

Examining Entrepreneurial Intention among Business School Students in Indonesia

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Abstract. Encouraging students to become entrepreneurs can help alleviate the problem of the increasing number of unemployed in Indonesia due to the limited number of jobs, especially during the Covid-19 pandemic. The main objective of this research is to find out what factors encourage students to become entrepreneurs. This research analyzes the effect of personal attitude, perceived behavioral control, and subjective norms on entrepreneurial intentions. An online survey was conducted to collect primary research data. The total number of respondents of this study was 251, who were students majoring in Management and Business in Banten Province, Indonesia. Models and hypotheses are tested using Structural Equation Modeling (SEM). SEM was considered to be a proper means for this analysis because the interpretive structural model involves multiple-path linkages between variables. The results of this study indicate that personal attitude and perceived behavior have a positive significant influence on entrepreneurial intention, while a relationship between subjective norm and entrepreneurial, was found to be a non-significant

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INTRODUCTION

There was an increase in the number of unemployed people in Indonesia in 2019, especially for Diploma and Bachelor graduates, by 8.5% and 25% respectively (Pusparisa, 2020). Entrepreneurship needs to be encouraged to be able to improve the Indonesian economy because this sector can absorb labor. Currently, the number of entrepreneurs in Indonesia is 8.06 million from around 270 million people. To be able to strengthen the Indonesian economy, it takes 4% of the total population or 10.8 million entrepreneurs (Rafael, 2020).

Students are the nation's next-generation who must be ready to adapt to all changes in the future, one of which is the lack of job opportunities. Entrepreneurship has not become the first choice of students, rather, they tend to choose to become workers as there are stereotypes among students that being a worker is superior to entrepreneurship. Moreover, most Indonesian people have the mindset that being an entrepreneur is difficult because the results you get are not necessarily proportional to the struggle you give.

A person's character is formed from the surrounding environment, both internally and externally. Positive environmental conditions have a positive impact, and vice versa. A positive environment that can encourage someone to be entrepreneurial can be shown by the presence of family support, emotional support, and financial support. Emotional and financial support from family and friends encourages people to be a new entrepreneur (Gelaidan & Abdullateef, 2017; Mamun & Fazal, 2018).

An action related to entrepreneurial behavior such as the desire to start a business and become a business person is called entrepreneurial intentions (Couto, Mariano, & Mayer,

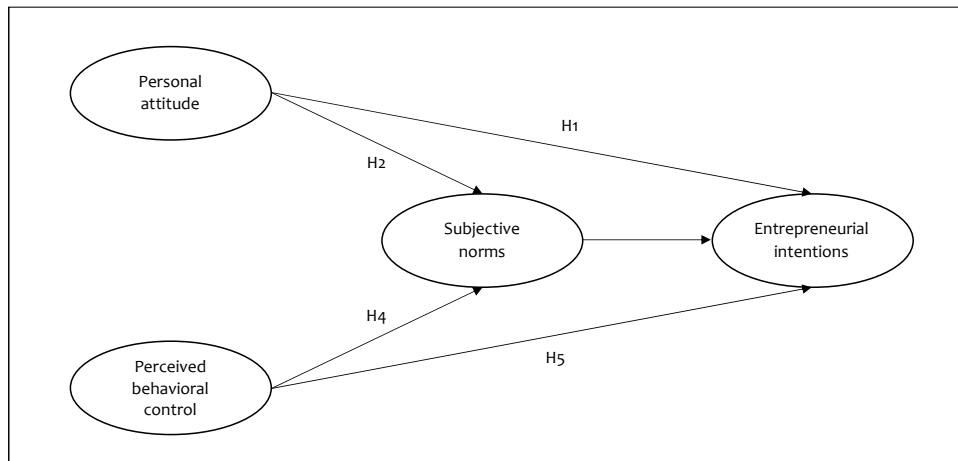
2014). Entrepreneurial intentions are conditions of thought that help someone in making decisions related to creating and developing a business or business activity (Shiri, Mohammadi, & Hossein, 2012). Thompson, Jones-Evans, & Kwong (2009) states that entrepreneurial intentions are a person's confidence and self-confidence to build their line of work in the future. Entrepreneurial intentions are the first step in creating a business (Kautonen, Gelderen, & Tornikoski, 2013).

According to Doanh & Bernat (2019) personal attitude is a person's behavior toward something that is the basis for determining the formation of entrepreneurial intentions. The belief that a person has in his ability to do something effectively will affect one's desires. Personal attitude is the first driver in determining one's success or failure (Lee-Ross, 2017; Sullivan & Meek, 2012). Diaz-Garcia & Jiménez-Moreno (2010) say that personal attitude also measures how committed a person is to a newly built business and how much an entrepreneur will struggle to develop his business.

Individuals who adopt a positive attitude in dealing with a problem are likely to be successful, and vice versa. In running a business, entrepreneurs will face uncertainty and will make high-risk decisions. In the process of solving this problem, an entrepreneur can act positively or negatively; the decision is entirely determined by the individual concerned, without interference from others (Kebaili, Al-Subyae, & Al-Qahtani, 2017). Becoming an entrepreneur is a decision made after weighing the pros and cons. Some of the things that influence a person in acting include a person's values, norms, and beliefs, wherein these are taught by family and close friends with whom they interact every day (Sidratulmunthah, Hussain, & Malik, 2018). Furthermore, economic and moral support provided by family and close friends is beneficial (Gelaidan & Abdullateef, 2017). Laylo (2018) states lack of support from family members and friends can cause a person to be less confident in starting their own business.

Subjective norms are the way a person acts in certain situations (Aragon-Sanchez, Baixauli-Soler, & Carrasco-Hernandez, 2017; Kirkley, 2016). According to Doanh & Bernat (2019), subjective norms are beliefs that a person has concerning the rule held by those around him/her. Beliefs will influence a person's attitudes, behavior, and desires. Environment, resources, processes, and beliefs are external factors that play an essential role when someone becomes an entrepreneur (Buli & Yesuf, 2015; Solesvik, Westhead, & Matlay, 2014). Perceived behavioral control means that every action taken is due to a reason. According to Doanh & Bernat (2019), perceived behavioral control is the basis for forming behavior control. Behavior control occurs due to a person's perception of whether or not a job is difficult.

Based on the above theoretical basis, this study aims to analyze the influence of personal attitude, subjective norm, and perceived behavioral on entrepreneurial intention. Picture 1 shows the conceptual framework of the study.



Picture 1. Conceptual Framework

Adapted from Agolla, Monametsi, & Phera (2019) and Buli & Yesuf (2015)

METHOD

Measurements used in this research are adapted from Agolla, Monametsi, & Phera (2019) and Buli & Yesuf (2015). All constructs were measured on a seven-point likert scale (ranging from strongly disagree to strongly agree) to assess respondents' attitudes and behaviors. The items in the measurement instrument were as follows: entrepreneurial intention (four items), personal attitude (three items), subjective norms (three items), perceived behavioral attitude (six items), and demography (four items). This research is quantitative used cross-sectional data. The sampling technique used in this study is a non-probability sampling with a convenient sampling method. Data were analyzed using Structural Equation Modeling (SEM). After preparing the whole data for analysis, the data underwent statistical analysis and interpretation by using AMOS.

The research was conducted in several business schools in Banten Province, Indonesia. Banten is a province that is directly adjacent to the capital city of Indonesia, Jakarta. In 2020, the number of unemployed people in Banten was increased by 23,409 people, in line with the increase in the Open Unemployment Rate (TPT) to 8.01% in February 2020 (BPS, 2020). The research respondents were students of business schools in Banten Province. Primary data collection was carried out during the Covid-19 pandemic, so it was done online. There was a total of 251 respondents in this study. As much as 47,4% or as many as 119 respondents were men and 52,6% or as many as 132 respondents were women. Respondents were aged ranging from 18 years - 23 years. The majority of respondents lived in Tangerang and South Tangerang, Banten, Indonesia.

RESULTS AND DISCUSSION

Confirmatory factor analysis (CFA) was performed to evaluate the data to the proposed measurement model in the study. CFA included the examination of convergent validity, discriminant validity and goodness of fit statistics. The three important indicators of convergent validity are factor loading (standardized estimates), average variance extracted (AVE) and composite reliability (CR). Data processing results show that all the measurements have a loading factor value of ≥ 0.5 . (Hair, Black, Babin, & Anderson, 2010) stated that indicators are valid when the value of the loading factor is ≥ 0.5 . Based on the recommended level of 0.70 for CR and 0.50 for AVE (Hair, Black, Babin, & Anderson, 2010), it indicates all constructs of entrepreneurial intentions, personal attitude, subjective norms, and perceived behavioral control met the criteria for composite reliability and average variance extracted. The result supported the convergent validity

and discriminant validity of the constructs. Summary statistics for the value of factor loading, CR, and AVE can be seen in Table 1.

Table 1. Validity and Reliability

Variable laten	Measurement	Mean	Standard Factor Loading	CR	AVE
Entrepreneurial intentions	EI1	5.38	0.711	0.8442	0.6575
	EI2	5.59	0.806		
	EI3	5.79	0.841		
	EI4	5.71	0.876		
Personal attitude	PA1	5.95	0.821	0.8403	0.6377
	PA2	5.99	0.736		
	PA3	5.41	0.835		
Subjective norms	SN1	6.07	0.61	0.8038	0.5817
	SN2	6.01	0.816		
	SN3	5.76	0.841		
Perceived behavioral control	PBC1	4.17	0.691	0.8953	0.5373
	PBC2	5.31	0.722		
	PBC3	5.1	0.692		
	PBC4	4.98	0.763		
	PBC5	4.92	0.816		
	PBC6	5.32	0.706		

Source: Data processing result (2020)

Goodness of Fit Compatibility Test Result

Structural Equation Modeling (SEM) technique is used to analyze the conceptual framework of the research. SEM is a multivariate technique that can simultaneously measure the linear relationship between variables, where there are one or more variables that are dependent and independent (Agolla, Monametsi, & Phera, 2019). There are several common fit measures accessible in SEM. In this study, the usual fit measures (CMIN/DF, RMSEA, AGFI, CFI, and IFI) was used to analyze the overall model fit. The results of the measurement of goodness of fit in this study show that the value of CMIN/DF is 2.085, RMSEA is 0.066, CFI is 0.95, GFI is 0.914, and IFI is 0.951. The results show that each criterion in the goodness of fit has met the requirements set, so it can be concluded that the research model is fitted well. The overall suitability scores of the study models are summarized as shown in Table 2.

Table 2. The goodness of fit indices for models.

Fit indices	Values	Criteria
Ratio of chi-square to its degree of freedom (CMIN/DF)	2.085	< 3
P (probability level)	0.000	> 0.05
Root mean square error of approximation (RMSEA)	0.66	< 0.08
Comparatif fit index (CFI)	0.95	> 0.90
Goodness of fit index (GFI)	0.914	> 0.90
Incremental fit index (IFI)	0.951	> 0.90

Source: Data processing result (2020)

The reference are taken from (Hair, Black, Babin, & Anderson, 2010)), (Hou, Al-Tabbaa, Chen, & Mamic, 2014)

Hypothesis testing is done after all constructs are valid and reliable, and the research model meets the goodness of fit requirements. The purpose of the analysis is to determine the effect of the structural relationship of each research hypothesis. Table 3 shows the result of hypothesis testing.

Table 3. Hypothesis Conclusion Table

	Hypothesis	Std. Estimate	S.E.	C.R.	P-value	Decision
H1:	Personal Attitude → Entrepreneurial Intentions	0.609	0.57	10.736	0.0000	Supported
H2:	Personal Attitude → Subjective Norm	0.068	0.056	1.220	0.222	Not Supported
H3:	Subjective Norm → Entrepreneurial intentions	0.018	0.049	0.378	0.706	Not Supported
H4:	Perceived Behavioral Control → Subjective Norm	0.352	0.067	5.232	0.0000	Supported
H5:	Perceived Behavioral Control → Entrepreneurial Intentions	0.152	0.044	3.479	0.0000	Supported

Source: Data processing result (2020)

Based on the hypothesis test, there is a positive influence between personal attitudes toward entrepreneurial intentions. The results obtained are similar to the results in the research of (Buli & Yesuf, 2015). Personal attitude is a judgment given by individuals in assessing a thing, it encourages people to start a new business. This study supports Agolla, Monametsi, & Phera (2019) that personal attitude does not have a significant effect on entrepreneurial intention through subjective norms. This study proves that the influence of family and friends is not significantly in encouraging people to be an entrepreneur. The analysis test result shows that subjective norms are not significantly related to entrepreneurial intentions. These results are consistent with research conducted by Arrighetti, Caricati, Landini, & Monacelli (2016). This study found that family support did not have an extensive impact on entrepreneurial intentions. Moreover, this research found that perceived behavior control has a positive effect toward subjective norm. It is accordance with the research done by Iakovleva, Kolvereid, & Stephan (2011). The previous research done by Eysel & Durmaz (2019) is in line with the result of this research where there is a positive influence between the variable perceived behavioral control and entrepreneurial intentions. This study supports the previous research conducted by Agolla, Monametsi, & Phera (2019) and Vinogradov, Kolvereid, & Timoshenko (2013) that personal attitude and perceived behavior control are predictors of entrepreneurial intentions.

CONCLUSION

Personal attitude theory Lee-Ross (2017) states that failure and success are determined by oneself. Cognitive constructivism theory Maziah, Saemah, & Nooraziah (2015) and Santrock (2011) states that people's ways of learning or obtaining information depend on the cognitive abilities of each individual. This theory explains that a person's abilities are not determined by where they went to college, but, rather, that it comes from themselves. How people absorb the information and knowledge provided affects their ability. In addition, decisions for starting a new business are made based on judgment and analysis by themselves.

Business schools can provide projects to students that are social constructive based. Social constructivism is a method of learning that focuses on collaborative activities with others in helping to gain new knowledge and understanding (Maziah, Saemah, & Nooraziah, 2015; Santrock, 2011). Projects can be given at the beginning of the semester so that, over time, students can immediately apply what they have learned in the classroom. Such as discussing how to create a vision and mission, how the management process works, determine what projects will be accomplished, and others.

Following the theory of perceived behavioral control, it is explained that, apart from internal factors, external factors are also supporting factors to build a business (Buli & Yesuf, 2015; Solesvik, Westhead, & Matlay, 2014). The external factors referred to are environmental, resources, processes, and also the beliefs held. The external factors referred to are the environment, resources, processes, and beliefs. Environmental factors can be in the form of both the internal and external environment. The internal environment includes families or those who they regularly interact with, while the external environment consists of classmates, school, and also the environment where they live. Furthermore, the resources can be in the form of capital, raw materials, facilities, and workers who will later play a critical role in the business.

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