

## **ANALYSIS OF FACTORS THAT INFLUENCE ENTREPRENEURIAL INTENTION AMONG STUDENTS (STUDY OF STUDENTS AT STIE MAHARDHIKA SURABAYA)**

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### **ABSTRACT**

*The study is to analyze the factors that affect entrepreneurial intention among students. The object of this study is students at STIE Mahardhika Surabaya. The problem of this study refers to the phenomenon of high unemployment, limited employment figures and the low number of entrepreneurs in Indonesia. Entrepreneurial role is to encourage the creation of wealth, equal distribution of wealth, and create employment opportunities that serve a country's economic growth engine. Random sampling method was chosen to obtain the information needed in this study. The number of respondents was 100 students STIE Mahardhika. To calculate the influence of variables, this study using multiple regression analysis. Data processing is using SPSS 17. The results of this study indicate that the family environment, creativity, risk tolerance, knowledge of entrepreneurship, freedom at work, motivation and personality may influence the entrepreneurial intention among students.*

**Keywords:** Family environment, creativity, tolerance of risk, knowledge on entrepreneurship, freedom at work, motivation, personality, entrepreneurial intention

### **INTRODUCTION**

The population growth each year will increase the number of labor so that the number of jobs that must be provided should be improved. Problems related to the world of employment is high unemployment due to the growing number of workers is greater than the number of jobs available. High unemployment among college graduates show the process of a college education are less touching real problems in society because education is considered as a means to improve the quality of human resources itself. A good education is expected to produce good human resources as well. But in reality today, education is also closely related to unemployment, especially unemployment of educated labor s.

Student Entrepreneurship Program has been carried out as a combination of several courses that provide knowledge of entrepreneurship with the aim of providing a real experience for students to self-employment and in order to graduate STIE Mahardhika not just think of looking for a job, but they can create business opportunities both for themselves and others because they already receive education and training in entrepreneurship on campus.

Student Entrepreneurship Program is oriented to change the mind set in entrepreneurship and provide real business experience, is considered more effective to cultivate the spirit, ability and

motivation of entrepreneurship among students. Students whom are given the freedom to work or choose a business field proven more effective than the students whom are forced to carry out the business field that already exist so that students will be interested in doing their own businesses in accordance with the desired job.

The small number of entrepreneurs is influenced by the environment of people who think that being employees of the work gives the highest proud. The fear of risk also makes the students choose the secure jobs. Based on the above phenomenon, entrepreneurial intention among students is still far from expectations to tackle unemployment of college graduates by developing an entrepreneurship program on campus, therefore it is necessary to study the variables that affect the interest of the students towards entrepreneurship in order to develop programs and curricula appropriate to make a lot of entrepreneurs from campus Mahardhika STIE Surabaya.

Since there are so many factors that may influence the entrepreneurial intention among students, this study has some questions: is the family environment, creativity, tolerance for risk, entrepreneurial knowledge, freedom to work, motivation and personality partial and simultaneously effect on the interest for entrepreneurship?; then among the mentioned factors, which is the dominant factor that influence on entrepreneurial intention?.

Thus, this study wants to examine and analyze the influence of family environment, creativity, tolerance for risk, entrepreneurial knowledge, freedom to work, motivation and personality partially and simultaneously to an entrepreneurial intention and analyze which factor is dominant to influence on the interest for entrepreneurship.

## **LITERATURE REVIEW**

### **Family Environment**

The family environment is the smallest community group consisting of father, mother, children, and other family members. The family is the foundation for the growth and development of children, this is where the initial impact of the formation of personality. Sense of responsibility and creativity can be grown as early as possible since children begin to interact with adults. Parents are fully responsible parties in this process. One element of personality is of intention. Intention in entrepreneurship will be formed if the family a positive effect on those interests, attitudes and activities among family members influence each other both directly and indirectly. Parents who are self-employed in a particular field can cause their children's entrepreneurial intention in the same way, too. Family environment as one of the aspects that affect the interest of entrepreneurship in accordance with the idea of Mc Clelland (1995) and Riyanti (2003) which stated that the family environment is a very important aspect in forming an entrepreneurial intention.

### **Creativity**

According to Suryana (2006: 32), creativity is the presence of a new idea. Creativity is creating a creation or new things that can be used to create a business (Alma, 2013). Creativity is encouraged by the right brains. Thus, to stimulate right brains, some that must be habits are:

1. Always ask if there are other better ways
2. Question and further examine existing habits, routine nature and tradition.
3. Should think reflective, reflect, think deeper.
4. Try to see things from another perspective.
5. Thinking there might be more than one correct answer.
6. More relaxed for innovative problem solving.

7. Having a helicopter skills means having the ability to pick-up a matter of routine / daily, so you can see the problems or issues with wider viewing angles and then lower back to focus on issues that are being studied, to obtain a new idea in the changes.

### **Risk Tolerance**

Praag and Cramer (2002) explicitly considered the role of risk in a person's decision to become an entrepreneur. Rees and Shah (1986) suggested that differences in income to free individual workers (entrepreneurs) is three times higher than that obtained by individuals that working for others, and concluded that the tolerance for risk is something persuaded to do the independent job(entrepreneur).

### **Entrepreneurship Knowledge**

Education and knowledge that received during studying in college is the basis used for self-employment, as well as the skills acquired during the course, especially in the course of practice. Research conducted by Suhartini (2011) concluded that education affects the entrepreneurial intention. So if someone gets an education about entrepreneurship, then he will understand the advantages of being an entrepreneur and increasingly interested in becoming an entrepreneur. Thus it can be said there is the influence of entrepreneurship education to entrepreneurial intention. Entrepreneurship knowledge is a process to embed knowledge, values, entrepreneurial spirit and attitude to the students to equip themselves to be independent human being, creative and innovative. Entrepreneurial knowledge in this research is the entrepreneurship is a practical subject that has been taken by students. Entrepreneurship knowledge as one of the aspects that affects the entrepreneurial intention is taken from the theory of Mc Clelland (1995), Riyanti (2003).

### **Freedom at Work**

Some entrepreneurs use their freedom to arrange the private life and work behavior flexibly. In fact many entrepreneurs do not favor flexibility on one side only but they appreciate the freedom in their entrepreneurial careers, such as working on their own way, having their own profit and set their own schedule (Hendro, 2005).

### **Motivation**

The theory of motivation is also developed by David McClelland. In this theory, a lot of research done to find the motivation to meet human needs in achievement. The need to excel exists because people have a strong will to succeed. They further pursue personal achievement rather than return for their success. They are passionate to do things better and more efficiently than ever before.

Mc Clelland found that those with high achievement impulse different in their strong desire to do things better from others. They look for opportunities where they have a personal responsibility to find answers to problems. Those who have the need for achievement would prefer jobs in which they have a personal responsibility, will obtain feedback and job duties that are at risk.

In his research, Mc Clelland found that those who have high need for achievement is the most successful entrepreneurs. Entrepreneurial motivation is a strong push from inside a person to begin to actualize our potential in creative thinking and innovative to create new products and added value to the common interest. The expressions of entrepreneurial intention motivation affect are developed based on the opinion of Mc Clelland (1995), Riyanti (2003).

### **Personality**

Personality or private individual is a basic attitude characteristics possessed by each person in his life. Someone's personality determines every step of his/her life to choose. Being a successful entrepreneur, a person tends to have characteristics or personality needed by an entrepreneur. Expressions of entrepreneurial intention that developed by personality used the opinion of Mc Clelland (1995), Helmi & Rista (2006).

### **Entrepreneurial Intention**

According to Litunnen (2000), the entrepreneur is the ability to create, organize, and run their own business. Entrepreneurial is the person who can create new businesses, able to face the risk and use all owned and turn it into something profitable. Entrepreneurial intention is interest in someone to do their own businesses and dare to take risks. Indicators of entrepreneurial intention are the involvement in entrepreneurial activity and mindset of the future. According to Alma (2013), college graduates are equipped with the education and idealism thus they are expected to evolve into a pioneer of entrepreneurship and not to be college graduates that are looking for work, but they should create jobs. The small number of entrepreneurs is influenced by the environment of people who think being employees who work for others is the pride of the work. The fear of risk taking makes students want to look for a secure job.

### **RESEARCH METHODS**

Based on the type of problems to study, the technique used in this research is quantitative descriptive with data collection is used to test hypotheses or answer questions about the final status of the study subjects. The nature of the research is the explanation (explanatory research) that is associated with the position of the variables that were analyzed and the effect of one variable with another variable.

#### **Research Population**

The population in this study were all students who have taken the STIE Mahardhika Student Entrepreneurship Practices (PKM). Total respondents is 100 students. The Sampling methods used is random sampling method.

#### **Research Variables**

The variables to be tested in this study consists of seven independent variables (independent variable), namely: Family Environment (X<sub>1</sub>), Creativity (X<sub>2</sub>), tolerance for the risk (X<sub>3</sub>), Knowledge on entrepreneurship (X<sub>4</sub>), Freedom at Work (X<sub>5</sub>), motivation (X<sub>6</sub>) and Personality (X<sub>7</sub>), and there is one dependent variable (dependent variable) that entrepreneurial intention (Y).

### **RESULTS AND DISCUSSION**

The data analysis model used in this study is multiple regression with the equation as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + e$$

Where :

Y = Entrepreneurial intention

X<sub>1</sub> = Family environment

X<sub>2</sub> = Creativity

X<sub>3</sub> = Risk tolerance

X<sub>4</sub> = Knowledge on entrepreneurship

X<sub>5</sub> = Freedom at work

X<sub>6</sub> = Motivation

X<sub>7</sub> = Personality

a = Constant

b<sub>1</sub>-b<sub>7</sub> = Variable coefficient

e = error

The model of multiple regression analysis in this study is:

$$Y = 3.886 - 0,066 X_1 + 0.188 X_2 - 0.030 X_3 + 0.289 X_4 - 0.165 X_5 + 0.215 X_6 + 0.297 X_7$$

**F- Test (Simultaneous Test)**

F test used to test the hypothesis for the simultaneous test was conducted to see the effect of jointly variables Family Environment (X1), Creativity (X2), risk tolerance (X3), Knowledge on entrepreneurship (X4), Freedom at Work (X5), Motivation (X6 ) and Personality (X7) to variable entrepreneurial intention (Y). Testing the hypotheses used in the simultaneous test is as follows:

**Tabel 1. F-Test**

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	226.480	7	32.354	60.797	.000 <sup>a</sup>
	Residual	48.960	92	.532		
	Total	275.440	99			

a. Predictors: (Constant), x7, x1, x4, x5, x3, x6, x2

b. Dependent Variable: y

Source : Data processed, SPSS

The results showed that the jointly test indicate that the hypothesis H0 and H1 are accepted, namely Environment Family, Creativity, risk tolerance, Knowledge on Entrepreneurship, Freedom at Work, Motivation and Personality effect on student entrepreneurial intention. It is shown that the value of F count is 60 797 with significance of 0.000.

**t-Test (Partial Test)**

Testing the hypothesis for the t test (partial test) was conducted to see the partial each independent variable on the dependent variable. Testers hypotheses used in the partial test as follows:

**Table 2. t-Test**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	3.886	.956		4.063	.000					
	x1	-.066	.064	-.058	-1.034	.304	.498	-.107	-.045	.606	1.650
	x2	.188	.093	.231	2.033	.045	.842	.207	.089	.150	6.669
	x3	-.030	.104	-.030	-.285	.776	.788	-.030	-.013	.179	5.595
	x4	.289	.076	.328	3.833	.000	.819	.371	.168	.264	3.791
	x5	-.165	.077	-.178	-2.136	.035	.704	-.217	-.094	.278	3.599
	x6	.215	.102	.235	2.105	.038	.840	.214	.093	.155	6.471
	x7	.297	.093	.399	3.204	.002	.851	.317	.141	.125	8.031

a. Dependent Variable: y

Source : Data Processed, SPSS

The results of t-test based on Table 2 as follow:

1. Results of the partial test shows for the family environment variable has no effect and no significant effect on student's entrepreneurial intention, then H0 is accepted where t-value at -1.304 with an alpha value of  $0.304 > 0.05$ .
2. The results of the partial test shows for creativity variables significantly influence student's entrepreneurial intention, the hypothesis H1 is accepted where t-value of 2.033 with an alpha value of  $0.045 < 0.05$ .
3. The results of the partial test shows for a variable tolerance for risk has no effect and no significant effect on student entrepreneurial intention, then H0 is accepted where t-value of -0.285 with an alpha value of  $0.776 > 0.05$ .
4. The results of the partial test shows for entrepreneurial knowledge variables significantly influence student entrepreneurial intention, the hypothesis H1 is accepted where t-value of 3.833 with an alpha value of  $0.000 < 0.05$ .
5. The test results show for the variable partial freedom in work significantly influence student entrepreneurial intention, the hypothesis H1 is accepted where t-value at -2.136 with an alpha value of  $0.035 < 0.05$ .
6. The partial test results show for motivation variable significant effect on student entrepreneurial intention, the hypothesis H1 is accepted where t-value of 2.105 with an alpha value of  $0.038 < 0.05$ .
7. The results of the partial test for personality variables showed significant effect on student's entrepreneurial intention, the hypothesis H1 is accepted where t-value of 3204 with an alpha value of  $0.002 < 0.05$ .
8. The results of the partial test for motivation variable showed significant effect on student's entrepreneurial intention, the hypothesis H1 is accepted where t-value of 2.105 with an alpha value of  $0.038 < 0.05$ .
9. The results of the partial test for Personality variable variable showed significant effect on student's entrepreneurial intention, the hypothesis H1 is accepted where t-value of 3.204 with an alpha value of  $0.002 < 0.05$ .

Rated R square in table 3 below by 0.822, it shows that 82.2% variable entrepreneurial intention students at STIE Mahardhika affected by variables Family Environment, creativity, tolerance for the risk, Knowledge on entrepreneurship, Freedom at Work, Motivation and Personality, while the remaining 17,8% influenced by other variables that are not explained by this research model.

**Table 3. Determination**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df 1	df 2	Sig. F Change	
1	.907 <sup>a</sup>	.822	.809	.72950	.822	60.797	7	92	.000	2.515

a. Predictors: (Constant), x7, x1, x4, x5, x3, x6, x2

b. Dependent Variable: y

Source : Data Processed, SPSS

The results of this study stated that most students have a desire to entrepreneurship. Provide insight into entrepreneurship is a selection of the future by providing entrepreneurial guidance.

Train the student confidence will hopefully change the opinion that being an entrepreneur will be able to promise a better life to encourage student interest in entrepreneurship.

The results of this study that the Family Environment and Tolerance for the risk has no effect and no significant effect on student's entrepreneurial intention because the majority of students STIE Mahardhika many already become an employee at the time of registering as a student STIE Mahardhika and background behind the family who did not introduce entrepreneurship and not all students like challenge and likes to take the opportunities.

## **CONCLUSIONS**

The results statistically showed for testing jointly Family Environment variables, creativity, risk tolerance, Knowledge on entrepreneurship, Freedom at Work, Motivation and Personality jointly affect the entrepreneurial intention students at STIE Mahardhika Surabaya. Partially, the results showed variable Creativity, Knowledge on entrepreneurship, Freedom at Work, Motivation and Personality has a significant effect on student entrepreneurial intention. As for the family environment variables and tolerance for risk has no effect on student entrepreneurial intention and Knowledge on Entrepreneurship has dominant influence on student's entrepreneurial intention.

The suggestion based on the result of analysis is to improve the program of entrepreneurship because the trend is in the category of high entrepreneurial knowledge through the development of entrepreneurial practice models to students with varied learning strategies, innovative and fun as well as be directed to Soft Skill and real business experience. As Motivation Variables is already in the high category thus, it needs to be maintained. From the psychological side, patience is key to deal with the risks, thus it is suggested that students were able to increase the patience and maturity to manage their emotions, especially the problem management team work and students should be guided to be more diligent and more resilient in the work.

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