

ENTREPRENEURSHIP INTENTION BASED ON MODIFIED THEORY OF PLANNED BEHAVIOR

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Abstract

The current phenomenon of the number of workforce is not compatible to the available jobs. Based on this phenomenon the workforce should be able to read opportunities for entrepreneurship. This study aims to determine the intentions of students in entrepreneurship by using Theory of Planned Behavior. In addition, the purpose of this study is to be able to know the interest of the millennial generation in entrepreneurship and to be able to find out various factors that can influence the interest of the millennial generation for entrepreneurship. The sampling method used convenience sampling and overall, sample of this study is 190 students in Yogyakarta who have been taking entrepreneurship courses and the selling class. The method used is regression analysis and descriptive using SPSS. The result showed that all of the hypotheses are accepted. Therefore, it strengthen assumption that millennial generation has an interest to the entrepreneurship, then, early education should be completed with hard skill and soft skill as a whole complement to the scholar.

Keywords: Entrepreneurship, Attitude, Subjective Norm, Self-efficacy, Entrepreneurship Intention

Introduction

Unemployment is a complex problem faced by Indonesia as a developing country. Unemployment can have an impact on people's lives in Indonesia such as poverty and increasing crime. The most basic cause of this phenomenon is the number of labor force which is not proportional to the available jobs. In addition, the cause that occurs is that labor in Indonesia is directed to formal factors, if work in formal factors is not developed, the community is not directed to create jobs therefore it affects the low economic growth. One solution to overcome the increase in unemployment in Indonesia is to create an entrepreneurial spirit for millennial generation. Millennial generation is currently mostly in higher education, therefore millennial can be a stimulus to increase the number of entrepreneurs or entrepreneurs in Indonesia. The influence of entrepreneurship education is one of the important factors for the growth of the soul or the desire to become entrepreneurs among the younger generation, especially millennial (Andika & Madjid, 2012). Based on Theory of Planned Behavior (Ajzen, 1991) entrepreneurial intentions are conscious activities and behaviors that have been planned because there are motivational behaviors. Entrepreneurial intentions involve various factors such as personality, perception, motivation, learning (attitude), external factors which include family, friends, and others (subjective norms). Measuring control of perceived behavior (self-efficacy) is a condition that someone believes an action is easy or difficult to do by understanding the various risks and obstacles when making these decisions (Ajzen, 1991).

Literature Review

The Theory of Planned Behavior as mentioned earlier is an idea from Icek Azjen which contains the study of human behavior (Ajzen, 2002). In this theory, there are three variables that can explain a person's behavior, namely attitudes, subjective norms and perceived behavioral control (Ajzen, 1991). Attitude is the extent to which an individual evaluates the behavior in question, whether favorable or unfavorable (Fozia & Farooq, 2019). Entrepreneurial attitudes can be measured by the scale of entrepreneurship attitudes with indicators of being interested or not with business opportunities, creative and innovative thinking, having a positive view of business failure, having a leadership spirit and high responsibility and ready to face risks and challenges (Andika & Madjid, 2012). Intention is a factor that motivates a person towards the performance of a behavior (Ajzen, 2002).

According to (Andika & Madjid, 2012) subjective norms namely the behavior of someone whether other people will support or not the realization of these actions. According to (Fozia & Farooq, 2019) subjective norms in the context of entrepreneurship that is a person's decision to entrepreneurship is influenced by the approval or disapproval of people around such as family, friends, and others. Subjective norms relate to the possibility that an important individual or reference group approves or disapproves of performing certain behaviors (Ajzen, 1991). This subjective norm is what other people consider what others think is important for them to do (Fozia & Farooq, 2019).

The Theory of Planned Behavior as mentioned earlier is an idea from Icek Azjen which contains the study of human behavior (Ajzen, 2002). In this theory, there are three variables that can explain a person's behavior, namely attitudes, subjective norms and perceived behavioral control (Ajzen, 1991). The concept of

perceived behavioral control is a perception that someone has about the ease and difficulty of carrying out a behavior (Ajzen, 2002). As for that, the concept of perceived behavioral control is rooted in Albert Bandura's theory called self-efficacy (Ajzen, 2002). Self-efficacy is based on Social Cognitive Theory by Albert Bandura (Bandura, 1977). The concept of self-efficacy is defined as human beliefs related to their ability to produce levels of performance that can affect activities in their lives (Bandura, 1994). Based on these definitions, self-efficacy places more emphasis on perceived control in someone who can influence the process and the results of the chosen behavior. Self-efficacy refers to people's judgments regarding their ability to perform a given activity (Bandura, 1977, 1982; N. Saraih et al., 2018).

Entrepreneurship intention has become a popular topic in research, but yet limited studies has focused on the entrepreneurship intention among students (N. Saraih et al., 2018). Entrepreneurship intention describes the degree of commitment directed towards the performance of the entrepreneurial endeavor of putting up a business for self-employment (N. Saraih et al., 2018; Souitaris, Zerbinati, & Al-Laham, 2007). Other explanation stated that entrepreneurship intention as mental orientation (desire, wish and hope) inducing their selection of entrepreneurship (Guerrero, Rialp, & Urbano, 2008; Shahab, Chengang, Arbizu, & Haider, 2019; Wu & Wu, 2008). Entrepreneurship intention also described as the level of cognitive awareness which directs the set-up of a new business (Binks, Starkey, & Mahon, 2006; Kaijun & Ichwatus Sholihah, 2015). In this research, entrepreneurship intention will be tested the influenced from attitude, subjective norms and self-efficacy

Hypotheses Development

Attitude can give a response to an object in a system both like and dislike, in entrepreneurship has a tendency to react affective to respond to the risks that will be faced in business (Andika & Madjid, 2012). Attitude is the extent to which an individual evaluates their behavior, either favorably or unfavorably and a person evaluates the performance of that particular behavior (Fozia & Farooq, 2019). Increased entrepreneurship intention can be done by increasing confidence in themselves through the mastery of entrepreneurial skills and can provide full opportunities to students in determining their career choices for the future that suits their desires (Lieli & Hani, 2011). Challenges and responsibilities are on the shoulders of teachers who have influence young minds and influence on the rising generation, teachers should be support from government and other stakeholders who can help to create better conditions and support young generation to make some business (Papulová & Papula, 2015). Attitude has a higher explanatory power than the others on the intention to start a business, it means that the efforts to improve entrepreneurial activity (Justice Malebana & Malebana, 2014). Given the literature above, specific development is developed as follow:

H1: Attitude positively impact toward Entrepreneurship Intention

Subjective norms derived from individual belief that social references (such as parents, spouse, close friends) approve or disapprove of performing a given behavior (Justice Malebana & Malebana, 2014). Entrepreneurship decision by an individual can be influenced by his/her perception of approval or disapproval of the decision by friends, family and the others (Fozia & Farooq, 2019). Entrepreneurship seems to be valued as a career option students, it is because they believe that their immediate families, friends and colleges would approve of their decision to start some business (Justice Malebana & Malebana, 2014). Given the literature above, specific development is developed as follow:

H2: Subjective norms positively impact toward Entrepreneurship Intention

Self-efficacy means human belief related with their ability to act which brings impact to their lives. Self-efficacy influences entrepreneurial intention through cognitive processes, motivation and through emotional states (Margahana & Garaika, 2019). Entrepreneurial self-efficacy is viewed as having the capabilities that can modify a person's belief in his or her likelihood of completing the tasks required to successfully initiate and establish a new business (N. Saraih et al., 2018). Moreover, entrepreneurial self-efficacy affects students motivation and competence to enter the challenging process of starting their own businesses and indicates the extent of their academic preparation for their future career path as an entrepreneur (Bandura, 2012; Pihie & Bagheri, 2013). Students of high socio-economic level have a better degree of self-efficacy and feel more capable of creating their own company; the positive assessment of skills and abilities drives the students entrepreneurial intention from small non-capital cities; the factors that most encourage desire to start-up business are well troubles management, creativity, safety and risk management (Restrepo, Gálvez-Albarracín, & Guauña-Aguilar, 2018). Therefore, when students have high confidence about their ability to become an entrepreneur, then he/she will have high entrepreneurship intention. Given the literature above, specific development is developed as follow:

H3: Self-efficacy positively impact toward Entrepreneurship Intention

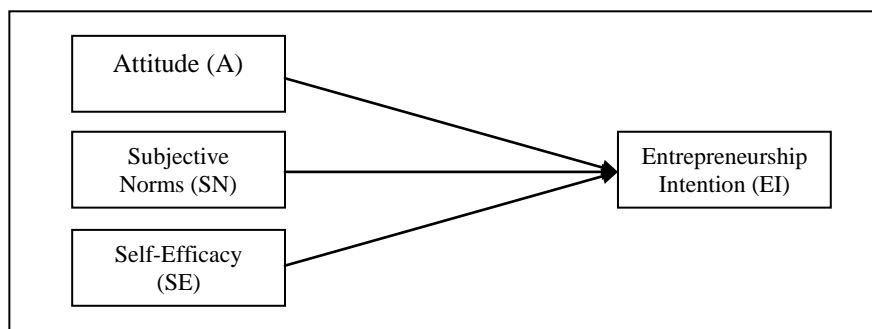


Figure 1. Research Model

Result and Discussion

Descriptive Statistics

Total 190 respondents participated in this study. Most of the respondents 66% were female and 33% were male. Based on the year of birth, 38% respondents were born in 1998, 23% respondents were born in 1997, 21% respondents were born in 1999, 6% respondents were born in 2000 and 11% respondents were born between 1988 and 1996. These statistic mean that most of the respondents were included in young category. Based on monthly income, 54% less than Rp1.000.000, 74% between Rp1.000.000 and Rp2.000.000, 3% between Rp2.000.000 and Rp3.000.000, 2 % between Rp3.000.000 and Rp4.000.000 and 2% more than Rp5.000.000. Most of the respondents 58% never did entrepreneurship, but 34% respondents did entrepreneurship almost 1 year and 7% respondents did entrepreneurship more than 3 years. Most of the respondents their parents' job 34% were entrepreneur, 15% were employees, 13% were farmers, 13% were PNS/TNI.POLRI, 8% were laborers and 18% were another jobs. Based in this statistic, most of respondents were coming from the parents who were running business or entrepreneur.

Validity Test

Validity is defined as the extent to which a concept is accurately measured in a quantitative study (Roberta Heale & Twycross, 2015). Based on the result on Table 1, all of the items are significant (< 0,000). Therefore, it can be concluded items in questionnaire are valid. It means the items measure exactly the desired variables.

Table 1. Validity Test

	Pearson Correlation	Sig. (2-tailed)
A 1	0,643	0,000
A 2	0,885	0,000
A 3	0,811	0,000
A 4	0,826	0,000
A 5	0,882	0,000
SN 1	0,927	0,000
SN 2	0,885	0,000
SN 3	0,945	0,000
SE 1	0,807	0,000
SE 2	0,856	0,000
SE 3	0,885	0,000
SE 4	0,785	0,000
SE 5	0,859	0,000
SE 6	0,810	0,000
SE 7	0,770	0,000
EI 1	0,861	0,000
EI 1	0,858	0,000
EI 1	0,899	0,000
EI 1	0,848	0,000

Reliability Test

Reliability relates to the consistency of a measure (Roberta Heale & Twycross, 2015). Other definition stated that reliability concerns the extent to which a measurement of a phenomenon provides stable and consist result (Taherdoost, 2016). Cronbach's alpha commonly used as a tool to analyze reliability test. Based on the result on Table 2, all of the variables are very reliable (Cronbach's alpha score are greater than 0,8). It can be concluded that all of the items have consistency to measure its each variable.

Table 2. Cronbach's Alpha Test

	Cronbach's Alpha	N of items
Attitude	0,870	5
Subjective Norms	0,908	3
Self-Efficacy	0,921	7
Entrepreneurship Intention	0,889	4

Hypotheses Testing

Based on table 3, the first hypothesis that attitude has a positive effect with entrepreneurial intentions can be accepted. This is indicated by the Adjusted R² value of 0.609, which means that 60.9% attitude influences entrepreneurial intention. The results of this determination are also in line with what was written by (Lieli & Hani, 2011) an increase in entrepreneurial intentions of the millennial generation can be done by increasing self-confidence and can determine their own career choices for the future with their own desires. Therefore, it is proof that the more believe and self-confidence toward entrepreneurship will be bring impact to entrepreneurship intention of millennial generation. It becomes important to put entrepreneurship program in young age, not only in higher-education but also lower, since great attitude must be implanted and developed since a young age.

Based on table 3, the second hypothesis which states that subjective norms positively impact toward entrepreneurship intention can be accepted. This can be shown in table 3 Adjusted R² value of 0.305 which means that 30.5% subjective norms affect entrepreneurial intention. Subjective norms had neutral impact and subjective norms that had significant to entrepreneurial intention, the students in North India were influenced by the society and opinions of important in their lives (Fozia & Farooq, 2019). The biggest influence in making decisions for entrepreneurship for students is social influences such as partners, friends including "role models" or "mentors" (Krueger, Reilly, & Carsrud, 2000). More people who believe in usefulness of entrepreneurship, the more Millennial generation will increase their entrepreneurial intentions. Therefore, it will be necessary to make the environment that already familiar with entrepreneurship in such a young age. There's no more stigma business is only for adult and above, but accompaniment will be great to create a positive synergy between them.

Based on Table 3, the third hypothesis which stated self-efficacy positively impact toward entrepreneurship intention is accepted (sig. < 0,05). Adjusted R² amounted 0,547 means that 54,7 % self-efficacy influenced entrepreneurship intention. Because of the level impact is more than 50%, it can be concluded that self-efficacy bring the great impact to entrepreneurship intention. Therefore, it is recommended to lecturers to teach their students an early entrepreneurship skill for that the skill will raise the level of self-efficacy. From the research Pihie & Bagheri (2013), the implication for entrepreneurship lecture because the great level of self-efficacy toward entrepreneurship intention was the higher education should provide purposive and effective entrepreneurship education and training for students.

Based on Table 4, the fourth hypothesis which stated attitude, subjective norms and self-efficacy simultaneously impact toward entrepreneurship intention is accepted (sig. < 0,05). Adjusted R² amounted 0,740 means that 74 % attitude, subjective norms and self-efficacy simultaneously will influence entrepreneurship intention, besides that amounted 26% the entrepreneurship intention explained by other variables. It can be stated that the high level impact (greater than 50%) from attitude, subjective norms and self-efficacy means the high impact to entrepreneurship intention. Thus, the equation model from Table 4 would be:

$$EI = 0,45A + 0,14SN + 0,249SE + e$$

Table 3. Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Adjusted R Square	Sig.
	B	Std. Error	Beta			
A - EI	0,721	0,042	0,782	17,197	0,609	0,000
SN - EI	0,778	0,085	0,556	9,162	0,305	0,000
SE - EI	0,446	0,029	0,741	14,145	0,547	0,000

Table 4. Simultaneous Test

	Unstandardized Coefficients		Standardized Coefficients	t	Adjusted R Square	Sig.
	B	Std. Error	Beta			
A	0,450	0,045	0,488	9,909	0,740	0,000
SN	0,140	0,063	0,100	2,212		0,028
SE	0,249	0,028	0,414	8,914		0,000

Conclusion

Based on the result and discussion above can be concluded that an early education of entrepreneurship would be important in order to improve entrepreneurship intention by students. The importance of entrepreneurship education is rising moreover entrepreneurship is one of the focus of the Indonesian Government and also become a solution of the rising of unemployment. The greatest impact from attitude to entrepreneurship intention indicates that it is necessary to create a 'friendly' environment which basically preparation for young generation to learn entrepreneurship realm and strategy to deal with the challenge. Therefore, our student can become a tough entrepreneur to maintain and develop the future of the nation. Future research would be completed to add innovation, creativity and technology to reflect the millennial generation capacity related with entrepreneurship.

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