



The Role of Internal Locus of Control, Subjective Norms, Entrepreneurial Self-Efficacy and Attitude toward Entrepreneurship on Entrepreneurial Intention – A Study of Former Migrant Workers in Indonesia

Ahmed Zulfikar^{1*}, Aryana Satrya¹

¹Faculty of Economic and Business, University of Indonesia, 16424, Indonesia
Corresponding author's email: ahmed.zulfikar@ui.ac.id

ABSTRACT

Previous research shows that entrepreneurship is crucial in reducing unemployment and economic growth. In entrepreneurship, Intention is the principal capital for someone to start a business. This study aims to determine what factors are influential in classifying the level of Intention in entrepreneurship. This quantitative study collected data from 352 respondents and analysed using the SPSS. This study used discriminant analysis techniques. The results of this study indicate that the Internal Locus of Control has an insignificant effect, while Subjective Norms, Entrepreneurial Self-Efficacy and Attitude toward Entrepreneurship have a significant effect in classifying the level of Entrepreneurial Intention. Therefore, they need to have moral support from various elements such as government and society to create a positive impression that entrepreneurship is the right job for former migrant workers.

Keywords: *Internal Locus of Control; Subjective Norms; Entrepreneurial Self-Efficacy; Attitude Toward Entrepreneurship; Entrepreneurial Intention*

1. INTRODUCTION

Data collected from the Central Bureau of Statistics (BPS) in 2016 mentioned that the number of unemployed people above 15 years in Indonesia had reached more than 9 million people, lowest educated [24]. Furthermore, Kadir (2018) also mentioned that entrepreneurial growth is positively correlated with Indonesia's economic growth. Many experts believe that entrepreneurship plays a crucial role in improving a country's economy by creating new jobs [3], as this is also a priority for the Indonesian government. Therefore, an increase in entrepreneurial activity will absorb workers in the productive sector, which can reduce unemployment and reduce poverty [1]. In this case, entrepreneurship could effectively enhance the economy's sustainability by providing new job creation [4].

Lack of employment opportunities and desire to get a better economic and social life are several reasons to migrate for work [8]. In many studies, most post-migrant workers intend to be entrepreneurs after returning to their home country [6]. In Indonesia, post-migrant workers frequently interest starting their own business [3]. Auna

[20] said that one way to increase the number of entrepreneurial intentions is to increase Intention as the initial phase in entrepreneurial behaviour. Entrepreneurial Intention is a plan or desire to create a new company or business activity or start a new company [24]. Kautonen [33] found that Entrepreneurial Intentions (EI) significantly predict entrepreneurial action.

Migrant workers carrying a working experience from the city to return to rural areas might accumulate more diverse social and financial capital than local peasants, enabling them to be more likely to start their businesses after return and benefit their home region and native community [28]. Returning migrant workers are also found to have more savings and therefore face less severe credit constraints than people who have never left rural areas to work [13]. Meanwhile, psychological capital and social capital have played a significant role for migrant entrepreneurs involved in creating new business ventures [11]. Therefore, this research aims to determine the influence of psychological aspects in shaping individuals' EI. Some experts agree that several theories can be used to assess a person's entrepreneurial behavior, including Entrepreneurial Self-Efficacy (ESE) [20], theory of

planned behaviour [12], and internal locus of control (ILC) [14].

Several previous studies have revealed that the internal locus of control (ILC) influences entrepreneurial intentions [2]. Thus, this research prefers to analyse the role of internal locus of control on entrepreneurial Intention rather than external locus of control. Entrepreneurial self-efficacy is one of the most important personal factors that significantly influence entrepreneurial intentions [29]. Asante & Affum-Osei [9] conclude that the Internal Locus of Control significantly influences the intention level of being an entrepreneur. By knowing the impact of the Psychological Factor in shaping Entrepreneurial Intention, this research is expected to recommend both theoretical and practical implications, especially in financing and administrative regulation.

Furthermore, this research encourages society. This research was conducted to educate the public about the importance and the role of intrinsic motivation in forming the EI of Former Migrant Workers. Thus, the hypothesis formed as:

H₁: Internal Locus of Control significantly differentiate Entrepreneurial Intention level

Subjective Norms (SN) are considered an integral part of TPB to determine an individual's intention [12]. Some researchers believe SN is the most decisive factor influencing behavioural Intention, including being an entrepreneur. Santos & Liguori [27] argue that SN may play a role in changing one's perception of whether or not one should act. In particular, when SN increases, the direct effects of ESE on intentions weaken, whereas they strengthen the indirect effects of ATE in the relationship between ESE and EI [18]. Tsai, Chang, and Peng [18] and Blasco, Guijarro & Lema [22] stated that SN does have

positive relationships in determining EI. Thus, the hypothesis formed as:

H₂: Subjective Norms significantly differentiate Entrepreneurial Intention level

Many researchers agree that one of the most important personal factors and significant influences on entrepreneurial intentions is Entrepreneurial Self-Efficacy (ESE) [3]. ESE measures a person's level of confidence in his ability to implement the steps needed to start a business [17]. ESE has been mentioned to have a direct impact on entrepreneurial intentions. Individuals with high levels of self-efficacy in entrepreneurship tend to successfully carry out the entrepreneurial process and face challenging conditions associated with launching new businesses. Blasco, Guijarro, Lema [22] and Asante & Affum-Osei [9] agree that ESE has a significant effect on assessing EI. Thus, the hypothesis formed as:

H₃: Entrepreneurial Self-Efficacy significantly differentiate Entrepreneurial Intention level

Ajzen [12] stated that Attitude could be described as personal evaluation in the form of an individual's perception of the purpose of starting a business is positive; his Attitude towards that behaviour should also be positive. Positive attitudes towards individual entrepreneurship can also be recognized from the preference and desire to own a business rather than be employed [5]. As a part of TPB, Attitude is correlated with Subjective Norms. In Blasco, Guijarro & Lema's research [22], Attitude has a positive effect in mediating Subjective Norms on Entrepreneurial Intention. Tsai, Chang & Peng [18] agreed that ATE indeed has a positive relationship in determining EI. Thus, the hypothesis formed as:

H₄: Attitude toward Entrepreneurship significantly differentiate Entrepreneurial Intention level

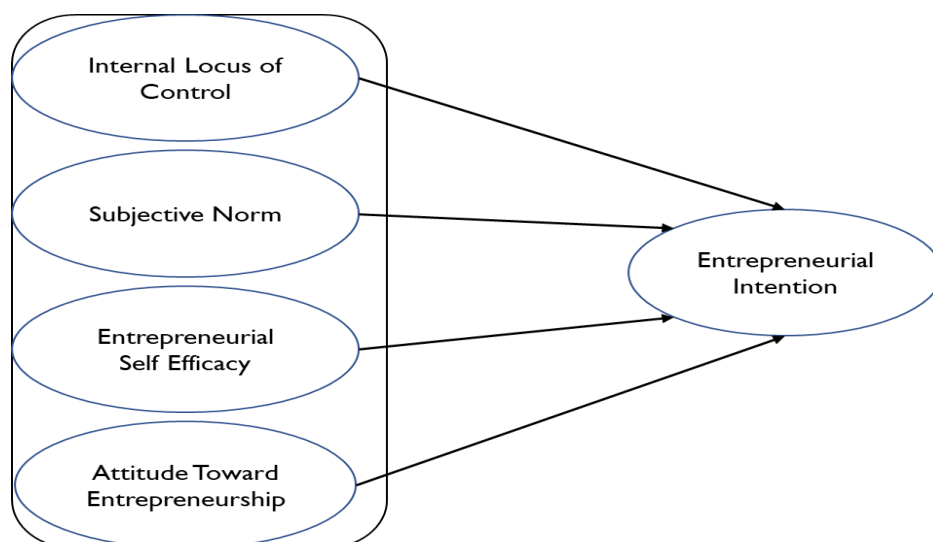


Figure 1 Research Model

2. METHOD

Respondents used as samples in this study were former migrant workers who lived in Kupang, NTT, and Lombok City, NTB. Respondents also have returned from abroad and domiciled for at least one year. This study used 40 people as samples that meet requirements for at least 10-15 or 10% of all the respondents should be done for pre-test [16][19]. Other than pre-test, this research also performed demographic analysis to find out respondents' profiling. There are 352 people gathered to take part as respondents of this research. Based on the demographic result. It can be seen that there is a disparity in gender in which most of the respondents are female. Other than that, 45,7% are 31-40 years old. Then, it can be known that more than 80% of the respondents didn't go to college.

This research uses an instrument questionnaire developed based on previous literature. ESE has five dimensions while the rest of the variables are unidimensional. This instrument consists of 21 items with a five-point scale from 1 (strongly disagree) to 5 (strongly agree). In addition, ILC was measured using the 5-item statements instrument of Muller and Thomas [31]. While instruments for SN consist of 3 items, ATE

consists of 4 items and EI consists of 6 items. All those variables were developed by Solesvik [31]. ESE consisted of 6 items and were developed by Wilson, Kickul and Marlino [10]. All variables had Cronbach's score above 0,5 with KMO for >0,5.

3. RESULT AND DISCUSSION

This research conducted two phases to determine the effect of independent variables towards dependent variables which are Cluster Analysis and Discriminant Analysis. The explanation for the result can be seen as follows:

3.1. Cluster Analysis

Behavioural Intention is a factor that has an absolute value [25]. This research used a subjective approach as the method to find the correlation amongst variables. This method is supported by Panayides [26] who said that the subjectivity approach is usually used by the author when finding variables that have an abstract, uncertain assessment. This research divide EI level into two groups (High EI and Low EI). The measure of EI shows a significant relationship with the EI cluster. Thus, the analysis can be continued at the next stage.

Table 1 Cluster Analysis

Intention Cluster		Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
High EI	SN	2.5019	.82896	89	89.000
	ESE	3.7004	.64018	89	89.000
	ILC	3.7472	.41371	89	89.000
	ATE	3.3056	.51087	89	89.000
Low EI	SN	3.6128	.77530	263	263.000
	ESE	3.6147	.49686	263	263.000
	ILC	3.9943	.42238	263	263.000
	ATE	4.1878	.44977	263	263.000
Total	SN	3.3319	.92454	352	352.000
	ESE	3.6364	.53704	352	352.000
	ILC	3.9318	.43318	352	352.000
	ATE	3.9648	.60323	352	352.000

As shown by table 1, it can be seen that the most significant factors to classify or differentiate between respondents who have high and low EI group are SN, ILC and ATE. On the other hand, ESE is still able to differentiate the EI group but does not show a significant. As the mean score shown, ATE has the biggest score amongst all variables in differentiating EI clusters.

3.2. Discriminant Result

According to Hair et al., [15] Discriminant analysis is an appropriate statistical method when the dependent variable is a categorical (nonmetric) variable and the independent variable is a metric variable. Discriminant analysis techniques can be applied in conditions where the entire sample can be divided into several groups based on the non-metric dependent variable that characterizes some of the specified classes.

Table 2 Discriminant Analysis

	Step	Tolerance	Score	Sig. of F	Min. D Squared	Between Groups
0	SN	1.000	1.000	.000	1.982	High and Low
	ESE	1.000	1.000	.194	.025	High and Low
	ILC	1.000	1.000	.000	.346	High and Low
	ATE	1.000	1.000	.000	3.586	High and Low
1	SN	.963	.963	.000	4.717	High and Low
	ESE	.987	.987	.017	3.731	High and Low
	ILC	.972	.972	.086	3.661	High and Low
2	ESE	.987	.951	.021	4.871	High and Low
	ILC	.959	.943	.365	4.740	High and Low
3	ILC	.928	.928	.183	4.923	High and Low

Final result of this phase can be seen by the p-value of all variables. As table 2 shows, among all variables, ILC has a p-value as much as 0,183 which is more than 0,05. Therefore, the ILC variable shows a negative effect in differentiating the EI group. This result supported by Nasip [32] that ILC might be lower because of cultural value. Indonesian tend to think that others' opinion matters in making decisions. Unlike western people like Americans and Europeans, they are more individualistic. Thus, H1 is rejected. While SN, ESE and ATE have a positive effect in differentiating the EI group with p-value <0,05. Thus, H2, H3 and H4 are accepted. Meanwhile, ATE is the most influencing factor in differentiating EI Cluster. On the other hand, ESE shows interesting results. This research finds that the higher ESE, the lower EI to be. It can be said that too much ESE might decrease EI. Thus, it needs an appropriate level of ESE to increase EI.

4. CONCLUSION

This research contributes either in theoretical and practical. Theoretically, this research showed that intrinsic motivation is still a significant factor in determining an individual's Intention. There are many factors that are not included in this research such as External Locus of Control and Perceived Behavioural Control. Author hopes that these theories could be analysed in determining the level of EI. Another theoretical implication of this research is the effect of ESE on EI. Too much ESE will have a curvilinearity effect which will reduce the effect on Intention. Practically, this research suggests all of the migrant workers should be educated about how important it is to be an entrepreneur rather than going back as a migrant worker. Government should provide training for workers about financial planning, and soft skills like communication and leadership. Besides that, the banking sector plays an important role in this problem. Respondents said that the reasons they are not interested in starting a new business is lack of financial skills and are not afraid of failing. Banks should give low interest so they are interested to borrow money as credit.

Therefore, migrant worker shouldn't always saving their money or borrowing from their family or closest persons.

ACKNOWLEDGMENT

This research finished with help from many colleagues. The author would like to thank Mr. Aryana Satrya PhD who has initiated this research, including the guidance and direction that contributed to the completion of this research. In addition, the authors also thank BP2MI and Cendana University which contribute in collecting data and so that the data obtained can be processed properly. Finally, the authors would like to thank Former Migrant Workers who are willing to contribute as respondents so that this research can be finished properly.

REFERENCES

- [1] Camba, "Estimating the nature of relationship of entrepreneurship and business confidence on youth unemployment in the Philippines," *Journal of Asian Finance Economics and Business*, vol. 7, no. 8, pp. 533-542, 2020.
- [2] Göksel and B. Aydın, "Gender, business education, family background and personal traits; a multi dimensional analysis of their affects on entrepreneurial propensity: findings from Turkey," *International Journal of Business and Social Science*, vol. 2, no. 13, pp. 35-48, 2011.
- [3] Sher, A. Abbas, S. Mazhar and H. Azadi, "Fostering sustainable ventures: drivers of sustainable start-up intentions among aspiring university students in Pakistan," *Journal of Cleaner Production*, vol. 262, no. 1, 2020.
- [4] Saptono, A. Wibowo, U. Widyastuti and B. S. Nurmadiyah, "Entrepreneurial self-efficacy among elementary students: The role of entrepreneurship education," *Heliyon*, vol. 7, no. 15, pp. 1-16, 2021.
- [5] Tella and A. O. Issa, "An examination of library and information science undergraduate students' career aspirations in entrepreneurship and self-

- employment," *Journal of Business & Finance Librarianship*, vol. 18, no. 2, pp. 129-145, 2013.
- [6] Dustmann and O. Kirchkamp, "The optimal migration duration and activity," *Journal of Development Economics*, vol. 67, no. 2, pp. 351-372, 2002.
- [7] Schlaegel and M. Koenig, "Determinants of entrepreneurial intent: a meta-analytic test and Integration of competing models," *Entrepreneurship: Theory and Practice*, vol. 38, no. 2, pp. 291-332, 2014.
- [8] A. Irawan, A. Q. A. Syakur and H. Maududi, "Entrepreneurial intention of Indonesian migrant," *Journal of International Business, Economics and Entrepreneurship*, vol. 4, no. 2, pp. 19-28, 2019.
- [9] A. Asante and E. Affum-Osei, "Entrepreneurship as a career choice: The impact of locus of control on aspiring entrepreneurs' opportunity recognition," *Journal of Business Research*, vol. 98, pp. 227-235, 2019.
- [10] Wilson, J. Kickul and D. Marlino, "Gender, Entrepreneurial Self-Efficacy, and Entrepreneurial Career Intentions: Implications for Entrepreneurship Education," *Entrepreneurship Theory and Practice*, vol. 31, no. 3, pp. 387-406, 2007.
- [11] Ma, F. T. Barbe and Y. C. Zhang, "Can social capital and psychological capital improve the entrepreneurial performance of the new generation of migrant workers in China?," *Sustainability*, vol. 10, no. 11, pp. 1-16, 2018.
- [12] Ajzen, "Perceived behavioral control, self-efficacy, locus of control, and the theory of planned behavior," *Organizational Behavior and Human Decision Processes*, vol. 32, no. 4, pp. 179-211, 1991.
- [13] Duan, J. Yin, Y. Xu and D. Wu, "Should I stay or should I go? Job demands' push and entrepreneurial resources' pull in Chinese migrant workers' return-home entrepreneurial Intention," *Entrepreneurship & Regional Development*, vol. 32, no. 5-6, pp. 429-448, 2019.
- [14] B. Rotter, "Generalized expectancies for internal versus external control of reinforcement," *Psychological Monographs: General and Applied*, vol. 80, no. 1, pp. 1-28, 1966.
- [15] F. Hair, W. C. Black, B. J. Babin and R. E. Anderson, *Multivariate data analysis (7th edition)*, New York: Prentice Hall International, 2010.
- [16] J. P. Gall, W. R. Borg and M. D. Gall, *Educational Research: An Introduction*, New York: Pearson Education, Inc, 2008.
- [17] Alammari, R. Newbery, M. Y. Haddoud and E. Beaumont, "Post-materialistic values and entrepreneurial intention – the case of Saudi Arabia," *Journal of Small Business and Enterprise Development*, vol. 26, no. 1, pp. 158-179, 2019.
- [18] K. H. Tsai, H. C. Chang and C. Y. Peng, "Extending the link between entrepreneurial self-efficacy and intention: a moderated mediation model," *International Entrepreneurship and Management Journal*, vol. 12, no. 2, pp. 445-463, 2016.
- [19] R. Gay, G. E. Mills and P. W. Airasian, *Educational research, competencies for analysis and applications*, New Jersey: Pearson Education, Inc, 2009.
- [20] Elnadi and M. H. Gheith, "Entrepreneurial ecosystem, entrepreneurial self-efficacy, and entrepreneurial intention in higher education: evidence from Saudi Arabia," *The International Journal of Management Education*, vol. 19, no. 1, 2021.
- [21] M. S. S. Auna, "Locus of control and self-efficacy on entrepreneurial intentions in digital age," *Advances in Social Science, Education and Humanities Research*, vol. 395, pp. 289-292, 2020.
- [22] M. R. Blasco, A. M. Guijarro and D. G. P. d. Lema, "The effects of personal abilities and self-efficacy on entrepreneurial intentions," *International Entrepreneurship and Management Journal*, vol. 14, no. 4, pp. 1025-1052, 2018.
- [23] Kadir, "Analysis of entrepreneurship perception and business developmental strategy of silk in Wajo Regency, South Sulawesi, Indonesia," *International Journal of Law and Management*, vol. 60, no. 1, pp. 102-113, 2018.
- [24] N. F. Krueger and A. L. Carsrud, "Entrepreneurial intentions: applying the theory of planned behaviour," *Entrepreneurship & Regional Development*, vol. 5, no. 4, pp. 315-330, 1993.
- [25] N. F. Krueger, M. D. Reilly and A. L. Carsrud, "Competing models of entrepreneurial intentions," *Journal of Business Venturing*, vol. 15, no. 5-6, pp. 411-432, 2000.
- [26] M. Panayides, "Marketing in Asia-Pacific logistics companies: a discriminant analysis between marketing orientation and performance," *Asia Pacific Journal of Marketing and Logistics*, vol. 16, no. 1, pp. 42-68, 2004.
- [27] S. C. Santos and E. Liguori, "Entrepreneurial self-efficacy and intentions: Outcome expectations as mediator and subjective norms as moderator," *International Journal of Entrepreneurial Behaviour and Research*, vol. 26, no. 3, pp. 400-415, 2020.
- [28] S. Démurger and H. Xu, "Return migrants: the rise of new entrepreneurs in rural China," *World Development*, vol. 39, no. 10, pp. 1847-1861, 2011.

- [29] S. Barakat, M. Boddington and S. Vyakarnam, "Measuring entrepreneurial self-efficacy to understand the," *The International Journal of Management Education*, vol. 12, no. 3, pp. 458-468, 2014.
- [30] S. H. Dethan and N. N. Jaya, "Empowering the Indonesian Post-Migrant Workers," *American Journal of Economics, Finance and Management*, vol. 3, no. 5, pp. 42-45, 2017.
- [31] S. Marina, P. Westhead, L. Kolvereid and H. Matlay, "Student intentions to become self-employed: the Ukrainian context," *Journal of Small Business and Enterprise Development*, vol. 19, no. 3, pp. 441-460, 2012.
- [32] S. Mueller and A. S. Thomas, "Culture and entrepreneurial potential: a nine country study of locus of control and innovativeness," *Journal of Business Venturing*, vol. 16, no. 1, pp. 51-75, 2001.
- [33] S. Nasip, S. R. Amirul, S. L. Sondoh and G. H. Tanakinjal, "Psychological characteristics and entrepreneurial intention: a study among university students in North Borneo, Malaysia," *Education and Training*, vol. 59, no. 7/8, pp. 825-840, 2017.
- [34] T. Kautonen, M. V. Gelderen and M. Fink, "Robustness of the theory of planned behavior in predicting entrepreneurial intentions and actions," *Entrepreneurship: Theory and Practice*, vol. 39, no. 3, pp. 655-674, 2015.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

