



# Analysis of Factors Affecting Entrepreneurial Intention

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## ABSTRACT

*The unemployment problem was increasing today, it is evident still large number of unemployed in Indonesia. The unemployment problem is also experienced by graduates and diploma. The unemployment problem occurs because of an imbalance between the number who want to work with the availability of job opportunities. The solution to overcome this problem is to encourage people, especially students to become entrepreneurs in the future if they have graduated college taking courses in each. Because by being an entrepreneur, they can contribute in terms of reducing the number of unemployed. If they have their own business, they can create jobs for themselves and others. The initial step to encourage students to become entrepreneurs is to increase entrepreneurial intention in them. In this study, the authors specifically analyze the influence of entrepreneurial knowledge, entrepreneurial education, professional attraction, social valuation, entrepreneurial capacity and entrepreneurial objectives on the entrepreneurial intention. This study used survey method with purposive sampling technique sampling, and respondents in the study were 140 respondents. The results showed some independent variables such as professional attraction, entrepreneurial capacity, entrepreneurial objectives (successful entrepreneur) affect entrepreneurial intention. While variable entrepreneurial knowledge, entrepreneurial education, social valuation, entrepreneurial objectives (business development) does not affect entrepreneurial intention.*

**Keywords:** *entrepreneurial intention, entrepreneurial knowledge, entrepreneurial education, professional attraction, social valuation, entrepreneurial capacity and entrepreneurial objectives*

## INTRODUCTION

Unemployment is a problem of considerable concern to Indonesia today. So many people who are unemployed can lead to new problems that will arise, among others, an increase in poverty, social inequality and the most alarming is the increasing number of crime rates. The number of unemployed in 2014 was recorded at 7.17 million (Central Bureau of Statistics, 2015). Even more surprisingly, unemployment also hit people who have higher education levels, recorded according to Muhaimin Iskandar unemployment by education level diploma and degree of the reach 610,000 people, with details of 190,000 diploma I / II / III and 420,000 graduate degree (Gunadha, 2013). The amount is very much and become its own problems, as it should be and should those who have higher education levels to get a job because they have high competence. Problems like this should get the solution in the future, one way is to encourage prospective graduates or college graduates do not depend on the work given from the others but should open jobs himself or for others. No other than, the way is to open their own business or work for someone else. This needs to be done, because considering the number of unemployment caused by the high gap between the numbers of job availability with the number of job seekers. For that motivation or encouragement to make the graduates, and more importantly are prospective college graduates are indispensable. There are several factors that can influence the entrepreneurial intention, among others: the entrepreneurial knowledge (how much a person's knowledge of the practices of entrepreneurship), professional attraction (how



much a person interest to become an entrepreneur), social valuation (appraisal of society to the profession of entrepreneurs), entrepreneurial capacity (how much a person's ability to become an entrepreneur), entrepreneurial education (how big / broad the results of entrepreneurial education that followed), entrepreneurial objectives (indicators of success to be achieved by someone). Some of these factors will be discussed its role in improving the entrepreneurial intention. Based on the above, the authors are interested to write an article titled "Analysis of Factors Affecting Entrepreneurial intention".

## LITERATURE

An explanation of the definition of many entrepreneurial intention expressed by some authors and researchers (Wu, Wu, 2008; the Prophet, et. Al., 2006; Guerrero, et. Al., 2008) in Remeikiene, et al. (2013) describes the entrepreneurial intention is a statement in the mind of someone who wants to create a new company or provide a new value in existing companies. Davidsson (1995) explains that entrepreneurial intention with regard to the intention or desire or choice of a person to start a business or the company itself. Souitaris et al., (2007) describes the entrepreneurial intention describe the level of commitment that leads to the performance of a person to create a business in the framework of self-employment. Gupta and Bhawe (2007) describes the entrepreneurial intention is a statement of a person's thinking that led to the actions of an entrepreneur in the context of the development and implementation of a business concept.

Definition of entrepreneurial knowledge expressed by Jack and Anderson (1999). They define entrepreneurial knowledge as a unity between the concepts, capabilities and mentality that entrepreneurs use or should use. This definition gives some sense. First, entrepreneurial knowledge is seen as an end result of something or entrepreneurial learning. Second, the ability or skill is seen as something different from knowledge, but the two are closely related. Skill here is always contextual and influenced by the collective knowledge and individual in a situation. Furthermore, skills always have content knowledge. Johannisson (1991) describes the entrepreneurial knowledge as a conceptual and analytical understanding with regard to multifunctional and multipart of an entrepreneurial process. More clearly the context of knowledge here is the ability of an entrepreneur to find business opportunities and get it. Shane (2000) describes the entrepreneurial knowledge as an ability to understand, extrapolate, interpret, and translate into the implementation of the new information in a new way or new activities in relation to the practice of entrepreneurship.

In contrast to the entrepreneurial knowledge, entrepreneurial education is a program to build knowledge and skills either "on" or "for the purpose of" entrepreneurship in general, as an educational program introduction of entrepreneurship in educational institutions (Global Entrepreneurship Monitor 2010 in Remeikiene, et al. 2013) , Jack and Anderson (1999) defines the entrepreneurial education is an educational program to increase the intent, self-efficacy and effectiveness of entrepreneurial behavior.

Explanation of the professional and entrepreneurial capacity attraction described by Peterman and Kennedy (2003) as follows. Understanding of the perceived desirability leads to the degree to which a person has an interest or attraction to do something (in this context is to become an entrepreneur). While the perceived feasibility lead to a level where someone personally able to perform a particular action (in this context is becoming a wirausahwan). Together with the perceived desirability and perceived feasibility professional attraction together with entrepreneurial capacity. Understanding of the entrepreneurial capacity is also associated with self-efficacy contained in a person in the

execution of entrepreneurial practice, as has been described above by or in research Shook and Bratianu (2010).

Understanding of perceived social norms or social valuation leads to a perceived social pressure to bring or not bring entrepreneurial behavior (Ajzen, 1991 in Linan, et al., 2010). Explanation of social valuation or social norms are also described by Shook and Bratianu (2010), this definition leads to no effect or influence on the environmental assessment (others) about the profession entrepreneurs.

Understanding of the entrepreneurial objectives lead to success indicators or objectives to be achieved by a person in his work as an entrepreneur (Linan, et. Al 2010). Explanation of the entrepreneurial objectives contained in the SINE survey (2002) in Desiage (2010). In the survey, it was found there were two goals from someone who wants to become an entrepreneur. First, to ensure people create the job by themselves and secondly, to develop business in the context of providing employment and increased investment.

Entrepreneurial intention is a variable that is interesting to study; it is because this variable is the beginning of an entrepreneurial action. Without the entrepreneurial intention, then the desire to undertake an entrepreneurial action will not happen. Some of the variables that lead to increased entrepreneurial intention can be explained in a number of the following explanation.

The influence of entrepreneurial knowledge to the entrepreneurial intention can be explained; someone who has knowledge of the practices of entrepreneurship will be open-minded about the entrepreneurial activity and finally have the desire or urge to become an entrepreneur. Entrepreneurial knowledge has two types of understanding in relation to bring entrepreneurial intention. Understanding that the first describes an ability to find business opportunities, it affects the urge to have a business (Shane and Venkataraman, 2000). Understanding that both describes the ability to cope with the problems that will arise in the phase of creation of a business opportunity, which led to a new business that will run into a profitable business (Shepherd, et al. 2000).

Based on these explanations, the authors formulate

**H1: There is an Influence of *Entrepreneurial Knowledge* on *Entrepreneurial Intention***

The influence of Professional attraction and entrepreneurial capacity of the entrepreneurial intention, closely related to a basic concept of the theory of the behavior of the so-called perceived desirability and perceived feasibility (Peterman and Kennedy, 2003). Understanding of the perceived desirability leads to the degree to which a person has an interest or attraction to do something (in this context is to become an entrepreneur). While the perceived feasibility lead to a level where someone personally able to perform a particular action (in this context is becoming a wirausahwan). Together with the perceived desirability and perceived feasibility professional attraction together with entrepreneurial capacity. So in the context of this study, a person who has a high desirability or desire to have a profession as an entrepreneur will have a higher entrepreneurial intention as well. Moreover someone who thinks he has the ability to perform entrepreneurial practices will have a higher entrepreneurial intention as well. Regarding the relationship between entrepreneurial capacity and entrepreneurial intention, Chunxia (2011) in his research found that entrepreneurial capacity, namely innovation, tenacity and cooperation of a person affects the self-employed person.



Based on the above explanation, the authors formulate

**H2: There is an Influence of *Professional Attraction* on *Entrepreneurial Intention***

**H3: There is an Influence of *Entrepreneurial Capacity* on *Entrepreneurial Intention***

The influence of social valuation on the entrepreneurial intention, closely related to a basic concept called perceived social norms. Understanding of perceived social norms leads to a perceived social pressure to bring or not bring entrepreneurial behavior (Ajzen, 1991 in Linan, et al., 2010). Further according to Ajzen (1991) in Linan, et al. (2010) explains, the 16 pieces of research that has been done, it weakens the perceived social norms tend to bring different behavior, which this behavior is a behavior that is usually done by an entrepreneur.

Based on the above explanation, the authors formulate

**H4: There is an Influence of *Social Valuation* on *Entrepreneurial Intention***

The influence of entrepreneurial education on entrepreneurial intention can be explained as follows. Entrepreneurial education can be the thing that helps a person to prepare the things that are functional or technical, in the context of a career as a self-employed or create a business / business (Roxas, et al., 2008). Jack and Anderson (1999) also added that entrepreneurial education to be a forum for knowledge transfer and ownership as well as the development of skills that are expected to increase the likelihood, confidence, effectiveness to be an entrepreneur.

Based on the above explanation, the authors formulate

**H5: There is an Influence of *Entrepreneurial Education* on *Entrepreneurial Intention***

The influence of entrepreneurial objectives on entrepreneurial intention can be explained as follows. It can be explained by the Theory of Reasoned Action developed by Fishben and Azjen (1975). In the theory it is described that behavior to be achieved in a person resulting in intention or encouragement of the individual to be increased, or in any other sense so great desire to be achieved by an individual will enlarge the individual urge to do so. In the context of this research is the desire to be achieved is the entrepreneurial objectives and the drive to do it is the entrepreneurial intention.

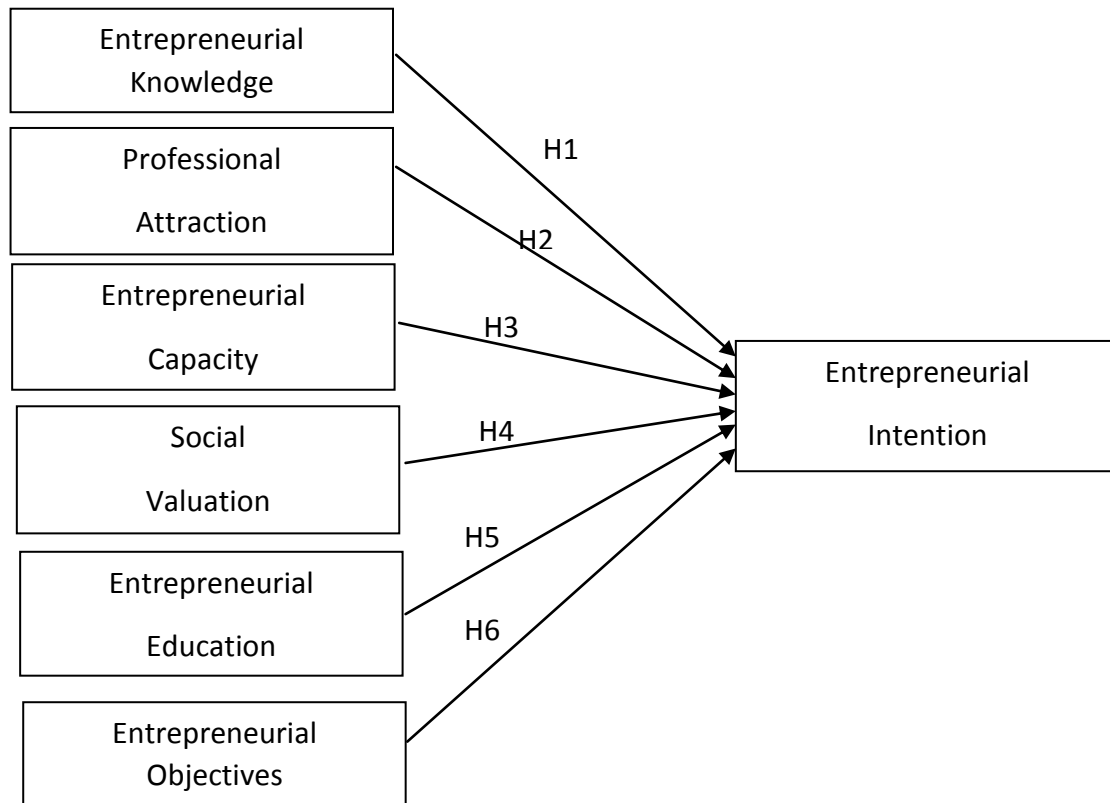
Also in attitudes and behavior theory also explained that the components of attitude (cognitive, affective, and conative) as antecedents of a person's behavior. But also vice versa, or in another sense there is a reciprocal relationship in the context of the relationship between attitudes and behavior. Attitude can be the antecedent of behavior, but behavior can also be an antecedent of attitude. In this study the behavior represented as entrepreneurial objectives, which are the efforts or achievements to be performed by a person in his position as an entrepreneur. While the attitude is represented as an entrepreneurial intention, which is an encouragement that there is someone to do the practices of entrepreneurship. This means that if someone has a desire to do something in the context of entrepreneurship, the intention of the people will increase.

Based on the above explanation, the authors formulate

**H6: There is an Influence of *Entrepreneurial Objectives* on *Entrepreneurial Intention***

Based on the research hypotheses above, the research model in this study are as follows

**Picture 1. Research Model**



## RESEARCH METHOD

This research is an explanatory research types, methods of data collection in the form of questionnaires (survey) and sampling technique used was purposive sampling , where the criteria used are the respondents ( students ) who have or are classes / courses / training in entrepreneurship . The numbers of respondents in this study were 140 respondents. The research instrument used to measure all the variables adopted from Linan , et al (2010) . All research instruments meet the test validity (significant bivariate correlations) and test reliability (Cronbach 's Alpha > 0.6).

## RESULTS

Here are some results of testing this hypothesis.

**Table 1. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721(a)	.519	.490	4.55358

a Predictors: (Constant), EER, SV, EK, PA, BD, EC, SE, EEG

Source : processed data ( 2015 )



Based on Table 1 , the influence of the independent variables ( Entrepreneurial Knowledge , Entrepreneurial Education , Professional Attraction, Valuation Social , Entrepreneurial Capacity , Entrepreneurial Objectives) on the dependent variable ( Entrepreneurial Intention ) is 49 % , while the remaining 51 % are influenced by other factors . For variable Entrepreneurial Education consists of two dimensions: EEG ( Entrepreneurial Education General ) and EER ( Entrepreneurial Education Results ). Objectives for Entrepreneurial variable consists of two dimensions: BD (Business Development ) and SE (Successful Entrepreneur).

**Table 2. ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2936.252	8	367.031	17.701	.000(a)
	Residual	2716.291	131	20.735		
	Total	5652.543	139			

a Predictors: (Constant), BD, SV, PA, EK, EER, EC, SE, EEG

b Dependent Variable: EI

Source: processed data ( 2015 )

Based on Table 2, the model in this study can be said to describe the true state of the relationship between variables Entrepreneurial Intention and several variables that affect it

**Table 3. Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6.067	3.790		-1.601	.112
	EK	-.080	.054	-.102	-1.486	.140
	PA	.511	.124	.312	4.119	.000
	SV	-.064	.053	-.076	-1.214	.227
	EC	.150	.053	.236	2.824	.005
	SE	.216	.107	.180	2.025	.045
	EEG	.145	.140	.098	1.033	.304
	EER	.118	.102	.086	1.154	.251
	BD	.047	.084	.049	.564	.574

a Dependent Variable: EI

Source : processed data ( 2015 )



Based on Table 3, there are three variables that affect Entrepreneurial Intention, while the rest did not affect. The third variable is the Professional Attraction (PA), Entrepreneurial Capacity (EC) and Successful Entrepreneurial (SE). While that does not affect the variable is Entrepreneurial Knowledge (EK), Social Valuation (SV), Entrepreneurial Education consisting of Entrepreneurial Education General (EEG), Entrepreneurial Education Results (EER). The last variable does not affect is one of the dimensions of Entrepreneurial Objectives namely Business Development (BD). The Explanation of the variables that do not affect is as follows. Entrepreneurial Knowledge and Entrepreneurial Education does not affect Entrepreneurial Intention, according to the researcher may be due because of the level of knowledge and education that followed was not so intense as subjects of entrepreneurship are taken on campus yet at the stage level of concentration, so that the topics are given only in the form of a general nature regarding entrepreneurship. Of the number of students who were respondents in this study, only about 25 students who have followed the course of entrepreneurial concentration. In addition most likely also the level of knowledge and education about their entrepreneurial many get from the immediate environment such as family, friends, leaders and other parties, in which information on entrepreneurship can be more intense than what they get they get in the lecture. From the data it can be seen more than 50% of respondents familiar with the practice of entrepreneurial activity and reliability of family, friends, and their leader plus more from other parties. Addition of 67% employment of the elderly respondents is entrepreneurs, meaning that the level of knowledge and education more intense they get also from each parent. Then variable Entrepreneurial Objectives such as Business Development does not affect Entrepreneurial Intention, the explanation is that researchers have the opinion that since the respondents are students and most of them have not had a business therefore the exact description regarding a business development they have not understood and therefore discussion of the topic still too far away to be considered by the respondents.

## CONCLUSION

Based on these results, there are some characteristics of respondents who could be information related closely with entrepreneurial intentions. Most of the respondents have a background of their parents is an entrepreneur, and that is interesting is to work father and mother is the most number of many entrepreneurs. Besides, most of the respondents have contacts of people working as self-employment, whether it is from family, friends and others. It is therefore not surprising that most respondents close with a discussion of entrepreneurship, it is seen from their immediate environment (father, mother, family, friends, or others) worked as an entrepreneur. And this is what causes most of them will choose the profession as an entrepreneur.

This study aims to examine the factors that influence entrepreneurial intentions. Some factors that tested their effects on entrepreneurship intention of Attraction is Entrepreneurial Capacity Professional, Successful Entrepreneurial, Entrepreneurial, Social Valuation, Entrepreneurial Education and Entrepreneurial Entrepreneur Objectives. Results of testing the influence of these factors are as follows. Professional Variable Attraction and Successful Entrepreneurial Capacity Entrepreneurial affect entrepreneurial intentions or in other words, these factors may increase entrepreneurial intentions. While that does not affect the variable is Entrepreneurial Knowledge, Social Valuation, Entrepreneurial Education consisting of Entrepreneurial Education General, Entrepreneurial Education



Results. The last variable does not affect is one of the dimensions of Entrepreneurial Objectives namely Business Development.

Based on these results, the authors can give some suggestions as follows: For the practitioner, in this case the general public or students in particular who want to improve the intention of entrepreneurship owned may consider factors such as Professional Attraction, Entrepreneurial Capacity and Successful Entrepreneurial as a factor that can increase entrepreneurial intentions. Professional of Attraction is an interest in a person to have a profession or work as an entrepreneur, Entrepreneurial Capacity is the level of self-assessment on the capacity or capability in terms of being an entrepreneur, and a Successful Entrepreneurial the desired level of success when conducting entrepreneurial activity. These three factors can be improved if it is to have high entrepreneurial intentions within.

For the academics, especially for educators or other researchers. For educators, factors such as the Professional of Attraction and Successful Entrepreneurial Capacity Entrepreneurial may be an option or a consideration in establishing or improving the entrepreneurial intentions of students they teach. Some training programs that focus on three things may be considered to be taught in the learning activities of entrepreneurial subjects in college. For other researchers, particularly in terms of research on the topic of entrepreneurship intention of these three factors can be investigated further in order to strengthen its influence on intentions regarding entrepreneurship. For other variables such as Entrepreneurial Knowledge and Education need to be examined again influence the respondent students who have to take a course topic of entrepreneurship with a deeper discussion, or in other words the students taking entrepreneurship concentration.

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