

The Influence of Internal and External Factors on Entrepreneurial Intentions

Sulastri Sulastri^{1,*} Hari Mulyadi², Nurhidayah Nurhidayah³.

¹ Universitas Pendidikan Indonesia

² Universitas Pendidikan Indonesia

³ Universitas Pendidikan Indonesia

*Corresponding author. Email: sulastri@upi.edu

ABSTRACT

Entrepreneurship is one of the factors that influence the economy of a country. To become an entrepreneur, it is necessary to form an entrepreneurial intention. Intention can be increased by paying attention to one's internal and external factors. Based on the results of data analysis, it was concluded that internal and external factors had a positive effect on entrepreneurial intentions with a high category influence. Based on the results, it was recommended for SMK Indonesia Raya Bandung to pay more attention to external factors including the family environment and social environment to increase students' entrepreneurial intentions.

Keywords: *Internal Factors, External Factors, Entrepreneurial Intentions*

1. INTRODUCTION

Entrepreneurship is an action to create jobs and absorb labor. Entrepreneurial activities are believed to be a tool to increase economic growth and to solve other economic problems such as high unemployment [1]. In addition to the impact on economic growth, entrepreneurial activity is related to job creation [2]. Entrepreneurship can be said to be one of the determining factors for the progress of a country. Economic growth can be achieved if the country has many entrepreneurs [3].

The Minister of Cooperatives and Small and Medium Enterprises revealed that the level of entrepreneurship in Indonesia in 2020 was still lower than neighboring countries in Southeast Asia. The level of entrepreneurship in Indonesia was still recorded at 3.47%, below Singapore, which almost reached 9%, or Malaysia and Thailand, which almost reached 5%.

The Open Unemployment Rate is an indicator that can be used to measure the level of labor supply that is not used or not absorbed by the labor market. The Open Unemployment Rate in February 2020 was 7.07 percent and increased to 9.72 percent in February 2021.

Judging from the level of education in February 2020, the Open Unemployment Rate for Vocational High Schools is the highest among other education levels,

which is 8.49 percent. The second highest open unemployment rate is Diploma I/II/III at 6.76 percent. In other words, there is an unabsorbed labor supply, especially at the level of Vocational High School and Diploma I/II/III education. Those with low education tend to be willing to accept any job, which can be seen from the Open Unemployment Rate for Elementary Schools and below which is the smallest among all education levels, which is 2.64 percent. Compared to the condition a year ago, the increase in the Open Unemployment Rate occurred at the Diploma I/II/III, University, and High School education levels, while the Open Unemployment Rate at other levels decreased.

Vocational High School is one of the integrated parts of the National Education System [4]. This educational institution has an important role in preparing and developing a ready-to-use workforce both on an industrial scale and in micro-scale industries such as Small and Medium Enterprises [5]. The objectives of vocational secondary education as regulated by government regulation No.29 of 1990 are prioritizing the preparation of students to enter the workforce and developing professional attitudes [6]. For this purpose, government regulations also stipulate that programs in vocational high schools should be adapted to the types of employment [7]. Unfortunately, despite having a long history and programs tailored to the types of employment, the main objective of this vocational high

school education does not seem to have been achieved [8]. Vocational High School graduates who enter the world of entrepreneurship are still very low. It is calculated that from a total of 1.4 million graduates in 2019, only 2.5 percent of students are involved in the business world, or around 40 thousand students.

The increasing number of entrepreneurs in West Java does not necessarily affect the wishes or intentions of students at the Indonesia Raya Bandung Vocational High School as presented in data after the graduation of students in 2017-2019 below.

Table 1. Data After The Graduation Year 2018-2020 Vocational High School Indonesia Raya Bandung

No	Year	Total students	After Graduation		
			Working	Lecture	Entrepreneur
1.	2018	100	80	15	5
2.	2019	92	57	33	2
3.	2020	95	50	42	3

Source: Data after graduation in 2018-2020 Vocational High School Indonesia Raya Bandung

The formation of entrepreneurial intentions is influenced by internal and external factors. Internal factors that come from within the entrepreneur can be in the form of personal traits, attitudes, willingness, motivation, or individual abilities that can provide individual strength for entrepreneurship [9]. While external factors come from outside the entrepreneur, which can be elements from the surrounding environment such as the family environment, the business world environment, the physical environment, the socio-economic environment, and others [10].

Intentions are assumed to hold the emotional factors that influence behavior and indicate a person's efforts to try to carry out the planned behavior. Intentions are a mediator of the influence of various motivational factors that have an impact on behavior [11]. Intention can also show how hard someone dares to try, how much effort a person plans to do, and is most closely related to subsequent behavior [12].

Based on the background of the problem above, several research questions were formulated, namely how the internal factors influence the entrepreneurial intentions of the Indonesia Raya Bandung Vocational High School students, how external factors influence entrepreneurial intentions of Indonesia Raya Bandung Vocational High School students, and how the internal and external factors influence the entrepreneurial intentions of students in Indonesia Raya Bandung class. The purpose of this study was to determine the description of internal factors in the students of the Indonesia Raya Vocational High School, the description of external factors in the students of the Indonesia Raya

Bandung Vocational High School, the description of the entrepreneurial intention of the Indonesia Raya Bandung Vocational High School students, and the influence of internal factors and external factors on the entrepreneurial intentions of students in Indonesia Raya Bandung Vocational High School .

2. METHODS

The method used in this research was the survey method or explanatory survey. This method aims to determine the effect between variables using hypothesis testing [13]. The unit of analysis in this study was students of class XI Indonesia Raya Bandung Vocational High School. The sampling technique used was probability sampling because every student in the class XI Indonesia Raya Bandung Vocational High School has an equal probability of selection.

The sample in this study was 126 students of class XI Indonesia Raya Bandung Vocational High School using the Slovin sample method for the sampling [14]. The data collection technique used in this study was through the distribution of questionnaires. The data analysis technique used in this research was verification analysis. Verification analysis is used to see the influence of internal factors and external factors on entrepreneurial intentions [15].

The variables in the study consisted of internal factors, external factors, and entrepreneurial intentions. This research used ordinal scale data measurement.

3. RESULTS AND DISCUSSION

This research consists of independent variables, internal factors (X_1), and external factors (X_2), while the dependent variable is entrepreneurial intention (Y). To determine the influence of internal and external factors on entrepreneurial intentions, path analysis was carried out [16].

Response to Internal Factors in Class XI SMK Indonesia Raya Bandung

Based on the results of data processing, it was found that the overall dimensions of the Internal Factors (X_1) consist of traits with a score of 4243, an ideal score of 5040 with a percentage value of 83.7%. Then the age with a score of 2549, the ideal score is 3150 with a percentage value of 80.9%. The third is gender with a score of 870 ideal scores of 1260 with a percentage of 69%. Fourth, experience with a score of 2110, an ideal score of 3150 with a percentage of 66.94%, and finally background with a score of 2356, an ideal score of 3150, and a percentage value of 74.74%

The findings of data processing show that the dimension that gets the highest score is the trait dimension with a percentage value of 83.7%. While the

response with the lowest score is the dimension of gender with a percentage value of 69%.

Overall, based on the recapitulation of responses regarding internal factors, it can be seen that 12128 with a percentage of 77%, and it can be seen that internal factors in class XI students of Indonesia Raya Bandung Vocational High School have high results, the score on a continuum can be described as follows.

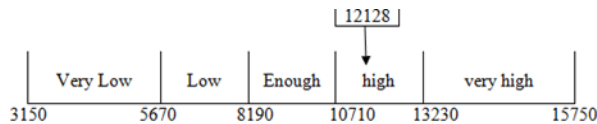


Figure 1. Continuum Line of Internal Factors

Based on the figure above, it can be said that internal factors in class XI students of Indonesia Raya Bandung Vocational High School have high results.

Responses to External Factors for Class XI Students at Indonesia Raya Bandung Vocational High School

Based on the results of data processing, it was found that the overall dimensions of external factors (X2) consist of first, family environment with a score of 2314, an ideal score of 3150 with a percentage value of 73.42%, and the social environment with a score of 4631, an ideal score of 6300 with a percentage value of 73.46%.

The findings or results of data processing show that the dimension that gets the highest score is the dimension of the social environment with a percentage value of 73.46%. While the response with the lowest score is the dimension of the family environment with a percentage value of 73.42%.

Based on the recapitulation of responses, it was found that the external factors score is 6954 with an ideal score of 9450 with a percentage of 73.4% and it can be seen that external factors in class XI students of Indonesia Raya Bandung Vocational High School have high results, the score is continuum can be described as follows.

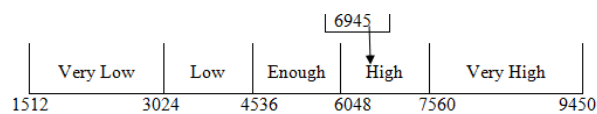


Figure 2. Continuum Line of External Factors

Responses to Entrepreneurial Intentions for Class XI Students of Indonesia Raya Bandung Vocational High School.

Based on the results of data processing, it was found that the overall dimensions of entrepreneurial intention (Y) consist of the first, subjective norms with a score of 2601, an ideal score of 3150, and a percentage value of 82.5%. The second is the attitude toward the behavior with a score of 2538, an ideal score of 3150, and a percentage value of 80.52%. Lastly, behavioral control with a score of 2611, an ideal score of 3150, and a percentage value of 82.86%. The findings or results of

data processing indicate that the dimension that gets the highest score is the behavioral control dimension with a percentage value of 82.86%. While the response with the lowest score is the attitude toward the behavior dimension with a percentage value of 80.52%.

Based on the recapitulation of responses, it was found that the entrepreneurial intentions score is 7750 with an ideal score of 9450 with a percentage of 82%, and it can be seen that the internal factors in class XI students of Indonesia Raya Bandung Vocational High School have high results, the score on a continuum can be described as follows.

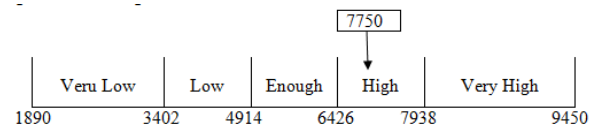


Figure 3. Continuum of Entrepreneurial Intentions

Based on the figure above, it can be said that entrepreneurial intentions in class XI students of Indonesia Raya Bandung Vocational High School have high results.

3.1 Path Analysis Assumption Test

3.1.1 Normality Test

The normality test is carried out to determine whether the data obtained from the results of field research are normally distributed so that the data can be used or not in the path analysis model. To know this, a statistical test was carried out using the Kolmogorov Smirnov test with a significance result of 0.419 for research data. This value is > 0.05 so that the research variable data is declared to have a normal distribution of data.

3.1.2 Path Coefficient and Correlation Coefficient Test

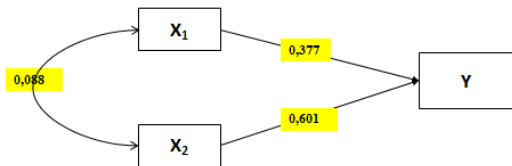
This test aims to examine the influence of the dimensions of Internal Factors and External Factors on Entrepreneurial Intentions.

Table 2. Correlation Matrix Between Internal (X₁) and External (X₂) Factor Variables on Entrepreneurial Intention (Y).

Variable	X ₁	X ₂	Y
X ₁	1	0,088	0,377
X ₂	0,088	1	0,601

To obtain the path coefficient, the inverse correlation matrix is multiplied by the correlation between the dimensions of the independent variable (X) and the variable (Y), presented on the path chart as follows:

Figure 4. Path Diagram of Variable X Against Y



(Correlation Coefficient and Path Coefficient).

Description:

X1: Internal Factor Variable

X2: External Factor Variable

Y: Entrepreneurial Intention

Based on the results of the correlation matrix between Internal and External Factors on Entrepreneurial Intentions, the correlation results were obtained sequentially, namely the Internal Factor (X₁) to Entrepreneurial Intention of 0.377, External Factor (X₂) to Entrepreneurial Intention (Y) 0.601

4. CONCLUSIONS

The formation of entrepreneurial intentions is influenced by internal and external factors [17]. Internal factors that come from within the entrepreneur can be in the form of personal traits, attitudes, willingness, and individual abilities that can provide individual strength for entrepreneurship [18]. While external factors come from outside the entrepreneur, which can be elements from the surrounding environment such as the family environment, the business environment, the physical environment, the socio-economic environment, and others [19].

The partial test results showed that the probability value (Sig) of the internal factor variable (X₁) was 0.05, which is 0.00, which means that this variable had a significant effect on the entrepreneurial intention variable (Y). Then the partial test results showed that the probability value (Sig) of the external factor variable (X₂) was 0.05, which is 0.00, then this variable was declared to have a significant effect on the entrepreneurial intention variable (Y).

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