

## **FACTORS AFFECTING ENTREPRENEURIAL INTENTION FOR THE STUDENTS OF BUSINESS AND ECONOMICS FACULTY IN UNIVERSITAS SURABAYA**

**Tifani Geovana Suyono**

**Faculty of Business and Economic, Universitas Surabaya**

**Tifanigeovana18@gmail.com**

**Joseph L. Eko Nugroho**

**Faculty of Business and Economic, Universitas Surabaya**

**Noviaty Kresna Darmasetiawan**

**Faculty of Business and Economic, Universitas Surabaya**

### ***Abstract***

*This study aimed to examine the factors affecting entrepreneurial intention of students such as education factor, relationship factor and self-confidence factor from students of Faculty of Business and Economics, University of Surabaya. This study used a quantitative approach by distributing questionnaires to 150 respondents. The software used to analyze the data was SPSS 18 for Windows and IBM Amos 22 for Windows. The samples in this research were the students of Faculty Business and Economics of University of Surabaya. The Dependent Variable in this research was entrepreneurial intention. The Independent variables in this study consisted of education support, relationship support and self-confidence. The study found that education support had a positive significant effect on entrepreneurial intention on the students of Faculty of Business and Economics University of Surabaya. Relationship support had a positive significant effect on entrepreneurial intention from students of Faculty of Business and Economics University of Surabaya. Self-confidence had a positive significant effect on entrepreneurial intention from students of Faculty of Business and Economics University of Surabaya.*

**Keywords:** *entrepreneurial intention, education support, relationship support, self confidence.*

### ***Abstrak***

*Penelitian ini bertujuan untuk menguji faktor-faktor yang mempengaruhi minat wirausaha mahasiswa, seperti faktor pendidikan, faktor hubungan, dan faktor kepercayaan diri dari mahasiswa Fakultas Bisnis dan Ekonomi, Universitas Surabaya. Penelitian ini menggunakan pendekatan kuantitatif dengan menyebarkan kuesioner kepada 150 responden. Perangkat lunak yang digunakan untuk menganalisis data adalah SPSS 18 untuk Windows dan IBM Amos 22 untuk Windows. Sampel dalam penelitian ini adalah mahasiswa Fakultas Bisnis dan Ekonomi Universitas Surabaya. Variabel Dependen dalam penelitian ini adalah intensi berwirausaha. Variabel independen dalam penelitian ini terdiri dari dukungan pendidikan, dukungan hubungan, dan kepercayaan diri. Studi ini menemukan bahwa dukungan pendidikan memiliki pengaruh positif yang signifikan terhadap niat kewirausahaan pada mahasiswa Fakultas Bisnis dan Ekonomi Universitas Surabaya. Dukungan hubungan berpengaruh positif signifikan terhadap niat kewirausahaan dari mahasiswa Fakultas Bisnis dan Ekonomi Universitas Surabaya. Kepercayaan diri berpengaruh positif signifikan terhadap niat kewirausahaan dari mahasiswa Fakultas Bisnis dan Ekonomi Universitas Surabaya.*

**Kata Kunci:** *niat kewirausahaan, dukungan pendidikan, dukungan hubungan, kepercayaan diri.*

JEL: M13

## **1. Research Background**

Business competition in this globalization era is getting harder and more complex especially among the ASEAN countries due to the existence of MEA (ASEAN Economic Community). MEA has caused a free networking including in terms of work force. This condition has brought a significant effect to Indonesia. MEA has made it possible for foreigners to work in Indonesia causing an even tougher competition in the labor market. Since job vacancies in a developing country such as Indonesia are not sufficient for the local citizens, the incoming foreign work force has caused many Indonesian citizens failing in getting themselves employed. As a result, the number of unemployment in Indonesia increases. One of the factors of the high unemployment rate in Indonesia is the many unemployed fresh university graduates. Many fresh university graduates have failed to obtain jobs and become unemployed because there are not enough vacancies. One of the solutions to this problem is the fresh university graduate needs to work for themselves and become an entrepreneur.

The research conducted by Gelaidan and Abdullatef (2017) entitled entrepreneurial intention of business students in Malaysia had four variables namely one dependent variable, two independent variables, and one moderation variable. The dependent variable was interest in entrepreneurship, and the independent variables were education support and relationship support, while the moderation variable was self-confidence. The moderation variable would moderate the education and relationship support variables in order to strengthen the influence on the entrepreneurial intention. The result of the study was that education support had a significant positive effect towards entrepreneurial intention among the university students, and relationship support also had a significant positive effect on the entrepreneurial intention of the students. The other variable, self-confidence, as the moderation variable did not have significant effect on education and relationship support, so it did not strengthen the relation between education and relationship support towards the entrepreneurial intention.

The research conducted by Marques et al. (2012) with the title Entrepreneurship Education: How the psychological, demographical and behavior factors can predict entrepreneurial intention had seven variables that consisted of one dependent variable and six independent variables. The dependent variable was entrepreneurial intention, the independent variables were education support, relationship support, needs for recognition, tolerance of ambiguity, locus of control, personal attitude, subjective norm, perceived behavioral control. The result of the study was education support variable did not have significant relation on entrepreneurial intention, while relationship support variable had a significant negative effect on entrepreneurial intention. Other variables such as need for recognition, personal attitude dan perceived behavioral control had significant positive effect on entrepreneurial intention, while tolerance of ambiguity, locus of control and subjective norm variables had significant negative effect on entrepreneurial intention.

The research conducted by Marques et al. (2012) entitled psychological characteristics and entrepreneurial intention of the students had seven variables that consisted of one dependent variable and six independent variables. The dependent variable was entrepreneurial intention, and the independent variables were locus of control, propensity to risk, self-confidence, need for achievement, tolerance of ambiguity and innovativeness. The result of the study showed that self-confidence and need for achievement had significant positive effect of entrepreneurial intention. On the other hand, propensity to risk variable had a significant negative effect on entrepreneurial intention. Other variables such as locus of control, tolerance of ambiguity and innovativeness had insignificant positive effect on entrepreneurial intention.

This study aimed to combine the independent variables from Gelaidan and Abdullatef

(2017) and Marques et al. (2012) that had significant effect on entrepreneurial intention. The benefit of the study was to find out the factors affecting entrepreneurial intention among the students of Business and Economics Faculty in Universitas Surabaya.

The hypotheses were made based on the previous researches. Based on the research result of Gelaidan and Abdullatef (2017) and Marques et al. (2012), two hypotheses were made namely H1: Education support had positive effect on entrepreneurial intention. H2: Relationship support had positive effect on entrepreneurial intention. The theoretical argumentative of hypothesis 3 was Self-confidence had positive effect on entrepreneurial intention based on the research of Marques et al. (2012).

## 2. Research Method

This research was categorized as a basic research since it mainly developed a research that had been conducted before. Based on the purpose of the study, this research could be considered as a causal research because it was done to examine the effect of independent variables (education support, relationship support, and self-confidence) towards the dependent variable (entrepreneurial intention). This research was conducted on the students of Business and Economics Faculty in Universitas Surabaya who were taking Entrepreneurship Subject. The sampling method chosen was the probability sampling using the random sample type. The data analysis performed in this study used Microsoft Excel 2007, PASW *statistics* 18 for windows and AMOS version 22.0.

This study consisted of one dependent variable, entrepreneurial intention (MB), and three independent variables namely education support (DE), relationship support (DHR), and self-confidence (KD).

$$\text{Average Variance Extracted} = \frac{\sum_{i=1}^n L_i^2}{n}$$

$$\text{Construct Reliability} = \frac{\left(\sum_{i=1}^n L_i\right)^2}{\left(\sum_{i=1}^n L_i\right)^2 + \left(\sum_{i=1}^n e_i\right)}$$

## 3. Result and Discussion

**Table 1 : Hypothesis testing result**

Hypothesis	Effect	Estimate	S.E.	C.R.	P-Value	Note
1	Education support →entrepreneurial intention	0.225	0.073	3.078	0.002	Hypothesis was supported
2	Relationship support →entrepreneurial intention	0.250	0.103	2.431	0.015	Hypothesis was supported
3	Self-confidence →entrepreneurial intention	0.779	0.154	5.068	***	Hypothesis was supported

Source: Hypothesis testing result, analyzed

### **3.1. The result of Education Support on Entrepreneurial Intention**

The result of the study shows that Education Support had a positive effect on Entrepreneurial Intention. The reason according to Gelaidan and Abdullateef (2017) was education would improve creativity, skill, and knowledge of entrepreneurship. Education would also help the student see the needs to become an entrepreneur and develop interest in becoming his/her own boss instead of working for other people. One of the reasons was that there was no freedom of working.

Lestari and Wijaya (2012) stated that education would change the behavior and students' mindset concerning entrepreneurship. Therefore, the students taking the entrepreneurship subject would learn important values and entrepreneurship characteristics that would increase their interest and love on the world of entrepreneurship.

Zimmere and Wilson (2008) in Syaifudin (2016) mentioned that one of the factors that motivated entrepreneurial intention was the education given by the University through the process of learning in entrepreneurship subject in the classroom, seminars, or in entrepreneurship practices. The education received by the students would give them understanding on entrepreneurship which would also support them to become entrepreneurs.

### **3.2. The result of Relationship Support on Entrepreneurial Intention**

The result of the study shows that Relationship Support had a positive effect on Entrepreneurial Intention. Ismail et al. (2009) in Gelaidan and Abdullateef (2017) stated that students who got their supports from their close relatives such as their parents and close friends would help them increase their entrepreneurial intention. The support could be in the form of financial support, information support, and even moral support. Sesen (2013) and Turker and Selcuk (2009) in Gelaidan and Abdullateef (2017) argued that relationship support was a crucial factor in developing the entrepreneurial intention.

Alma (2013) in Syaifudin (2016) mentioned that in choosing their career, students tend to consult their family members. Their family was the place where they interact the most, hence parents tend to give guidance for their children on how to live their life for a better future.

Lestari and Wijaya (2012) stated that education would change the behavior and students' mindset concerning entrepreneurship. Therefore, the students taking the entrepreneurship subject would learn important values and entrepreneurship characteristics that would increase their interest and love on the world of entrepreneurship.

### **3.3. The result of Self-Confidence on Entrepreneurial Intention**

The result of the study shows that Self-Confidence had a significant effect on Entrepreneurial Intention. Gibbs (2009) in Suratman and Mafthuah (2015) stated that having a high self-confidence, someone would become more creative and eager to find business opportunities (becoming an entrepreneur). Mobaraki (2012) in Suratman and Mafthuah (2015) argued that high self-confidence would increase the chance of running one's own business (becoming an entrepreneur). It can be seen through the indicator of Starting one's own business is a chance to succeed (KD1) that shows an average of 4.1 in the "agree" category. It shows that the respondents in this research had the confidence to be successful in running their own business or becoming an entrepreneur.

Supriyatno (2017) explained that this result shows that FBE students had high confidence in entrepreneurial intention. The higher the confidence that the students have, the higher the intention of becoming an entrepreneur since running one's own business requires self-confidence to be successful. This would motivate someone to be brave enough in starting a business. If someone does not believe in their ability, it is unlikely that the person will be interested in becoming an entrepreneur.

#### 4. Conclusion

Based on the hypotheses testing, it can be concluded that the factors affecting entrepreneurial intention of the students in the Business and Economics Faculty in Universitas Surabaya are Education Support, Relationship Support, and Self-Confidence. Therefore, it is suggested that the family members should be closer in supporting and motivating the children when they want to become an entrepreneur. Moreover, they are also expected to let the children join entrepreneurship courses. For further research, a study can be conducted on the relationship support by comparing entrepreneur parents to non-entrepreneur parents.

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