprises (SOEs, locally known as BUMN), state civil servants (locally known as ASN) or employees in various private companies. These jobs are the occupations that provide regular salary with relatively little risk. On the contrary, not many students have thought and aspired to be successful entrepreneurs since college. They are more likely to think about type, capital and risk in doing business. Besides, the reason someone does not build their own business is because there is no intention (Sugiono&Isololipu, 2010: 8).

Intention is not something brought along when people were born, but it is obtained later. According to Shah (2012: 151), intention means a tendency and high enthusiasm or a great desire for something. It means that the emergence of intention in someone does not just happen, but someone will be interested if he/she feels the need and try to fulfill those desires

Intention becomes one of the important factors in determining one's career choices, including being an entrepreneur. In the context of entrepreneurship, intention is defined as a sense of preference and attractions followed by an active effort to learn and wish to become an entrepreneur. Besides, people who have the intention in entrepreneurship will seek business ideas and dare to take risks in doing business. However, with the high unemployment rate, it is suspected that the intention of higher education graduates on entrepreneurship is still low. In fact, they would prefer to find work rather than open their own business.

From 548 students who took entrepreneurship courses at UniversitasNegeri Padang, 70% managed to get good grades, A and A-. If these grades represent students' preferences for entrepreneurial activities, it is s good news that some of students are likely to enjoy entrepreneurial activities. Furthermore, these grades also illustrate that most students have

mastered and have adequate abilities and knowledge as an entrepreneur.

Through entrepreneurship courses, universities have tried to provide entrepreneurial knowledge and skills to students. However, such knowledge and skills will not be applied in their lives if the student does not have an intention in entrepreneurship. If you look at the data on the learning outcomes of entrepreneurship courses at the Faculty of Economics, Universitas Negeri Padang, out of 584 students, 259 students or 44% got A, 171 students or 29% got A-. 53 students or 9% got B + and the remaining 101 students or 18% got between B and E.

The data above shows that most students got good grades and passed in entrepreneurship classes. Besides, most students got good grade, A or A-. However, when we look at alumni data, the condition is little different. Referring to the tracer study data of UNP alumni, from 167 alumni of Faculty of Economics UNP in 2015 who have worked, only 6 people or 4% are entrepreneurs. This is a fairly small number when compared to the acquisition of entrepreneurship courses which is quite high.

Based on the results of research conducted by Kusmintarti et al (2016), it is found that students who took entrepreneurial education would have an entrepreneurial character and had tendency to open new businesses in the future. This suggests that character is so important to be improved, as stated by Scalia in Suryana (2011) that character becomes the foundation for intelligence and knowledge (brains and learning) of an entrepreneur.

Entrepreneurial characters are characters that make an entrepreneur. There are several entrepreneurial characters that have been studied by previous experts, namely internal locus of control, the need for achievement, risk taking, creativity, social networking, and accepting diversity. From the results of these studies, it is revealed that someone who has entrepreneurial characteristics tends to support entrepreneurial

activities so that he/she is interested in entrepreneurship. (Kusmintarti et al, 2016).

Based on the results of previous studies, the researchers want to analyze the entrepreneurial character of students at Faculty of Economics, Universitas Negeri Padang by using a study by Merideth in Suryana (2011) which states that to become an entrepreneur a person must have the following characteristics, namely: 1) self-confident and optimistic, 2) tasks and results oriented, 3) dare to take risks and like challenges, 4) leadership, 5) originality, and 6) future oriented. According to Merideth (2005), those characteristics are mostly mentioned by various sources which indicate that they can represent the characters of an entrepreneur conveyed by experts.

Personal characteristics of entrepreneurs or known as entrepreneurial characters can be developed through entrepreneurial education (Kusmintarti et al, 2016). The results of the study conducted by Kusmintarti et al (2016) showed that the entrepreneurial characters of students increased after attending the entrepreneurship course and joining business classes. Moreover, the goals of entrepreneurial education according to Lestari et al. (2012) is to shape the mindset, attitudes, and behavior of students to become a true entrepreneur so that it directs them to choose entrepreneurship as a career choice. In other words, entrepreneurial education aims to create many entrepreneurs in the future and develop the entrepreneurial spirit of students.

Prior observation has been conducted to students of Faculty of Economics, Universitas Negeri Padang. Based on the results, students claimed that they did not have enough courage to be entrepreneurs.

There are several reasons put forward; they were not interested in becoming entrepreneurs, are not brave enough to take risks, and are more interested in jobs that have a steady income which provides a sense of security such as becoming civil servants or working in government and

private companies. This indicates that the entrepreneurial characters that have been learned in entrepreneurial education have not been applied. People who have an entrepreneurial character are highly possibly interested in the business world because business world needs people who dare to take risks and are able to think creatively in creating new ideas or seek business opportunities.

Based on the explanation above, this study aims to analyze the contribution of students' entrepreneurial education on their entrepreneurial character and entrepreneurial intention at Universitas Negeri Padang.

## 2. METHODS

This study used a quantitative approach. The population of this study was all undergraduate students registered in 2014 at Faculty of Economics, Universitas Negeri Padang. Moreover, sample selection was carried out by random sampling using the Slovin formula, and 81 students were selected. Furthermore, in this study there were primary data and secondary data which were collected through questionnaire using a Likert scale with five alternative answers.

Descriptive and inductive analyses were carried out in analyzing the data. Descriptive analysis aims to describe each of the research variables while inductive analysis is carried out using path analysis. Before the path analysis is conducted, the analysis prerequisite tests which are normality test and heterokedasticity test are done.

Path analysis was carried out with 2 sub-structures. Sub-structure 1 analyzed the contribution of entrepreneurial education on entrepreneurial character. Meanwhile, sub-structure 2 analyzed the contribution of entrepreneurial education and entrepreneurial character on entrepreneurial intention. Systematically the model used in this study can be illustrated in the following path diagram:

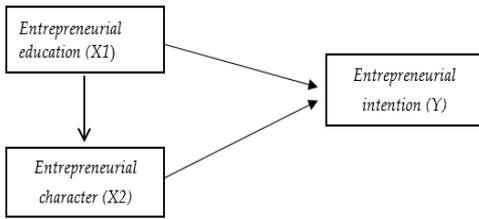


Figure 2. Path Diagram

### 3. RESULTS AND DISCUSSION

The respondents are from various majors. Based on the characteristics of students based on major, it is found that the highest number of respondents, 26 students, was from Management, 21 respondents were from Accounting, 18 respondents were from Economics, and 16 respondents were from Economics Education major. Furthermore, most selected respondents were females which were 61 students or 75.31%. Meanwhile male respondents were only 20 students or 24.69%.

Table 1. Description of Research Variables

No	Variabel	Mean	Stand. Deviation	Category
1	Entrepreneurial education	83.10	4.46	Good
2	Entrepreneurial character	3.90	0.72	Adequate
3	Entrepreneurial intention	3.87	0.73	Adequate

Source: Primary data analysis

Overall the description of the research variables shows that the entrepreneurial education variable measured by learning outcomes in entrepreneurship courses had an average of 83.10 with a standard deviation of 4.46. Therefore, it can be said that the majority of students got relatively high learning grade and were in the good category. Moreover, the entrepreneurial character variable had an average of 3.90 out of a maximum of 5 scales with a standard deviation of 0.72. This shows that

students' entrepreneurial character was in adequate category. The last research variable is entrepreneurial intention which had an average of 3.95 out of a maximum of 5 scales with a standard deviation of 2.17. It is showed that the students' intention of entrepreneurship were also the adequate category.

Based on prerequisite test results of normality test, residual data distribution was declared normal because the significant value (asymp sig) obtained was more than 0.05 ( $\alpha = 5\%$ ). From the K-S value = 0.604 and the significance was above 0.05 which was 0.869.

Table 2. Result of Normality Test

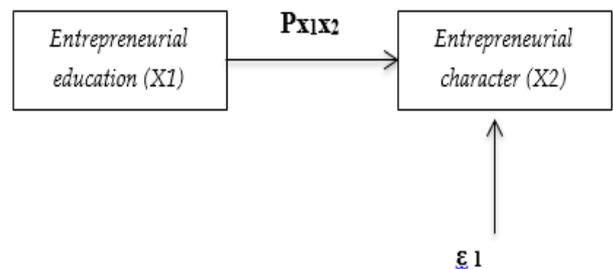
One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		81
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	4.76255325
Most Extreme Differences	Absolute	.066
	Positive	.037
	Negative	-.066
Kolmogorov-Smirnov Z		.596
Asymp. Sig. (2-tailed)		.869
a. Test distribution is Normal.		
b. Calculated from data.		

Source: Primary data analysis

As for the heteroscedasticity test, the distribution of data was scattered and did not form a particular pattern. So, it can be concluded that in this study there were no symptoms of heteroscedasticity.

After finishing the prerequisite test, we test the hypothesis in this study which consist of two sub structures. The first sub-structure and statistical analysis result are as below:

Figure 3. Sub-Structure 1 of Path Analysis



**Table 3.** Coefficients of Sub Structure 1

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	102.508	21.893		4.682	.000
Entrepreneurial education	-.063	.263	-.027	-.239	.812

a. Dependent Variable: Entrepreneurial character

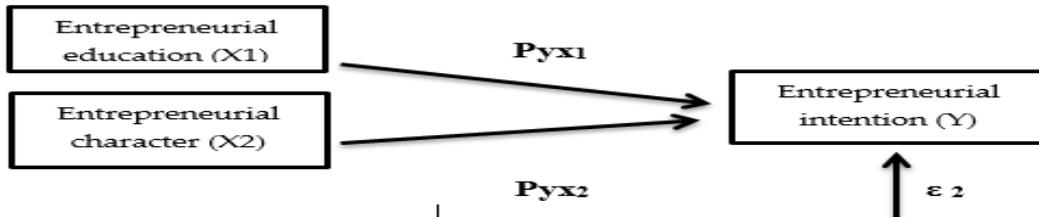
Source: Primary data analysis

The first hypothesis testing results showed that entrepreneurial education did not contribute significantly on entrepreneurial character with a significance value of 0.812, higher than 0.05. Thus, H0 was accepted which showed that entrepreneurial education did not contribute on entrepreneurial character. This indicates that

entrepreneurial education followed by students only aimed at gaining knowledge about entrepreneurship but not really build the students' entrepreneurial character.

The second sub-structure result for this study and also statistical analysis result are described as below

**Figure 4.** Sub-Structure 2 of Path Analysis



**Table 4.** Coefficients of Sub Structure 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	35.514	11.284		3.147	.002
Entrepreneurial education	-.231	.120	-.156	-1.927	.058
Entrepreneurial character	.429	.051	.677	8.364	.000

a. Dependent Variable: Entrepreneurial intention

Source: Primary data analysis

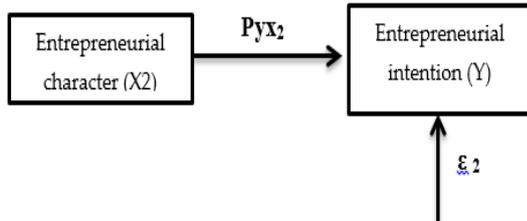
Based on the analysis of sub-structure two, we find that entrepreneurial education has no significant effect on entrepreneurial intention with significance value  $0.058 > 0.05$  and negative path coefficient of  $-0.156$ . Meanwhile, the entrepreneurial character had significant contribution on entrepreneurial intention with a path coefficient of  $0.677$  in which the hypothesis test proved that entrepreneurial character had a significant contribution on entrepreneurial

intention of the Faculty of Economics students, Universitas Negeri Padang with t-count of  $8,364$  and a significance value of  $0.000 < 0.05$ . This shows that students who have an entrepreneurial character will have an intention in entrepreneurship.

From the result of substructure 1 and 2 we get that entrepreneurial education has no significant effect on entrepreneurial character and

entrepreneurial intention. By using the trimming model of path analysis, the we then exclude the non significant variable form the model. The final model for this study is as below.

Figure 5. Final Model of The Research



Based on the learning outcome of entrepreneurship courses, the average score was 83.10 or A-, meaning that most students got relatively good scores, but this score is not comparable to students' character to be entrepreneurs as a career choice in the future. Hence, the good learning outcome does not guarantee that someone will be interested in entrepreneurship. As explained by Alma (2013), people' choice to be entrepreneurs are influenced by several factors such as the family environment when they were child, personal values, age and work history.

The results of this study are supported by the results of previous studies on the effect of entrepreneurial education on entrepreneurial intention by Zulianto, et al (2014). The results showed that entrepreneurial education had no significant effect on the entrepreneurial intention of students in the business administration education program at the Faculty of Economics, UniversitasNegeri Malang. In addition, the results of this study are in line with the study conducted by Kusmintarti et al (2016) about the contribution of entrepreneurial education on entrepreneurial intention in PoliteknikNegeri Malang and Brawijaya University. The results of this study indicate that entrepreneurial education had no significant contribution on entrepreneurial intention with a path coefficie;strtrjnt of 0.053. But another'sstudy find different results. Sánchez, J. C.

(2011) and Ramoni, S. A. (2016) found that entrepreneurial education had significant effect on entrepreneurial intention. The study result showed that the entrepreneurship education and personality traits which are innovativeness and risk taking propensity, significantly predict the entrepreneurship intention among the Nigerian university graduates.

Meanwhile, the entrepreneurial character had significant contribution on entrepreneurial intention with a path coefficient of 0.682 in which the hypothesis test proved that entrepreneurial character had a significant contribution on entrepreneurial intention of the Faculty of Economics students, UniversitasNegeri Padang with t-count of 8,278 and a significance value of  $0.000 < 0.05$ . This shows that students who have an entrepreneurial character will have an intention in entrepreneurship.

The results of this study are in line with previous study conducted by AnikKusmintarti et al (2016) about the contribution of entrepreneurial character on entrepreneurial intention at Politeknik Negeri Malang and Universitas Brawijaya. The results of this study indicated that the character of entrepreneurship had a significant contribution on entrepreneurial intention with a path coefficient of 0.231. Entrepreneurial character can be said as a full mediation of the contribution of entrepreneurial education on entrepreneurial intention.

In line with the above-mentioned statement, Phipps (2012) also states that there is a positive and significant relationship between creativity and entrepreneurial intention. In other words, students who have entrepreneurial characters, such as brave to take risks and creative, have a tendency or intention to start a business in the future. This proves that the entrepreneurial character possessed by someone will foster one's intention in entrepreneurship. One of them is confident and optimistic which has the highest level of respondent achievement on entrepreneurial character variable, 83.46 with a very good category. Thus, people who have an

entrepreneurial character tend to be interested in entrepreneurship.

#### 4. CONCLUSIONS

Based on the findings and discussion, the contribution of entrepreneurial education on entrepreneurial character and entrepreneurial intention of Faculty of Economics students Universitas Negeri Padang, the conclusions are drawn as follows: (1) Entrepreneurial education does not significantly contribute on students' entrepreneurial intention. It means that entrepreneurial education that has been done only aims at gaining knowledge about entrepreneurship, proven by the absence of students' interest and intention in entrepreneurship. (2) Entrepreneurial education does not significantly contribute on the character of entrepreneurship of students of the Faculty of Economics, Universitas Negeri Padang. This means that entrepreneurial education that has been done is only limited to gain knowledge because the entrepreneurial character has not been able to be internalized within students. (3) Entrepreneurial character significantly contributes on entrepreneurial intention of students of the Faculty of Economics, Universitas Negeri Padang. It indicates that students who have an entrepreneurial character will have an intention in entrepreneurship.

Referring to the results of data analysis and conclusions, some suggestions to increase the entrepreneurial intention of students are put forward: (1) Students should participate more in entrepreneurial activity. Based on the result, the percentage of respondents who had low interest in enterprenur was 72% showing students' lack of involvement in entrepreneurial activities, including the small-scale entrepreneurial activities such as selling phone credit and etc. (2) Students are expected to have the entrepreneurial characters that have been learned in entrepreneurial education, one of which is originality which has a level of achievement of 75.46% with adequate category. This shows that

the students are lack of creativity and innovation, proven by considerable number of students who prefer following the trend to becoming a trendsetter. (3) Students should make entrepreneurial education not only as a compulsory course to gain knowledge about entrepreneurship, but also as a career choice in the future. (4) For future researchers who are interested in continuing this research, they can add other variables and conduct further in-depth studies on other factors that can contribute on students' intention in entrepreneurship.

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