



The Relationship between Personality Characteristics, Demographic Factors and Entrepreneurial Propensity of Students

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Abstract

The purpose of this paper is to address the question why some students choose to be an entrepreneur? We proposed a discussion to identify trends in student interest in entrepreneurship is called entrepreneurial propensity and to identify the entrepreneurial propensity of students who are distinguished on the basis of personality characteristics. This study used a survey method using questionnaires as one of the tools used in data collection. Data were analyzed using an analysis tool that consists of the percentage analysis, Chi-Square test and Kolmogorov-Smirnov test.

*The Result demonstrated that most of students have a strong interest to work as entrepreneurs and also indicate a positive and statistically significant relationship between the dimensions of need for achievement, locus of control and entrepreneurial propensity. There isn't relationship between the dimensions of the entrepreneurial risk taking and entrepreneurial propensity. Testing the relationship between personality characteristics included need for achievement, locus of control, risk taking and entrepreneurial propensity using **SOMERDS'D** that indicate the existence of a relationship is weak but a statistically significant correlation between entrepreneurial propensity of students, need for achievement and locus of control.*

*Further results showed there was no association between the entrepreneurial propensity of students and risk taking. Testing differences in personality characteristics that include the need for achievement, locus of control, risk taking and entrepreneurial propensity using **the Kolmogorov-Smirnov** test showed no differences in entrepreneurial propensity of students on the basis of personality characteristics.*

Keywords : entrepreneurial propensity, demography factors, personality characteristic

1. INTRODUCTION

Today, people are increasingly aware of the many facts that indicate that the development of entrepreneurship has become a dynamic factor in the creation of the current development outcomes. An increasing number of entrepreneurs in the country is expected to produce two important indicators of economic growth is the low level of unemployment and the high exchange rate. The success of economic development in a country also depends on the involvement of employers in improving



the country's economic development success. Growth economies are often determined by the presence and role of the entrepreneur in running the business. Entrepreneurs will be considered to have an important role in the dynamics of economic growth, creating public welfare, improve business performance.

The growth of entrepreneurship as an important economic factors in the business can not be separated from the growth and dynamics of cultural change in Indonesia that includes mental, attitudes, norms, patterns of thought, character and action that will lead someone to the favorable behavior even detrimental ongoing business. With a large number of entrepreneurs as much as 2 percent of the population in Indonesia today will hopefully be able to move the economy towards prosperity for its citizens.

The economic crisis in Indonesia showed a decrease in the number of jobs because many large companies have to restructure the company and more efficiently in response to changes in the social and economic environment. This has encouraged small companies have more competitive advantages. With a relatively small scale allows small businesses to follow mercurial market movements and changes in the economy. It has been proven that small businesses have a toughness and a high rate of survival in times of crisis. Entrepreneurship plays an important role in maintaining the stability of the country's economy. Entrepreneurs creating job opportunities and providing products that continue to provide innovative and high quality services. Both the Government and universities increasingly appreciate the role of employers, reflected increasing support and educational facilities to increase the number of entrepreneurs in the future. Universities more serious to give an entrepreneurship education to prepare graduates to enter the workforce. University students are seen as more viable catalyst for economics in a world where employment creation is dwindling (Li & Wu, 2013).

2. RESEARCH OBJECTIVE

Nowadays many people are looking at the role of education as a breakthrough way to build the best employers in the community. With a good education system and communication technologies that could rapidly accelerate the modernization process at the level of individuals, families and communities. The existence of cultural and geographical differences also affect the entrepreneurial spirit every person is different in each country (Parnell et.al, 1995). This is contrary to some extreme theory states that it is a myth that entrepreneurs are born and not at all based on the educational process. This view is based on the assumption that entrepreneurship is an art and talent, which can only come from a family ancestry factor. This opinion is not entirely true because at the present time many emerging entrepreneurs who have been



successful even though they do not have a family lineage as an entrepreneur. Modern educational process is expected to change a lot of things in the creation of today's modern entrepreneurial group. An entrepreneur can also be formed through education, training and experience.

Based on several previous studies showed that the study of entrepreneurship is a multidimensional study and requires further analysis. Many internal and external factors that affect the interests of people who decide to pursue a career as an entrepreneur. This phenomenon is very interesting to be explored more deeply the relationship between the desire to be entrepreneurs with a background of demographic and personality characteristics of students. This study aims to, (1) identify trends in student interest in entrepreneurship is called entrepreneurial propensity, (2) identify the relationship between the business background of family and entrepreneurial propensity of students, (3) identify the relationship between demographic factors and propensity of students, and (4) identify the entrepreneurial propensity of students who are distinguished on the basis of personality characteristics.

3. LITERATURE REVIEW

3.1 Entrepreneurship

Recently, businessman is generally considered to be the same as the entrepreneur. So run a successful business has been regarded as a superior businessman. This opinion may be true, but it actually takes the development of a better understanding and more systematic to show some of the similarities and differences between business people and entrepreneurs. Entrepreneurship is the translation of the word entrepreneurship, entrepreneurship is often translated by the word. In the world of education abroad, which later became known as entrepreneurship education. Entrepreneurship is a French word that means someone who undertake a doer and it involves risk taking with the hope of profit making (Li & Wu, 2013). Kreuger, Relly and Carsud (2000) defined entrepreneurship as a way of thinking that emphasizes opportunities over threats. The social dimensions of entrepreneurship rightly argues that individuals will only activate their entrepreneurial potential if they are exposed to a favourable socialization process and gain social support (Li & Wu, 2013). Muller (2004) posits that the formation of entrepreneurial intention depends on personal attitude toward the act of starting a new venture.

3.2 Entrepreneurs

Running business is not as easy as getting a certain command of the head of the company. Especially in the early stages of starting a business a lot of hurdles and obstacles that must be faced even managed sehingga be constructive for the



company. The ability to survive in tough times requires a high commitment. Successful entrepreneur must have a strong commitment to manage its business activities better. Entrepreneurs generally considered to be equal to the employer. So that successful entrepreneurs in doing business entrepreneurs can be regarded as superior. This feeling is true, but for the development of a more systematic and better understanding is needed sharper indicating the similarities and differences between entrepreneurs and entrepreneurs.

The future is full of uncertainty conditions. Entrepreneurs are always looking for opportunities related to the risk of uncertainty which results in the future. Understanding of the environmental changes and other factors which are beyond the control of the company must be owned by an entrepreneur that will affect the level of failure tolerance, doubt and situation changed. Entrepreneurs have a high tolerance for making decision and changing circumstances will influence the level of flexibility they have. The higher the tolerance, the higher flexibility and adapt to changes in the situation. Changes in the external environment increases the ability to be flexible in adjusting goals, activities and use of available resources.

3.3 Personality Characteristics

In recent years, researchers have started to look into the relationship between entrepreneurial personality traits and perception of entrepreneurial opportunities . Thus, entrepreneurial personality becomes a variable which have a relationship to the business performance (Halim, Muda & Amin, 2011). Personality traits may influence the intentions and the manner in which individual acts (Nga & Shamuganathan, 2010). There are three dimensions of personality that is owned by an entrepreneur (Hunter, 2003):

1. Need for Achievement, in which a person is considered to have a high need for achievement if he has the desire to do better, or he considers a better achievement is important. According to McClelland at the beginning of the mid 1960s stated that the key to entrepreneurial behavior in line with the achievement motivation (Hunter, 2003). The need for achievement is the drive to go forward, to achieve the goals associated with a particular group of standards. Someone who is driven by the need is expected to spend the time to consider how to do the work properly or how to carry out the work that is considered important.
2. Locus of Control is the degree or extent to which a person feels confident individual , has the ability to control their own destiny (Robin,



1996). So the higher the individual's beliefs to control his own destiny, it can be said that these individuals have a high locus of control .

3. Risk Taking, that a person in the context of running a business generating ideas at the chance of success is low. There are a number of previous studies that support the idea with regards to the ability to accept risk as a primary factor in the character and function of entrepreneurship.

3.4 Demographic Factors

In general, many researchs about entrepreneurial intentions conducted to personality characteristics include demographic characteristics and environmental characteristics. Some previous researchers proved that personality factors as the need for achievement (McClelland, 1961; Sengupta and Debnath, 1994) and self-efficacy (Gilles and Rea, 1999; Indarti, 2004) is predictor variable to entrepreneurial intentions. Demographic factors such as age, gender, educational background and work experience of a person considered as determinant for entrepreneurial intentions (Indarti & Rostiani, 2008). The gender argument can be attributed to the fact that the family situation mainly revolves around the power of dynamics within the household where boys and girls stick to their socialized roles (Mushipe, 2013).

Studies conducted McClelland (1971) and supported by research Dunn & Holtz - Wakin (2000) also showed the influence of personality factors and family role models have much contributed to the propensity increasing interest in the work as entrepreneurs or entrepreneurial propensity (Galloway & Kelly, 2005). Based on several previous studies showed that the study of entrepreneurship is a multidimensional study and requires further analysis. Many internal and external factors that affect the interests of people who decide to pursue a career as an entrepreneur. In recent years, entrepreneurship education has grown significance. The mayor focus of attention has been on how to teach pupils and students at different ages and educational level about entrepreneurship in order to enhance their willingness to become entrepreneurs as well as to boost their chances of doing so succesfully (Achtenhagen & Aufsess, 2008).

4.METHODS

4.1. Data Collection and Sample

Data collected in Indonesia and target population was students in University of Atma Jaya Yogyakarta. Self-completion questionnaires were distributed to the university student in Management Program. The respondents were students who have taken entrepreneurship courses. Respondents were selected based on the



assumption that students who have taken classes Entrepreneurship has the knowledge to start entrepreneurial activities, have high self-confident and motivation in running the business.

This study uses purposive sampling method, in which each element included in the sample selection is done on purpose and ensure that the quality of samples has similarities with the population. Of a total 200 questionnaires handed out , 132 comple questionnaires were returned, giving a response rate of 66 percent. After deleted 68 unqualified questionnaires, 132 usable questionnaires were used for this research. Data is then further processed and analyzed using analysis tools percentages, Chi-Square and Kolmogorov-Smirnov test. This study uses descriptive analysis to provide answers to the proposed formulation of research problems.

4.2. Measurement

Measurement reliability of research instruments, in principle, will show the extent to which these measurements can provide a relatively different results if performed on the same subject. The higher level of reliability of a measuring instrument, the gauge will be more stable and more reliable in measuring the phenomenon. Test item reliability analysis technique used is Cronbach Alpha coefficients (RTT). Table 1 below presents the results of reliability testing:

Table 1 : Reliability Testing for Personality Characteristics

No	Instrument	Alpha	Reliability
1	<i>need for achievement</i>	0.8913	Reliabel
2	<i>locus of control</i>	0.6677	Reliabel
3	<i>risk taking</i>	0.7925	Reliabel

The test results indicate that the questionnaire instrument which include need for achievement, locus of control and risk taking partially demonstrate the value of $r > 0.6$. Therefore it can be concluded that the instrument used in this study is reliable because it has a Cronbach's alpha greater than 0.6 (Hair, et.al, 1998) for the dimensions of locus of control greater than 0.7 (Sekaran, 1992) for the dimensions of need for achievement and risk taking. Based on the results of the above test instruments used in this study can be said to have a high level of consistency.

5.DISCUSSION

5.1. Demographic Analysis

Based on the gender of the respondents consisted of 45 women and 87 men. Based on the ethnic background of the respondents of this study consisted of 55



students who Javanese ethnic backgrounds (41.7 percent), 3 students from ethnic Bali (2.3 percent), 55 students of Chinese ethnic background (41.7 per cent), and the remaining 14.4 percent, or 19 students from other ethnic backgrounds. Based on the background of the family business of respondents consisted of 39 students who have parents who work as entrepreneurs (29.5 percent), 31 students of a parent working as entrepreneurs (23.5 percent), 28 students who have ancestry line (grandmother or grandfather) and family (clan) with a strong entrepreneurial experiences (21.2 percent), 19 students who do not have close relatives who work as entrepreneurs (14.4 percent) and 15 students who have a friend become an inspiration in managing their business (11.4 percent).

The research results demonstrate how information influences business family background and ethnic background with gender as a control variable. Chi-square test obtained value for 14.273 women student groups with a significance level of 0.075 with 8 degrees of freedom shows that the gender was not associated with a business family background and ethnic background. The table also chi-square value obtained for 27.144 male student groups with a significance level of 0.007 with 8 degrees of freedom, it can be obtained that the gender-related with a business-family background .

5.2. Student Entrepreneurial Propensity Analysis

Student Entrepreneurial Propensity (SEP) is the tendency of students' interest in entrepreneurship in the future. Students are expected to be more aware of the difficult circumstances of both micro and macro economics, as well as intense competition in entering the workforce. Conditions and challenges of the world of work is then handled in a more positive ie independently manage their own business or work as an entrepreneur. Student Entrepreneurial propensity measurement results showed that most respondents have a high SEP and it is shown in figure 1.

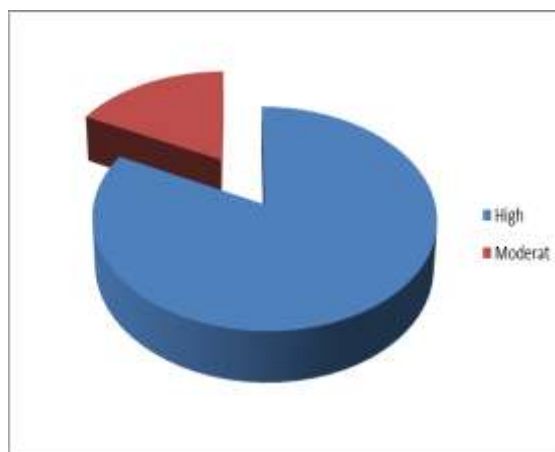




Figure 1. : Student Entrepreneurial Propensity



5.3. Personality Characteristics Analysis

a). Need for Achievement

Need for Achievement (NCA) is the drive to go forward, to achieve the goals associated with a particular group of standards. Someone who is driven by the need to expect to spend time and to always consider how it can do a good job or how to carry out the work that is considered important. A person with a need for achievement will always have the desire to do better or assume better performance is important. According to McClelland in the mid 1960s which stated that the key to entrepreneurial behavior will be consistent with achievement motivation (Hunter, 2003). The table below shows the dimensions of personality characteristic achievement needs (need for achievement) students.

Results demonstrated that most of respondents tend to have a need and desire to be a successful entrepreneur. It can be seen that most of the respondents have a high need for achievement related to liking entrepreneurial profession in the future (48.5 percent), respondents who have a need to perform at a moderate level (26.5 percent) and the need for achievement as low as 33 people (25 percent).

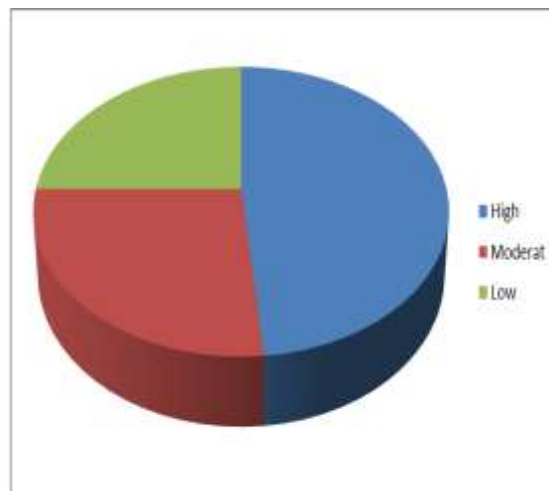


Figure 2. Need for Achievement

b). Locus of Control

The degree of Locus of Control to which a person feels confident individual has the ability to control their own destiny (Robin, 1996). So the higher the individual's beliefs to control its own destiny, it can be said that these individuals have a high locus of control anyway. Figure 2 shows the tendency of these students have a high level of self-control. They have the ability to control their own destiny to further convince them to become successful entrepreneurs realize the dream of the future.

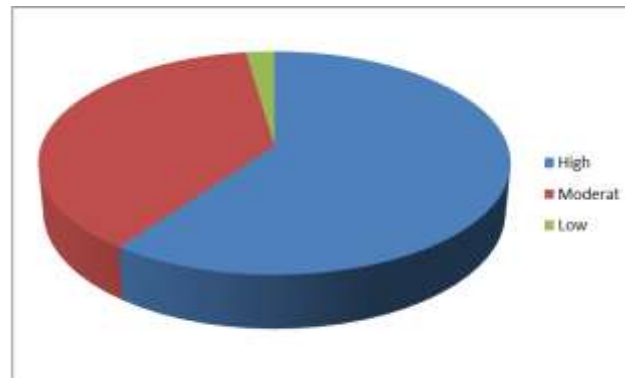


Figure 3. Locus of Control

c). Risk Taking

The risk taking is the ability of a person in the context of running a business generating ideas when the odds of success are low. There are a number of previous studies that support the idea with regards to the ability to accept risk as a primary factor in managing their business. Table 3 shows there is a tendency that students have a high risk taking dimension, where 116 students (87.9 percent) of respondents have a high associated risk taking entrepreneurial desire in the future profession while respondents who have a moderate level of risk-taking as many as 16 students.

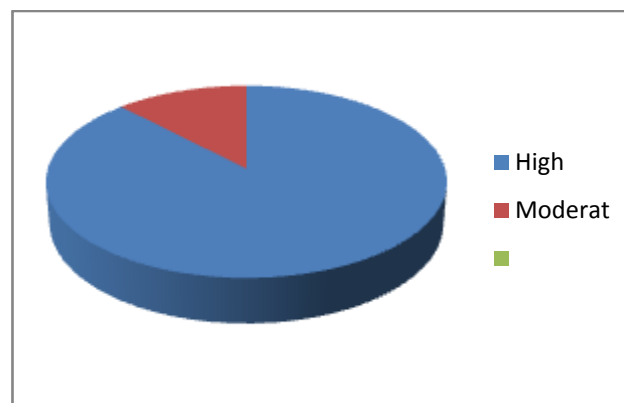


Figure 4. Risk Taking

5.4. The Relationship between Need for Achievement and Entrepreneurial Propensity

Cross-tabulation results showed that there were 10 respondents who have a low need for achievement and the tendency of interest in entrepreneurship at a moderate level. There were 23 respondents who have low needs for achievement with high entrepreneurial propensity. But it could be said that the majority of



respondents as many as 58 of the respondents have a high need for achievement with higher entrepreneurial tendencies as well. It can be concluded that the students were respondents in this study had a high need for achievement and entrepreneurial tendencies or have a high level of entrepreneurial propensity. Results demonstrated the association between the dimensions of need for achievement with entrepreneurial propensity. Results showed that there isn't a statistically association between the dimensions of need for achievement with entrepreneurial propensity.

5.5. The Relationship between Locus of Control and Entrepreneurial Propensity

Cross-tabulation results showed that there were 73 respondents who have a high locus of control and entrepreneurial tendencies interest at a high level. There is a association between locus of control and entrepreneurial propensity shown by the correlation's coefficient. The relationship between locus of control and entrepreneurial propensity are deminstrated with four magnitudes can be used to calculate the association locus of control with entrepreneurial propensity. The four variables had a low correlation coefficient with probability value under 0.05. It can be concluded that there is a statistically significant association between the need for achievement with entrepreneurial propensity.

5.6. The Relationship between Risk Taking and Entrepreneurial Propensity

The relationship between risk taking and entrepreneurial propensity contained in the calculation shown in Table 8, there is no significant relationship between entrepreneurial risk taking propensity and the four dimensions of personality characteristics. Cross-tabulation results demonstrated as much as 96 students have a desire to take high risks and high propensity interest in entrepreneurship as well. The student will be able to bear the high risks can be better calculated to do business in the future. High risk-taking does not mean no risk calculation in detail. However, the risks can be taken into account and within tolerance. The relationship between personality characteristics that include need for achievement, locus of control, risk taking and entrepreneurial propensity will be demonstrated in Table 2.

Table 2 : Relationship between Personality Characteristics and Entrepreneurial Propensity

Personality Characteristics	SOMERDS'D	Significant
<i>Need for Achievement*</i>	0.319	0.011
<i>entrepreneurial propensity</i>	0.415	0.011
<i>Locus of Control*</i>	0.410	0.001
<i>Entrepreneurial propensity</i>	0.237	0.001
<i>Risk Taking*</i>	0.011	0.884
<i>entrepreneurial propensity</i>	0.015	0.884

* significant α 0.05



The results showed a statistically significance value to determine whether there are differences in entrepreneurial propensity on the basis of personality characteristics, used to Kolmogorov-Smirnov test. Summary of the test results shown in the following table:

Table 3 : Kolmogorov-Smirnov Test Entrepreneurial Propensity and Personality Characteristics

Charateristics of Personality	<i>Kolmogorov-Smirnov Test</i>	Significant
<i>Need for Achievement</i>	0.425	0.994
<i>Locus of Control</i>	0.022	1.000
<i>Risk Taking</i>	0.057	1.000

* significant α 0.05

6.CONCLUSION

The finding demonstrated there is a statistically significant between need for achievement, locus of control and entrepreneurial propensity. But, the relations between risk taking and entrepreneurial propensity does not indicate a statistically significant. Testing the relationship between need for achievement, locus of control, risk taking and entrepreneurial propensity using SOMERD'S D, demonstrated a weak association. The results also indicate there is no association between entrepreneurial propensity and risk-taking. The findings is not fully supported by Galloway and Kelly (2004) has identified several potential factors that influence the development of entrepreneurial skills and the potential to start a business. There are two factors affecting the external factors such as environment and business conditions and internal factors such as the influence of psychological and personality. Both of these factors have a strong influence on a person's interest in a career as an entrepreneur called entrepreneurial propensity.

Using the Kolmogorov-Smirnov test, the results showed a weak association between entrepreneurial propensity, need for achievement, and locus of control. There is no relationship between entrepreneurial propensity and risk-taking. Testing differences in personality characteristics that include the need for achievement, locus of control, risk taking and entrepreneurial propensity test, demonstrated no differences in student interest for entrepreneurial intention on the basis of personality characteristics.



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