

Fundamental Factor of Educations' Student in Determining Entrepreneurship Intention

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ABSTRACT

Entrepreneurship is one of the instruments driving the economy either developed or developing countries. Entrepreneurship is a dynamic process to optimize all the resources to achieve a goal by implementing new ideas and creative solutions. The purpose of this study is to find out the entrepreneurial intentions of students who have an educational background. The target of this study is to determine the factors that influence entrepreneurial intentions. This study will examine the effect of variable needs for achievement, self-efficacy, instrument readiness, perceived behavioral control, subjective norms, and entrepreneurship education on entrepreneurial intentions. This paper analysis uses multiple linear regressions. The result shows that the factors influence entrepreneurship of education student is self-efficacy, instrument readiness, perceived behavioral control, subjective norms, and entrepreneurship education. The result finds contrary to the drawing theory that instrument readiness has a negative impact on entrepreneurship education.

Keywords: *Entrepreneurship intention, education's students*

1. INTRODUCTION

Recently, in industrial countries entrepreneurship is an interesting topic to study. Entrepreneurship education and entrepreneurship training are priority programs for Indonesian higher education. This is because entrepreneurial behavior in the context of having knowledge and education is an important basis. Higher education will be able to motivate students to become young entrepreneurs and play a role in growing the number of entrepreneurs. Several researchers have conducted research on the role of higher education institutions that can be a place to develop interest in entrepreneurship and explore factors that influence entrepreneurial behavior [2].

Entrepreneurship is a key to a number of desirable social outcomes, including economic growth, lower unemployment, and modernization of technology [7]. Theory of Planned Behavior states that a person's intention to do behavior, the intention is an intermediate variable that causes behavior from an attitude and other variables [1].

The use of behavior al theory cannot be separated from the aspects of entrepreneurial intention, meaning entrepreneurship can be learned and mastered, and

entrepreneurship can be a work option and career choice for college graduates if indeed there is an intention and motivation to become an entrepreneur in students. Generally, antecedent factors of intention can be expressed through Planned of Behavior (TPB) theory, namely behavior or attitude, subjective norms, and behavior al control. The formation of intentions can be explained by the theory of planned behavior which assumes that humans always have goals in behaving [1].

Intention plays a distinctive role in directing action, namely connecting between deep considerations that are believed and desired by someone with certain actions. The intention is the sincerity of one's intention to do an act or bring up certain behavior [32]

According to Kourilsky and Walstad in [33], entrepreneurship education is one of the important factors to grow and develop passion, soul, and entrepreneurial behavior among the younger generation. Some of the research that has been done both abroad and in Indonesia shows that the desire for entrepreneurship will encourage the creation of new entrepreneurs. Attitudes, behavior, and knowledge about entrepreneurship will shape the tendency of students to starts new businesses in the future. The aimed of this research is to determine what factors are influence

entrepreneurship intention on student who have education background.

Some literature reviews that support this research are as follows:

1.1. Entrepreneurship Intention

Riyanti in [28] states that intention is a person's position involving the relationship between oneself and the subjective probability dimension that involves other actions. The motivational factor that is influenced by behavior is also known as intention. According to [14] Motivation, belief and skills and competencies are the starting point of intention formation. Individual needs for achievement will have an impact on their efforts to achieve what they want. A person with high self-control will have a need for achievement. Student that have entrepreneurship intention will be easy to motivate their self to achieve their goal in future because they have strong motivation and locus control to face some problems.

1.2. Need for Achievement

The need for achievement is a character that is able to provide motivation to someone facing challenges in order to succeed in the future [17]. One personality characteristic that has an influence on entrepreneurial intentions is one of them is the need for achievement ([21]; [5]). These indicators are very dominant predictors and are very influential on the continuity of one's business [23]. Besides that, the need for achievement influences the entrepreneurial intentions of students in starting a business. This research was conducted in several Turkish universities that have entrepreneurship programs. Furthermore, [5] proves that there is an influence between the need for achievement with entrepreneurial intentions.

1.3. Self-Efficacy

Self-efficacy is a confidence in completing a job. This individual perception has an important role in developing one's intention [6]. Furthermore, beliefs in achieving a set goal are influenced by self-efficacy. Self-efficacy is an important element in the stages of decision making regarding a career. Self-efficacy is proven to be a significant determinant of individual intentions. According to [7] explained that self-efficacy illustrates how an entrepreneur's perception of the beliefs and abilities possessed in running a business. So, they can work together with all parties effectively and efficiently. According to [17], someone who has high self-efficacy will be better able to take the right decision in difficult situations. They believe in the ability and expertise possessed to overcome these problems. Furthermore, [30] states that learning and training can improve one's self-efficacy, if they are able to develop

and improve their competencies and expertise. Then, [7] proves that there is an influence between self-efficacy on entrepreneurial intentions. Self-efficacy is one of the significant predictors of entrepreneurial intentions in France and Spain [10].

1.4. Instrument Readiness

Instrument readiness are several environmental factors that have an influence on entrepreneurship [13]. These factors include the ease of accessing capital, the availability of information, and social networks. Limited access to capital owned by new businesses is a serious obstacle to the sustainability of new businesses in developing countries. In addition, complex credit schemes and financial system constraints also influence entrepreneurial success. Furthermore, [13] states that access to capital is a major factor determining business success.

Factors that encourage the desire of individuals to open new businesses are greatly influenced by the availability of sufficient information. This factor is an important thing in increasing business growth and sustainability [9]. The level of education, media, and telecommunications as part of a person's characteristics will depend on the availability of information [16]. Social networks are relationships between two people which include, communication to other parties, exchange of goods and services, one's expectations of others [20] Social networks as an indicator of instrument readiness have an influence on the spirit of entrepreneurship in Africa [16]. Facts in India show that a strong desire for the availability of information and social networks is a factor that influences entrepreneurship ([14]; [26]; [25]).

1.5. Theory and Planned Behavior

This theory is a model for assessing individual intentions and is recognized as one of the best models for understanding behavior change and can be proven appropriate in assessing entrepreneurial intentions.

Through research conducted by [3] it is known that perceived behavioral control and subjective norms have a positive influence on student entrepreneurial intentions in Bahrain. Furthermore, [15] through research analyzing the antecedents of college student entrepreneurial intentions and the actual behavioral antecedents by students who start business ventures are known that perceived behavioral control, subjective norms and entrepreneurial characteristics are the most antecedent dominant. [4] in his research found that subjective norms and perceived behavioral control have a relationship with the entrepreneurial intentions of students pursuing business studies in Saudi Arabia. Subjective norms are significant predictors of entrepreneurial intentions in France and Spain [10]. [35]

and [27] also found that subjective norms had an influence on entrepreneurial intentions. Meanwhile [11] state that perceived behavioral control influences the entrepreneurial intentions of business students in Colombia. Some research results also state that TPB is able to predict and explain entrepreneurial intentions [12]; [18]; [19]; [27]; [29]; [34].

1.6. Entrepreneurship Education

[16] stated that the entrepreneurship education curriculum at the University of Tongji did not have a significant impact on student entrepreneurship. The same result was found by [18] and [24] who stated that entrepreneurship education had no influence on entrepreneurial intentions. Based on [29] it is known that entrepreneurship education influences the entrepreneurial intentions of mechanical engineering students in Hong Kong. The implementation of entrepreneurship education in Ghana has a positive and significant influence on the entrepreneurial intentions of MBA students [22].

2. METHOD

According to the research purposes, the type of research used is explanatory research. This study used quantitative approach in order to measured data.. This research related with the determinant of entrepreneurship intention in education student. The research used purposing sampling which the data criteria as samples are student who ever take entrepreneurship courses, registered as active student, and student who have educational background. In this research had been used questionnaire for collecting the data. The questionnaire in the study using Likert scale

The variables used in this research are need for achievement, self-efficacy, instrument readiness, perceived behavioral control, subjunctive norm, and entrepreneurship education as independent variable. Furthermore, dependent variable used entrepreneurship intention. The study used multiple linear regressions to make assumption of the value of dependent variable based on independent variable. Mathematical multiple linear regression model can be formulated as follows:

$$y = a + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6 + \varepsilon$$

Notes:

- y = entrepreneurship intention
- a = constanta
- x₁ = need for achievement
- x₂ = self-efficacy
- x₃ = instrument readiness

x₄ = *perceived behavioral control*

x₅ = *subjective norms*

x₆ = *entrepreneurship education*

β₁, β₂, β₃, β₄, β₅, β₆ = coefficient of multiple linier regression

3. RESULT AND DISCUSSION

The result of minimum, maximum, mean, and standard deviation are shown in table 1

Table 1 Summary of descriptive statistics

Variables	Minimum	Maximum	Mean	Std. Dev
Need for Achievement	3.67	5	4.278	.341
Self-Efficacy	2.33	5	3.862	.551
Instrument Readiness	3	5	3.851	.524
Perceived Behavioral Control	2.75	5	3.564	.508
Subjective Norms	2.25	5	4.081	.580
Entrepreneurship Education	3	5	4.152	.435
Entrepreneurship Intention	2.5	5	3.965	.536

The research used 157 respondents. Statistically, the value of F test is 21.886 and significance 0.0001 that means all independent variables have influence on dependent variables. Furthermore, the result shows that the model used in the research is good and fit. Meanwhile the value of R-square is 46.7%, it indicates that the variables can be explained on the model, remaining 53.3% can be explained by other variables since it cannot be explained in this research.

Table 2 The result of t-test

Variables	Beta Coefficient	p-value
Constant	.589	.186
Need for Achievement	.183	.083*
Self-Efficacy	.250	.002***
Instrument Readiness	-.323	.0001***
Perceived Behavioral Control	.162	.037**
Subjective Norms	.296	.0001***
Entrepreneurship Education	.262	.014**

Notes: 1) ***, **, and * indicates the significant of 1%, 5%, and 10% , respectively

According to table 2 hypothesis test can be explained as follows:

a. Need for Achievement

Hypothesis 1 stated that perceived behavioral control have an effect on entrepreneurship intention. As the present by table 2, the result shows that perceived behavioral control has no significant influence on entrepreneurship intention and positive value as beta coefficient. The results are fulfill the prior study that perceived behavioral control in line with entrepreneurship intention, but not significant on entrepreneurship intention of education student.

b. Self-Efficacy

Hypothesis 2 explained that self-efficacy have an effect on entrepreneurship intention. The result shows that self-efficacy has p-value 0.002 and positive value as its beta coefficient. Statistically, self-efficacy has positive effect on entrepreneurship intention that means student with higher self-efficacy will employ more entrepreneurship intention, and vice versa. The result is line with [5], [36], [8], [30], and [10]) that state self-efficacy has positive impact on entrepreneurship intention.

c. Instrument readiness

Hypothesis 3 declare that instrument readiness have an effect on entrepreneurship intention. Instrument readiness has p-value of 0.0001 And negative value as beta coefficient. The result shows that instrument readiness has negative effect on entrepreneurship intention. It means that student with higher instrument readiness will employ less entrepreneur intention, and vice versa. The result contradicted with the expected result and the most previous research that indicated a positive relationship between instrument readiness and entrepreneurship intention. Generally, instrument readiness such capital, information networking, and

social networking can be used as resources to start a business. The result is in line with [20] and [16]

d. Perceived Behavioral Control

Hypothesis 4 stated perceived behavioral controls have an effect on entrepreneurship intention. Perceived behavioral control has significant influence on entrepreneurship intention and has positive effect. There are indicates that student with higher perceived behavioral control will apply more entrepreneurship intention. The findings is in line with [3], [15], [4], [12], [15], [19], and [29].

e. Subjective Norms

Hypothesis 5 explained that subjective norms have an effect on entrepreneurship intention. The result shows that self-efficacy has p-value 0.0001 and positive value as its beta coefficient. Statistically, self-efficacy has positive effect on entrepreneurship intention that means student with higher subjective norms will employ more entrepreneurship intention, and vice versa. The result supporting the prior research such as [3], [4], [12], [18], [19], [27], [29], and [34].

f. Entrepreneurship Education

Hypothesis 6 stated entrepreneurship education have an effect on entrepreneurship intention. Entrepreneurship education has significant influence on entrepreneurship intention and has positive effect. There are indicates that student with deep knowledge in entrepreneurship will apply more entrepreneurship intention. The findings is in line with [34], [29], and [22].

4. CONCLUSION

The determinant factors that influencing entrepreneurship intention of educational student has interested findings. The results showed that self-efficacy, instrument readiness, perceived behavioral control, subjunctive norms, and entrepreneurship education have significant influence on entrepreneurship intention. Meanwhile need for achievement statistically insignificant on entrepreneurship intention.

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