

# Entrepreneurial Intention among Employees

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**Abstract:** This study is to analyze whether the personal attitude towards entrepreneurship, subjective norms, and perceived behavioral control have influences to entrepreneurial intention among employees in Surabaya. The subjective norms variable must be excluded from the further analysis due to invalidity for the study. The analysis techniques used is multiple regression linear. This research used 100 samples out from 1.35 million populations with significance level 0.1. This research found the coefficient regression of personal attitude ( $X_1$ ) is 0.425 and perceived behavioral control ( $X_2$ ) is 0.366, both have positively influences to entrepreneurial intention.  $R^2$  value measured is 0.230 or 23.3%. It indicates that the independent variables used in this study have a low contribution to the dependent variables. The other 76.6% contributions will be fulfilled by the other factors or variables which are not discussed in this study.

**Keywords:** personal attitude, perceived behavioral control, entrepreneurial intention

*Abstrak:* Penelitian ini bertujuan untuk menganalisis apakah personal attitude terhadap entrepreneurship, subjective norm, dan perceived behavioral control memengaruhi niat entrepreneurial di kalangan karyawan di Surabaya. Variabel subjective norm harus dikeluarkan dari analisis lebih lanjut karena tidak valid untuk penelitian. Teknik analisis yang digunakan adalah regresi linier berganda. Penelitian ini menggunakan 100 sampel dari 1,35 juta penduduk dengan tingkat signifikansi 0,1. Penelitian ini menemukan koefisien regresi dari sikap pribadi ( $X_1$ ) adalah 0,425 dan perceived behavioral kontrol ( $X_2$ ) adalah 0,366, keduanya telah positif memengaruhi niat entrepreneurial. Nilai  $R^2$  diukur adalah 0.230 atau 23,3%. Hal ini menunjukkan bahwa variabel independen yang digunakan dalam penelitian ini memiliki kontribusi yang rendah terhadap variabel dependen. Kontribusi lainnya 76,6% akan dipenuhi oleh faktor-faktor lain atau variabel yang tidak dibahas dalam penelitian ini.

**Kata-kata kunci:** personal attitude, perceived behavioral control, entrepreneurial intention

Ministry of Cooperation and SMEs of Republic of Indonesia predicts the increase number of national entrepreneurs is 2.5% of total population or about 6 million people. This prediction is based on the data since 2011 to current. Herewith, the government established a program called “*Gerakan Kewirausahaan Nasional* (National Entrepreneurship Movement)”.

This program actually won't be successful without awareness of the entrepreneur-

ship importance in society's life. It is challenging because most Indonesians tend to work for companies either private or state-owned and government institutions rather than starting up and building their own business. No wonder in the middle-end of 2013, the labor union urged the government to sign the increase of their minimum wages varied according the area (district and province). The most important issue was about the insufficient of their wages to pay their daily life needs.

Surabaya, as the second largest city in Indonesia, can be called metropolitan, and has so many companies with huge number of employees whose education background, job positions and even rate of salary vary. However, based on the employment data in 2012 issued by the Statistical Bureau of Surabaya BPS (2014), about 1.35 Million people are working in either private or state-owned companies/institutions in Surabaya city. It was decreasing number than 2011 about 1.39 Million people, while the unemployment rate from 2011 to 2012 was decreasing about 4,000 people. Comparing to the 479 new established-small medium enterprises in Surabaya within 2013, it might be concluded that about the decreasing of active employees working in institutions or companies is due to the choice to build their own businesses apart from other reasons such as going back to the villages and back to work in the fields out of Surabaya. However, this is a good sign of a better economic condition in Surabaya.

This study is to examine about the entrepreneurial intention among the employees in Surabaya city based on their personal attitude towards entrepreneurship, subjective norms as their support to be an entrepreneur and perceived behavioral control as their capacity to be an entrepreneur.

Based on Zimmerer and Scarborough (2005), “an entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them”. The common characteristics of entrepreneurs regardless gender issue, are: “having desire for responsibility, preference for moderate risk, confidence in their ability to succeed, desire for immediate feedback, high level of energy, future orientation, skill at organizing, and value of achievement over money”. The other exhibited characteristics of entrepreneurs include: high degree of commitment, tolerance for ambiguity, flexibility, and tenacity (Zimmerer & Scarborough 2005).

However, based on Hisrich *et al.* (2005), the motivation differences to be entrepreneurs between males and females are shown in Table 1.

### The Benefits of Entrepreneurship

Another survey as stated in Zimmerer and Scarborough (2005) showed that “owners of small businesses believe they work harder, they can earn more money and will be happier than if they work for a large com-

Table 1 Motivation Differences to be Entrepreneurs between Males and Females

Male	Female
<i>Achievement, strive to make things happen</i>	<i>Achievement-accomplishment of a goal</i>
<i>Personal independence</i>	<i>Independent (to do it alone)</i>
<i>Job satisfaction arising from the desire to be in control</i>	

Source: Hisrich *et al.* (2005), processed

pany”. Yet, before launching the business, every potential entrepreneur must consider some benefits of being entrepreneurs such as:

- Opportunity to create your own destiny. By owning a business, an entrepreneur will get independence and opportunity to achieve what is important to them and how their desire becomes a reality.
- Opportunity to make a difference. The entrepreneurs see the opportunity to make a difference in a cause that is important to them.
- Opportunity to reach your full potential. For entrepreneurs there is little difference between work and play. Owning a business gives them a sense of empowerment and able to follow their own interests.
- Opportunity to reap impressive profits. The profits from their own businesses earned are the most important motivating factor in their decisions to launch companies although money is not the primary force driving most entrepreneurs.

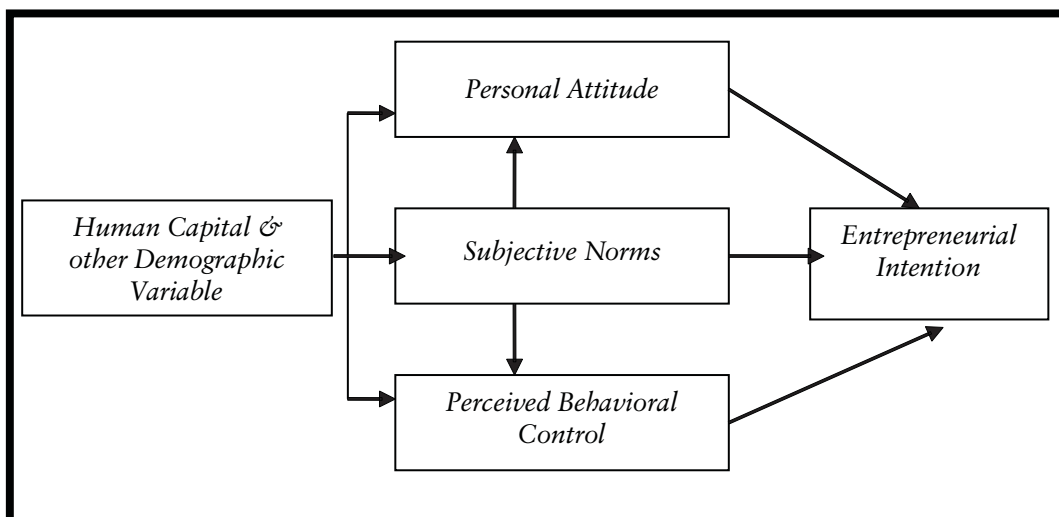
### Theory of Planned Behavior

Krueger in Kuehn (2008) defined intention, as “an action in certain manner, is the most consistent predictor of actual behavior, particularly planned behavior. Intentions-based models then are particularly suited to entrepreneurship as the entrepreneurial process is a planned one”. Intention is the key to explaining human behaviors (Sheeran, 2002).

Ajzen in Lo *et al.* (2012), showed that many social behaviors, such as entrepreneurship, are volitionally controlled and can be best predicted by intentions. In TPB, there are three attitudinal antecedents, attitude toward behavior, subjective norm and perceived behavioral control (Lo *et al.*, 2012).

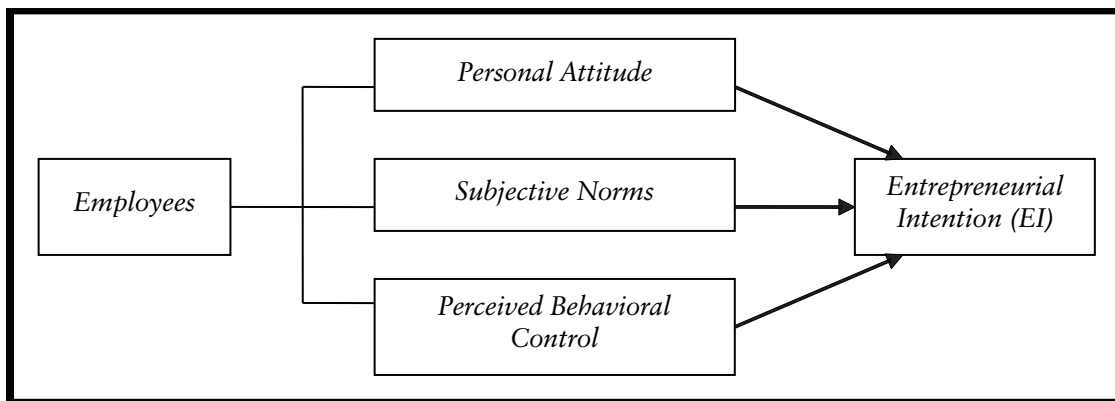
### Entrepreneurial Intentions

Based on theory of planned behavior, entrepreneurial intention indicates a person’s efforts to have entrepreneurial behavior. Linan



Source: Linan and Chen (2009)

Figure 1 Entrepreneurial Intention Model



Source: Modified from Ajzen (1991)

Figure 2 Analysis Model

and Chen (2009), showed three factors influencing that behavior such as:

- *Attitude toward start up (personal attitude)*  
Either positive or negative attitude towards the career as an entrepreneur.
- *Subjective norms*  
It is to measure the social pressure to be an entrepreneur and usually refers to supports from others.
- *Perceived behavioral control*  
A perception of difficulties to be an entrepreneur. PBC is not about the feeling but the perception on controllable behavior.

The figure above either personal attitude, subjective norm and perceived behavioral control are influenced by human resources and other demographics variables such as age, gender and working experiences for a company, self-working experiences and also the role model exists. Then, furthermore, the three factors will influence the entrepreneurial intention.

The previous research by Linan and Chen (2009), concluded the implication of culture and human capital and other demographic

variables as well influenced the degree of personal attitude, subjective norm and perceived behavioral control impacts towards entrepreneurial intention itself. The research was applied in Taiwan and Spain and found that subjective norm in Taiwan was less influential than Spain. Personal attitude had greatest influence to entrepreneurial intention either in Taiwan or Spain. Perceived behavioral control, although they had the major contribution to entrepreneurial intention, but not exceeded personal attitude contribution to entrepreneurial intention.

## METHOD

The study has analysis model based on entrepreneurial intention model in Figure 1.

Figure 2 shows the influences of personal attitude, subjective norm and perceived behavioral control to entrepreneurial intention among the employees which are described based on their tenure periods, gender, and age, but ignore the companies/institutions they are currently working at due to private case reasons. Personal attitude, subjective norm and perceived behavioral control will then be

studied whether they have influences to entrepreneurial intention or not. If yes, how strong the influence each of them has to entrepreneurial intention.

Hypothesis arranged in this study are:

- H<sub>1</sub>: Personal attitude has influence to entrepreneurial intention
- H<sub>2</sub>: Subjective norms has influence to entrepreneurial intention
- H<sub>3</sub>: Perceived behavioral control has influence to entrepreneurial intention

This research is using simple random sampling that might gives all the members in population a chance to be selected as the sample. The population in this study is active labors/employees in any institutions or companies in Surabaya city. Total of population here uses the employment numbers in 2012 (Surabaya Statistical Bureau) about 1.35 million people. The sample taken is based on Slovin method and found 100 respondents for this study.

The analysis technique used in this study is multiple regressions linear because this study is to examine whether personal attitude, subjective norms and perceived behavioral control have influences to entrepreneurial intention or not. This study has two kinds of variables, independent (X) and dependent (Y). Independent variables (X) used are:

$X_1 = \textit{personal attitude}$

$X_2 = \textit{subjective norms}$

$X_3 = \textit{perceived behavioral control}$

and dependent variable (Y) is *entrepreneurial intention*

Operational variables in this study refer to the study conducted by Linan and Chen

(2009), measured through indicators, such as:

- X<sub>1</sub>, Personal attitude is about:
  - Positively response towards the entrepreneurship
  - Interest to be an entrepreneur
  - A willing to establish own business if the opportunity is available
  - The opinion that there will be a satisfaction to be an entrepreneur
  - Being an entrepreneur is a priority compared to the current or other careers
- X<sub>2</sub>, Subjective norms is about the people surrounding who have possibility in supporting the respondent to be an entrepreneur, such as parent, siblings, extended family, couple, close friends, supervisor/bosses, and colleagues.
- -X<sub>3</sub>, Perceived behavioral control
  - The personal opinion that it is easy to establish and maintain a business
  - The readiness to open a real business
  - Having good practical knowledge required to open a new business
  - Having knowledge to develop an entrepreneurial business
  - Having belief to be successful in starting-up the own business
- Y, Entrepreneurial intention, this dependent variables will be operated by measuring this indicators:
  - The readiness to do everything to be an entrepreneur
  - It has a professionally goal to be an entrepreneur
  - Strong urgency to open the own business
  - Seriousness to think of starting-up business plan

Table 2 Descriptive Data: Age

	Frequency	Percent	Cumulative Percent
20-25	61	61.0	61.0
26-30	20	20.0	81.0
31-35	13	13.0	94.0
36-40	5	5.0	99.0
5.00	1	1.0	100.0
>40	100	100.0	

Source: Raw data (processed)

- There is an intention to establish own business in the future

## RESULT

The discussion starts with descriptive data of respondents which somehow supports the further analysis. The tables below are the result of data analysis based on age, gender and tenure period of respondents.

The descriptive table showed the percentage of ages among the respondents. The most age range among the respondent is 20-25 years old (61% of total respondents) followed by ranges 26–30 years old, 31–35 years old, 36-40 years and 1% (1 respondent) is more than 40. Raw data showed that 1

respondent is 41 years old. It is possible due to the demographic structure in Surabaya has 25–40 years old as the majority in labor force.

The gender table showed the percentage of total respondent based on gender. Female employees are 57 respondents (57%) and male employees are 43 (43%), it is possibly happened as the demographic structure has more women than men. Refer to the census in 2010, the total population in Surabaya 2,599,796 with 1,288,118 males and 1,311,678 females.

The Table 4 is showing the period of employee tenure. The respondents were asked to identify their tenure period in month-basis. Then the result shows tenure period 1-12

Table 3 Descriptive Data: Gender

	Frequency	Percent	Cumulative Percent
Male	43	43.0	43.0
Female	57	57.0	100.0
Total	100	100.0	

Source: Raw data (processed)

months and 13-24 months have the same percentage (31%). Surprisingly, there are some respondents who have worked for the current institutions/companies more than four years. The raw data showed there are some respondents have worked more than 10 years in the same institutions/companies. Usually, they started working in 21 or 23 years old after graduated from diploma or bachelor degree.

The validity and reliability test showed that variable subjective norms ( $X_2$ ) is not valid and reliable for all indicators. So, this variable must be excluded for further analysis steps. This occurrence has some possible reasons:

- Subjective norms variable is asking about the people surrounding the respondents who will support the decision to be an entrepreneur. But since the respondents are working people (active employees) in some institutions/companies, so the support from other people is not considered necessary, because they are relatively independent and mature in decision making.
- The trend of new business model, such as online-shops, franchises, and multi-level

marketing do not require very detail business plan especially in finance. The risk is negligible and time spent to run the business is also tentative. The support from people surrounding will be least and sometimes, they don't need to ask for second-opinion.

- A person whose age is more than 20 years and has already worked is considered mature and culturally will be given a freedom to decide things.
- The program of National Entrepreneurship Movement by government is very common in Surabaya for these 8 years after an entrepreneurship-based campus was established in Surabaya in 2006. Then, it somewhat changes the mindset of Surabaya people about the entrepreneurship.

Based on the reasonable statements above, in this study, subjective norms variable is not valid to be a variable influencing entrepreneurial intention.

After excluding some invalid and unreliable data, then this study has less indicators and variables to examine. The total data to

Table 4 Descriptive Data: Tenure Period

	Frequency	Percent	Cumulative Percent
1-12 month	31	31.0	31.0
13-24 month	31	31.0	62.0
25-36 month	14	14.0	76.0
37-48 month	10	10.0	86.0
>48 month	14	14.0	100.0
Total	100	100.0	

Source: Raw data (processed)

check its validity and reliability is 30 data. Cronbach's alpha to check its reliability of measurement tools is 0.893. This result is more than 6.0 and it indicates the instrument used is reliable. The number of items in questionnaires after exclusion is 11 items and their corrected item-total correlation must be above 0.463 for significance 10%.

Further testing in classical assumption testing, all items (11 items) are less than 5, means that there is no multicollinearity problem in the regression model. All output in terms of unstandardized residual for all items are more than 0.1, so it can be concluded that there is no heteroscedasticity problem in the model of regression. R value is 0.479 means that simultaneously the independent variables ( $X_1$  and  $X_3$ ) have the moderate correlation to dependent variable (Y).

$R^2$  value measured is 0.230 or 23.3% means that the contribution of independent variables ( $X_1$  and  $X_3$ ) to the dependent variable (Y). It indicates that the independent variables used in this study have a low contribution to the dependent variables. However,

personal attitudes and perceived behavioral have low impacts to entrepreneurial intention among the active employees of institutions/companies in Surabaya. The other 76.6% contributions will be fulfilled by the other factors or variables which are not discussed in this study, such as: urgency of having own business, opportunities, facilities and funding availability should be the variables to test in the future study.

The respondents are active employees; they have an open-mind about entrepreneurship and relatively understand the risks of being an entrepreneur because they have opportunity to learn from daily activities at work. Thus, having positive personal attitude towards entrepreneurship and high perceived behavioral control about their capacity on running a business are not enough to draw them more intense to entrepreneurship.

The next test on F value has the result that F Table with significance 10% in this study is 2.3581. F value measured based on data is 14.464, more than F table 2.3581. Thus, it means that the null hypothesis, stated

Table 5 Regression Model

Independent Variables and Constant	Regression Coefficients	Std. Error	t	Sig.
	.669	.601	1.113	.268
X1	.425	.125	3.392	.001
X2	0	0	0	0
X3	.366	.126	2.891	.005

a. Dependent Variable: Y

b. X2 is invalid for all variabel and deleted before the further process

Source: Raw data (processed)



there's no simultaneously impact of  $X_1$  and  $X_3$  to  $Y$ , is rejected.

Table 5 indicates the value of each independent variable in the multiple regression linear model. Since variable  $X_2$  is not valid and reliable to measure the entrepreneurial intention  $Y$  in this study, so the regression model will mention only two variables; Personal  $X_1$  and  $X_3$ .

Based on the table above, the regression model in this study is  $\hat{Y} = 0.669 + 0.425 X_1 + 0.366 X_3$ . The constant in the model is 0.669. It has no mean in term of the study.

Coefficient regression variable personal attitude ( $X_1$ ) is 0.425. It means that if this variable increases, dependent variable ( $Y$ ) will also increase while another independent variables is constant, vice versa. The positive coefficient refers to the positive relationship between personal attitude ( $X_1$ ) and entrepreneurial intention ( $Y$ ). The more increase in  $X_1$ , the higher the value of  $Y$ .

Coefficient regression variable perceived behavioral control ( $X_3$ ) is 0.366. It means that if this variable increases, dependent variable ( $Y$ ) will also increase while another independent variable is constant, vice versa. The positive coefficient refers to the positive relationship between  $X_3$  and  $Y$ . The more increase in  $X_3$ , the higher the value of  $Y$ .

## DISCUSSION

Personal attitude is slightly stronger to influence the entrepreneurial intention than perceived behavioral control, because commonly, current society in Surabaya understand the importance and benefits of being an

entrepreneur, in link to the theory of Zimmerman and Scarborough (2005) which stated that before being an entrepreneur, a person will think that they will have more freedom to create their own idea and potential that they might never get if they work in institutions or companies. The profits from their own businesses earned are the most important motivating factor in their decisions to launch companies although money is not the primary force driving most entrepreneurs.

The culture of Surabaya people blunt, risk taker, optimist, fast moving and diligent might also cause the low contribution of perceived behavioral control to the entrepreneurial intention, because they think a moderate understanding about business will be enough and they look ahead optimistically, and ready to revise and adjust in time of running the business.

The respondents based on Table 2 mostly are in productive ages (20-30 years old) and averagely they have been working for an institution/company for 2 years. Their productive age and their gender is female (table 3) make them thinking of their future while they have families and children. Their working experience is considered enough to learn about business and upgrade their knowledge about business. It supports the argument how perceived behavioral control has less contribution to influence to entrepreneurial intention. For male respondents, their intention to entrepreneurial behavior is in link with Hisrich (2005). Being motivated by personal independence and desire to be in control somehow will not be easy to find those kinds of opportunities while they are working for an institution/company.

## CONCLUSION

The hypothesis to examine personal attitude's and perceived behavioral control's influences to the entrepreneurial intention entrepreneurship education have been answered. Both of them influence the entrepreneurial intention among employees in Surabaya but subjective norms variable is not relevant to be asked to the respondents. However, it is still believed to have a contribution to entrepreneurial intention although it will be less than the contribution of personal attitude and perceived behavioral control to the entrepreneurial intention. The data analysis result shows that simultaneously, the two of the independent variables influence the entrepreneurial intention. While partially, both of them also have influence to the entrepreneurial intention positively.

This study is limited in Surabaya city and samples to measure. Further study needs more samples to generalize the findings. This study is also not deeply discussing the other issues that may influence the entrepreneurial intention such as culture, gender issues, self-efficacy, funding institution facility, government support and so on.

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