

DETERMINANT FACTORS OF STUDENTS ENTREPRENEURSHIP INTENTION

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ABSTRACT

The purpose of this study is to determine and analyze the dominant factor as a determinant of the entrepreneurship intent of the students of the Department of Economic Education of the State University of Surabaya. This research used explanatory research method, the sample used were 166 students from the total population of 286 students with purposive random sampling technique. The results showed that locus of control, subjective norms, and entrepreneurial attitudes affect the intention of student entrepreneurship. From the three determining variables of the entrepreneurship intentions, there is one dominant variable as the determinant of student entrepreneurship intention, it is the locus of control. The locus of control of students related to entrepreneurship is a personal belief in the success gained from the business and learning process. The implication of this research is students need to strengthen the formation of the entrepreneurial mindset to be able to grow their self-confidence on their own potentials.

Keywords:

entrepreneurship intentions, locus of control, subjective norms, entrepreneurial attitude

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INTRODUCTION

A university student is a potential individual who has an attitude, skill, and higher knowledge compared to high school or vocational high school graduates. Students are one part of a dynamic community group, which means students can follow the flow of changes that occur in the community, and with their intellectual abilities, students are expected to develop themselves. Entrepreneurship is an appropriate alternative choice for students to develop their potentials (Khuong & An, 2016).

Judging from the level of education, according to Central Bureau of Statistics (in Indonesia known BPS), the number of the unemployed labor force in East Java until the end of 2015 reached 300 thousand people. This number is predicted to increase if there is no new job that provided immediately. Students have more desire to get a job in Companies owned by the government or private, which mean work to others. Their orientation of job seekers is higher than job creator implied that the field of entrepreneurship is less able to draw the intention of the students (HIPKI, 2008).

Intention plays a unique role in performing an action. The ability to capture the motivational factors that influence the behavior, a sign of how people are working hard to be willing, trying to plan and exert efforts to perform the behavior (Ajzen, 1991). Moreover, in the context of entrepreneurship, the ability is reflected from the sincerity of individual intentions to undertake entrepreneurial action. This context can

not be separated from some antecedent factors that can grow the intention of entrepreneurship that is the subjective norm, attitude, and locus of control. Some previous research states that the predictors of entrepreneurship intentions are none other than three components: 1) locus of control, 2) norms of objectivity, and 3) attitude in behaving.

The intention of entrepreneurship is allegedly influenced by the personality factors, one of them is the locus of control. Locus of control is an individual's perception of success and failure. Individuals with high control tend to have a clear vision and long-term business plans (Srimulyani, 2013). However, if the individual has a low internal locus of control level, indirectly he will tend to delegate or request the help of others to run his business once he starts his business. So this is where the role/support of the closest people or subjective norms are needed by the students. The subjective norm is an accepted social conviction to perform or not to perform a particular action (Ajzen, 1991). People nearby are supports such as families, teachers, and friends are very important for a student's career development if he already completed his studies later (Wijaya, 2007). Entrepreneurial attitude refers to an individual's response to risk in business and dares to face obstacles in the business world. Armitage & Christian(2006) call attitudes as a global positive or negative evaluation of individual behavior to perform certain behaviors.

Several previous studies on the intentions of entrepreneurship are influenced by these factors; including the attitude

* *Determinant Factors Of Students Entrepreneurship Intention.*
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factors to the intentions of entrepreneurship and subjective norm factors (Van Galderenet al.,2006; Linan et al.,2011). Roxas et al. (2008) explain that knowledge of entrepreneurship that shape entrepreneurship attitude influence entrepreneurship intention. In contrast, research from Arminda et.al (2011), subjective norms proved to be in significant in influencing intentions.

In accordance with the data in the field, students of the Department of Economic Education who have a business and sustainable only 10% percent of the total number of students. Based on that problems, the researchers wanted to examine more deeply about the determinants of the intentions of entrepreneurship. So the purpose of this study is to determine and analyze the dominant factor as a determinant of student entrepreneur intention.

LITERATURE REVIEW

Locus of Control

The concept of locus of control was first proposed by Rotter in Raffiany (2009) namely a social learning theory. Locus of control is one of the variables of personality which is defined as the individual's beliefs about their capability to control their own destiny. According to Lefcourt (1982: 35), in terms of learning social, behavior control which is perceived as being hope general consists of internal or external controls. Locus of control describes how far a person views the relationship between his actions (actions) and the outcomes.

According to Jaya & Rahmat (2005), there are two aspects that can be used

to measure the locus of control, namely internal and external aspects. Someone who has internal aspects believe that their outcomes and behaviors are due to internal factors. Factors in the internal aspects are ability, interest, and effort. Whereas, external aspects is someone who has an external locus of control believes that their results and behaviors are due to external factors. Factors in the external aspects are fate, luck, socio-economics, and the influence of others. As the measurement reference of locus of control in this research is the internal locus of control. According to Aji et.al (2010) the characteristics of individuals who have the internal locus of control include control, independent, responsibility, expansion.

Subjective Norm

Ajzen (1991) in the "theory of planned behavior" stated the subjective norm is the determinant of the intention/willingness to behave. Norm is a social convention that governs human life. The subjective norm is a function of individual belief in terms of agreeing or disapproving of certain behaviors (Pihie, 2010). To approve/disagree a behavior, the condition is based on a belief called normative belief. However, the family environment factor (father, mother, brother) is the person who can influence the actions of the individual. An individual will perform/ behave in a certain way if the other person's perception of the behavior is positive. The role of subjective norms by Fishbein & Ajzen (1975: 302) uses the term motivation to comply, for example; whether the individual obeys the view of the person others who are influential in their life or not. This is also supported by Ravis & Sheeran (2003) that subjective norms refer to individual perceptions of general social pressure to perform (or not to do) behaviors. In this study, which is regarded as the sub-

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jective norms a reference group in the form of parents, closed friends and lecturers, who are able to encourage a student to behave that are; intent to entrepreneurship.

Entrepreneurship Attitude

Entrepreneurship is an individual concept of entrepreneurship, judgment, and inclination toward entrepreneurship (Lindsay, 2005). Robinson et al. (1991) found a measuring instrument using an attitude scale to predict specifically entrepreneurial activity. They developed the EAO (Entrepreneurship Attitude Orientation) instrument model to measure entrepreneurial attitudes. Furthermore, Lindsay et.al (2007) asserts that the EAO scale is based on a tripartite attitude model of affection, cognition, and conformity. Robinson et al. (1991) say that EAO instruments can predict individual entrepreneurial attitudes accurately based on four scales such as the following: (1) Achievement in business, refers to the tangible results of success and excellence related to the beginning and growth of new business. (2) Innovation in business, relating to understanding and acting on all new and unique business activities. (3) Perceived self-esteem in business, relating to the confidence and competence that an individual feels in relation to business affairs. Moreover, Robinson et al. (1991) assert that all elements in the developed attitude instrument have been based on three triadic schemes.

Entrepreneurship Intention

Intentions for entrepreneurship can be the first step in establishing a new business (Linan, 2008). The intent of entrepreneurship is also a motivational factor that encourages a person to display entrepreneurial behavior. In addition, a person who displays positive behavior in entrepreneurship will choose the

path of entrepreneurship as his career choice (Ali et al, 2011). Katz & Gartner (indarti & Rostiani, 2008) defines the intent of entrepreneurship as a process of seeking information that can be used to achieve the goal of forming a business. Katz & Gartner also stated that someone with an intention to start a business will have better readiness and progress in the business to be run when compared with someone without the intention to start a business. In previous research, Linan (2008) also adds entrepreneurial skills factor (entrepreneur skill) into Planned Behavior theory to discuss entrepreneurship intentions. Having that ability can make the individual feel confident more capable to start a business (Linan, 2008).

RESEARCH METHOD

This research used a quantitative approach with a draft explanatory research. This research belongs to an associative group of causality that is ex-post facto. Conceptually, the relationship between these variables can be described as follows:

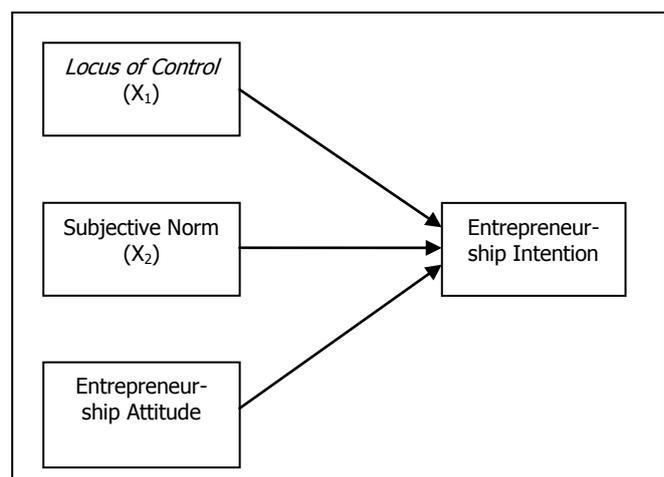


Figure 3.1 Relationship between Research Variables

The samples are students of the Department of Economic Education class of 2014 who have taken entrepreneurship

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courses. In this study, the sample was drawn for 166 students using purposive random sampling technique from the total population of 286 students. The instrument of this research is questionnaire. The questionnaire is a closed questionnaire, the question has been provided the answer, the measurement scale used is Likert scale with a five-point model. Before the instruments were distributed to the respondents, the instruments were tested to measure the validity and reliability. Of 14 items of locus of control, there was 1 invalid item with reliability equal to 0,806. The subjective norm instrument had 10 valid items with a reliability of 0.752. Of 12 entrepreneurship attitude items tested, there were 2 invalid items with a reliability of 0.780. Finally, entrepreneurship intention consisted of 12 items (1 invalid item) with a reliability of 0.821. Data analysis technique used is Multiple Linear Regression.

RESULTS AND DISCUSSION

Based on the results of statistics and data calculations, the results obtained as follows: (1) locus of control had a positive effect on the intention of entrepreneurship with a value of t_{test} of 8.007 sig.0.002; (2) subjective norms affected the intention of entrepreneurship with a value of t_{test} of 3.218 sig.0,000; (3) entrepreneurial attitudes affected the intention of entrepreneurship with t_{test} of 5,969 sig.0,000; (4) locus of control, subjective norms, and entrepreneurial attitudes affected the intentions of entrepreneurship. It can be concluded that to improve student entrepreneurship intention it can be done by strengthening the locus of control, strengthening the subjective norm, and forming student entrepreneurship attitude.

The findings of the study showed that locus of control influenced student entrepreneur intentions. Locus of control

reflects an individual's belief in something done depending on his own efforts and abilities. Similar to the opinion of Birdthistle, et.al (in Gurol, 2006) the increased of internal locus of control can help the individual to become a successful entrepreneur so as to provide a major role for the development and growth of the country's economy. Some researchers identify the locus of control is very useful for entrepreneurs. Gilad (in Gurol, 2006), uses locus of control to differentiate successful and unsuccessful business owners. The results show that entrepreneurship with the internal locus of control is more successful than a businessman who relies on strength from outside himself. In the entrepreneurship learning process in the classroom, students are not only taught to capture business opportunities and open new business. But it is also taught how to open and change the mindset of students that entrepreneurship is not just a necessity but as a soul.

Subsequent findings are subjective norms affect the intention of entrepreneurship. Moreover, subjective norms defined as social factors that indicate the perceived social pressure to perform or not perform entrepreneur (Dharmmesta, 1998). Subjective norms form based on normative beliefs and willingness to obey the wishes of others that are considered important. Normative beliefs relate to the condition that an important individual or reference group will agree or disagree with the conduct of the behavior. The perception of social judgment becomes the reference for the individual to approve or disapprove of his decision to become an entrepreneur. Ajzen (Linan, 2008). If one understands that significant other supports (or agrees) behavior, they are more (or less) likely to intend to do that. An average student aged 17-21 years old is a dynamic individual, responds quickly to a change, and is easy to influence. The effect that appears on

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students can come from all sources, in the college environment, the influence comes from their lecturers and peers. Entrepreneurship or not a choice to be done by students. With the great influence of lecturers and their peers, the desire and intention to entrepreneurship will be able to emerge.

The attitude of entrepreneurship influences the intentions of entrepreneurship. Armitage & Christian (2006) who express an attitude is a positive evaluation of individual behavior globally or negatively to perform certain behaviors. As a reaction, attitude always relates to two things that are happy and not happy, then implement or avoid something. Thus if a person has a positive attitude towards the object, then he will carry out. Conversely, if he behaves negatively, then he tends to oppose the object (Linan & Chen, 2006). Based on the entrepreneurial attitude that arises from the students, the students always have a strong willingness to achieve the dream, the students always want to finish the job faster than the time set, the students always make the planning on every activity undertaken, for students make the planning is important to get the results optimal, students are responsible for all the work done, and students can appreciate the work of others.

CONCLUSION

Based on the results of the research it can be concluded that locus of control, subjective norms, and entrepreneurial attitudes affect the students' intention of entrepreneurship of the Department of the Economic Education State University of Surabaya. The dominant factor determining the intention of entrepreneurship is the locus of control. The ability to generate self-assurance needs to be established and developed.

The implication of this study is

that students need to be given strengthening in their entrepreneurial mindset. That is, strengthening in the form of an understanding of personal competence, as well as understanding to students that they can do everything to achieve goals in life.

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