

# **THE ANTECEDENTS OF STUDENT ENTREPRENEURIAL INTENTION: INVESTIGATION ON THE STUDENTS OF INTERNATIONAL BUSINESS MANAGEMENT PROGRAM, SURABAYA**

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## **ABSTRACT**

*This study concerned to entrepreneurship research area in order to find out and investigate the antecedents of entrepreneurial intention on the students who take International Business Management Undergraduate Program.*

*The method applied in this study is quantitative research method whereas emphasized on hypothesis test. The research instrument used questionnaire to explore and identify the respondents on this study. The respondents are the students who undergone the entrepreneurial courses.*

*The findings gained in this research are the antecedents as the independent variables influencing entrepreneurial intention significantly and also self efficacy exposing the dominant variable on this effect. Moreover, the equation of multiple regression analysis for the result is  $Y = 4,223 + 0,652 X1 + 0,422 X2 + e$ .*

**Keywords** : *entrepreneurship, entrepreneurial intention, self efficacy, locus of control.*

## **INTRODUCTION**

Indonesia is one country that is rich in the world, both in terms of natural resources and human resources. However, that does not mean Indonesia waived from problems, one of the problems faced by this nation is about poverty. National Socio-Economic Survey (Susenas) by the Central Bureau and Statistics in March 2010 stated that the number of poor people in Indonesia reached 31.02 million or 13.33% of the total population of Indonesia. According to BPS data, The poor population is the population that has the average expenditure per capita per month below the poverty line (Rp. 211,726). The Poor people appeared driven by various factors, one of which is the number of unemployment in Indonesia are still unemployed. Based on data published by the Central Bureau of Statistics and by February 2010 the open unemployment rate amount of 9,258,964 inhabitants, of which 1.11302 million inhabitants of which status as a student, both bachelor and diploma. Based on these data, the so-called unemployment are those who are looking for jobs, preparing businesses, find it impossible to get a job, already had a job but have not started working.

Based on the above data, it can be seen there is an imbalance between the human resources available to the court the amount of business available to existing open unemployment into permanent unemployment that encourages the poor. The above data shows that the unemployment 1.11302 million open until February 2010 status as a college student who was expected to become qualified resources and can open up the field of business for the surrounding community. But the reality is different, many of the students after graduation, finding a job and not opened business field even become unemployed remain for many reasons. These things are encouraging the emergence of a variety of solutions to address the problems of poverty and unemployment in Indonesia. Some are initiated by the government in the form of self-employment programs to encourage the emergence of new entrepreneurs. Ministry of Education to develop policies and programs such as the Student Creativity Program (PKM) and Cooperative Education (Co-op) to support the creation of university graduates are better prepared to work and create jobs. These programs are considered effective in encouraging increased activity of entrepreneurship so as to encourage the emergence of other similar programs that Student Entrepreneurial Program by the Directorate General of Higher Education (Higher Education). Student Entrepreneurial Program (PMW) as part of educational strategies in Higher Education is meant to facilitate the students who have an interest and entrepreneurial talent to start entrepreneurship on the basis of science, technology and art are being studied.

The Facilities provided through this program include education and training for entrepreneurship, business plan preparation, support capital and business assistance. The program is expected to support the government's vision to achieve national independence through job creation and empowerment of Small and Medium Enterprises (Higher Education: 2010). Programs of entrepreneurship and entrepreneurial universities there will indirectly bring young entrepreneurs in Indonesia because according Zimmerer and Norman (2005: 6) states that entrepreneurship is not a genetic trait, but rather a skill that can be learned. They also provide a definition of entrepreneur, according to their entrepreneur is a person who creates new business by taking the risk and uncertainty in order to achieve profitability and growth by identifying opportunities and combining resources required to build it (2005: 4).

An entrepreneur also has a personality with the tendencies which starts in itself, or in other words have an internal locus of control and is supported by the high confidence of the ability to succeed or self-efficacy is high (Kreitner, 1992: 85). All attributes that encourages entrepreneurial achievement hoped. It is expected that the achievement of an entrepreneur brings benefits to the wider community that is creating new businesses that can reduce the number of unemployed. It is necessary to know whether a given program for this through entrepreneurship education has been able to improve the entrepreneurial intention students to start a new business after graduating from college, especially students who majored in International Business Management.

### **Entrepreneurial Intention**

Intention is regarded to motivational factors that influence the behavior, indicating how hard one's willingness to try, of how much work is planned to be used with the intention to perform the behavior (Ajzen, 1991). Ajzen Theory of Planned Behavior by an extension of the theory of reasoned action (Ajzen and Fishbein, 1980, Fishbein and Ajzen, 1975). This theory states that the intention is influenced by three factors, namely:

1. Perceived behavioral control means that a person's perception on the ease or difficulty in performing a behavior of concern. Perceived behavioral almost like self efficacy, because according to Bandura investigation showed that a person's behavior is strongly affected by his belief in his ability to do that. Autio, et al (1997) suggest that the greater the sense of behavioral control even stronger intention to perform a behavior (Byabashaija, Katono, and Isabalija, 2010).

2. Attitude toward the behavior that is the level at which a person has an evaluation or assessment of whether or not either of the proposed behavior.
3. Subjective norms means that the perceived social pressure to perform or not perform a behavior.

One of the rules that applied generally in this theory is the more favorable the attitude and subjective norms and perceived behavioral control greater the stronger one's intention to perform the behavior of the proposed (Baumeister and Vohs: 987).

Intention associated with entrepreneurship by some researchers call it the entrepreneurial intention. Bird (1998) defines intention as a state entrepreneurial thinking and actions to direct attention towards self employment as opposed to organizational employment. Linan and Rodrigues (2004) defines Intention as a business person carrying out entrepreneurial behavior, either by opening a new business field (Pihie, 2009).

The Intention Model is also described in entrepreneurship discussion. One of the intention to develop the concept of entrepreneurship is Shapero by Shapero's entrepreneurial event model (SEE), where the entrepreneurial intention depends on three elements, as follows: (Shapero, 1982 in Izquierdo and Buelens, 2008)

1. Perception of the desirability, the degree to which one feels attracted to a given behavior.
2. The propensity to act, tendency to act.
3. The perception on feasibility, the degree to which a person considers himself able to perform certain behaviors

Another model developed by Ajzen's Theory of Planned Behavior as described above. In addition to these two models also developed another model, namely by Bird (1988) which consider that entrepreneurial intention based on a combination of personal and contextual factors.

Boyd and Vozikis (1994) developed a model to include self efficacy Bird drawn from social learning theory. Then came the other models of Davidson (1995) which states that entrepreneurial intention is affected by two things as follows:

1. Conviction defined by general attitudes (change, Compete, money, achievement, and otonomy)
2. Domain attitudes (pay off, societal contribution, and know-how).

Collins, Hannon, and Smith (2006) found the actual effect of entrepreneurship education programs in developing entrepreneurial intention participants, in particular at universities (Pihie, 2009). Boyd and Vozikis (1994) argued that the intention of a person in creating a new business will be most powerful when he has self-efficacy are high resulting from past experience, entrepreneurial role models, persuasion, and the installation of high goals (Izquierdo and Buelens, 2008) ,

Ajzen (1991) stated that the intention of doing a given behavior will depend on a person's attitude toward the behavior (Linan, Rodriguez, and Rueda, 2010). Indicators of entrepreneurial intention based on the definition given by Linan and Rodrigues (2004), composing of :

1. Enterprises someone.
2. A person carrying out entrepreneurial behavior.

Entrepreneurial Intention can be briefly defined as the perception or belief and one's positive assessment of the behavior of entrepreneurial given to him, which will lead to effort and willingness to do the entrepreneurial behavior.

### **SELF EFFICACY**

Self-efficacy proposed by Bandura (1986) through social cognitive theory derived from social learning theory. Bandura (1997) develop a definition of self-efficacy as a person's beliefs about its ability to implement the behavior required to achieve the expected end successfully. Both in

theory and practice of self-efficacy has implications for the entrepreneur as a new business initiative requires the belief that the knowledge, expertise, kamampuan, needed to be successful (Kickul and D'Intino, 2005).

Bandura (1997) stated that a person does not like to change their behavior until they make a clear decision to expend the effort required. Bandura made a clear distinction between the outcome and efficacy expectations. Outcome expectation is the degree to which a person believes that his actions would lead to a particular outcome. While the expectation efficacy is the degree to which they believe they can bring certain results. Bandura specifically describes four sources of efficacy the emergence of expectation, namely: (Burger, 2008)

1. The most important thing is the experience of success (enactive mastery experience), which is a successful attempt to achieve results in the past. Someone who does the behavior without experiencing a bad result would repeat the behavior. History of failure can lead to the expectation that lower efficacy.
2. The experience of others (vicarious experiences / modeling) is seeing someone else perform the behavior without adverse consequences can encourage us to believe that we can do it too. It would be more effective if we look at ourselves with someone that we observe. Alan Carsrud and colleagues (1987) stated that the model or mentor is an important element in raising entrepreneurial thinking (Acs and Audretsch, 2010: 338). This statement is supported by several studies that found that a child of entrepreneur tends to behave as an entrepreneur.
3. Persuasion verbal (verbal persuasion) that information about the capabilities delivered verbally by someone influential. Can come from parents, teachers, employers, or others who influence others.
4. The state of physiological and emotional (physiological and affective states). Expectation that high efficacy is usually characterized by low levels of stress and anxiety expectation that lower efficacy otherwise characterized by stress and anxiety levels are high.

A Person who behaves like the above will result in success (Kreitner, 1992). Vice versa a person who has a low self-efficacy, or "I do not think I can get the job done." And behave otherwise would result in failure.

Self-efficacy was initiated by Bandura in the area of psychology to encourage the emergence of research on self-efficacy in entrepreneurship that gave birth to the concept of entrepreneurial self-efficacy (ESE). This concept is defined by Krueger and Brazeal (1994) as the nature of competence and personal control which helped change the perceived failure into a learning experience. The term entrepreneurial self-efficacy finally emerged as a combination of psychological concepts specific tasks and entrepreneurship as a binding duty allegedly representing entrepreneur career choice (Carsrud and Brannback, 2009: 241). Chen et al (1998) also gives the definition as a belief in the ability of individuals to demonstrate a specific set of entrepreneurial activity with success (2009: 243). Self efficacy indicators based on exposure Bandura (1997) as follows:

1. Confidence someone of his ability
2. Confidence can implement a behavior.
3. Confidence can achieve the expected end successfully.

In brief, self-efficacy is the belief of self reliance. Self-efficacy is influenced by four factors, namely, personal experience, the experience of others, verbal persuasion of an influential person, and physiological and emotional state. An entrepreneur has the personality and the nature or character that makes it different from other individuals. One of them is that they have an internal locus of control is high. The term locus of control (LOC) was first put forward by Julian B. Rotter through social learning theory of personality digagasnya 1954.

According to the locus of control is the degree to which individuals believe they can control events that affect him.

Definition of internal locus of control according to Rotter is a person's belief that what happened to him was a result of actions and properties owned, external locus of control is a person who connects the results of events by chance, luck or fate, under the control of others, or events which can not be predicted, suggesting a greater involvement with the simple task in a situation that relies on chance (Rotter, 1966; Spector, 1982 in Wijnbenga and Witteloostuijn, 2007: 568). Meanwhile, Bandura in his theory that social cognitive theory or a derivative of social learning theory defines the locus of control as one's belief that gain reward or avoid punishment is primarily in control of himself, and he called an internal locus of control. And if the other person thinks that bad or good experience more due to chance, fate, and the actions of others, meaning it has an external locus of control (Ewen, 2003). The term locus of control introduced by Rotter and Bandura followed by the researchers or to encourage other authors to provide a definition of the same. Matthews, Deary, Whiteman (2009: 289) states that a person with an internal locus of control have a belief that events in life are controlled by its own actions, otherwise someone with an external locus of control linking the outcome of events by external factors such as the fortune one.

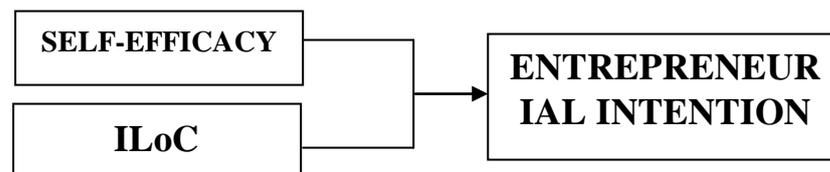
Stephen and Judge (2008: 137) describes the locus of control through core self-evaluation (self-evaluation core) which has two main elements, namely the locus of control and self-esteem. Locus of control is the degree to which individuals are convinced that they are of their own fate. Internal Locus of control are individuals who believe that they are in control of whatever happens to them. External locus of control is an individual who believes that whatever happens to them is controlled by outside forces such as luck or chance. People with an external locus of control tend to lack self-confidence. Locus of control has much in common with the self-esteem or self-efficacy is multidimensional (Rotter, 1966 and Paulhus, 1983). In other words, we may feel that we are to have more control in terms of academic and lacking in social life, or have more control in the values and social life but less in the government system (Ewen, 2003: 378). Based on the definition proposed by Bandura's social cognitive theory in the indicators of internal locus of control as follows:

1. The belief that everything that happens comes from self-control.
2. Attitude to obtain a reward or avoid punishment controlled by oneself.

Based on the definitions above it can be concluded that the locus of control shows the level of confidence that someone put a control center on him, if he believes that he is controlling her, meaning it has an internal locus of control, otherwise if he is convinced that the controllers themselves outside themselves such as, chance, luck, or fate then it has an external locus of control. The study looked for answers to the following hypotheses:

H<sub>1</sub>: Self-efficacy and internal locus of control significantly influence entrepreneurial intention on students International Business Management

H<sub>2</sub>: Self-efficacy is a variable the dominant influence on entrepreneurial intention on students International Business Management.



**Figure 1. Conceptual Model**

## **RESEARCH METHODS**

The approach used in this study is a quantitative approach that focuses on hypothesis testing, data used should be measured, and will produce results that can be generalized. Variables included in the study include the Self Efficacy and Internal Locus of Control selected as the independent variable, while the dependent variable is occupied Entrepreneurial Intention. The respondents are the students who take a course of undergraduate study International Business, a leading private university in Surabaya. The number of respondents who becomes the object of study as many as 290 people a whole population of students of International Business. However, the respondent population is taken only partially into the study sample. Using the formula Slovin, the sample obtained by 88 students.

Variable Self Efficacy has 3 research indicators adopted from Bandura (1997). Indicators of Self Efficacy include (1) conviction a person of ability, (2) Confidence can implement a behavior, and (3) Confidence can achieve the expected end successfully. While variable Internal Locus of Control consists of two indicators that refer to Ewen. Indicators of Internal Locus of Control includes (1) The belief that everything that happens comes from self-control, and (2) Attitude to obtain rewards or avoid punishment controlled by oneself. Entrepreneurial Intention as an independent variable indicator adopts 2 study of Linan and Chen (2004) as follows: (1) The business person, and (2) A person carrying out entrepreneurial behavior. Likert scale is used to measure the respondents' answers are contained in the questionnaire. The scale of scores 1 states strongly disagree to strongly agree score 5 states.

Research data analysis techniques apply two kinds of techniques that data quality testing technique and hypothesis testing technique. Data quality technique implements validity and reliability test. In the test the validity with using the size of the Pearson product moment, while the Cronbach alpha reliability test applied. Meanwhile the technique of applying the hypothesis test Regression testing instruments that were previously performed classical assumption test.

## **RESULTS**

A number of poor people in Indonesia has reached 31.02 million (BPS, March 2010) that required active solution from all of the parties. One of the parties having a vision for creating the entrepreneurs and expected to start-up business and solve several problems of poverty is An Entrepreneurial University based on the Research or the local wisdom in each of towns. The university implementing a variety of entrepreneurial programs was expected to encourage graduates become the successful entrepreneurs in Indonesia one of them through entrepreneurship courses followed by all courses. Specifically, The Entrepreneurial University also has international business management courses that have four advantages. They are the inspiring entrepreneurship, the entrepreneurship practices, the community of entrepreneurs, and the entrepreneurial insight. However, there should be an evaluation of the programs offered during this time whether it has been able to grow or even improve the entrepreneurial intention in making the vision of the university students can be achieved. Then Entrepreneurial Intention Questionnaire (EIQ) by Linan and Chen (Linan and Rodriguez, 2010) can be used as an evaluation tool entrepreneurial education programs that have been given.

There are several factors that can be found directly having affect the entrepreneurial intention. These factors are perceived behavioral control or self-efficacy, attitude toward the behavior, and subjective norms (Ajzen, 1991). So this study raised the factor of self-efficacy and internal locus of control as variables that influence the entrepreneurial intention. This study aims to identify and examine the effects of self-efficacy and internal locus of control on entrepreneurial intention within The students of International Business Management and the independent variables effected the dependent variables are dominant.

Referred to the results of data processing shows that the respondents have confidence in their abilities are quite high, also have confidence that everything is in control of himself is high, and

the effort to do the higher the entrepreneurial intention. As many as 61% of entrepreneurial intention variables can be explained by the variable self-efficacy and internal locus of control. The data analysis resulted in the formulation as follows:

**Table 1. Multiple Linier Regression**

Variable	Coefficient	SE
Constant	4.223	1.199
Self Efficacy	0.652	0.077
Internal Locus of Control	0.422	0.119
Adjusted (R <sup>2</sup> )	0.647	
Correlation Coefficient (R)	0.809	
Standard Error	3.061	
F <sub>-test</sub>	80.739	
Significance	0.000	

**The Regression Equation :**  $EI = 5,471 + 0,737 SE + 0,150 ILoC + \text{Error}$

It means that individual efforts do entrepreneurial behavior (open activities) achieved if the person has the belief that he or she was able to start-up the business and then to run it, and believes that everything that happens in the process is in control of himself, and is influenced by other factors.

The second formulation of the problem in this study missed through hypothesis testing conducted which proved that self-efficacy and internal locus of control significantly influence the Student's entrepreneurial intention of International Business Management study program. As well, self-efficacy is the dominant variable affecting the Student's entrepreneurial intention of International Business Management study program in Surabaya.

### **Implication**

Based on the result, then this study implied on several points. They are :

1. The Students taking the study program of International Business Management need to maintain and even increase confidence in their ability to perform businesses create jobs.
2. Furthermore, the students also need to improve the conviction that everything occur in the process of opening a new business field that is in control himself so as to open up new business fields a success that can address the problem of poor people in Indonesia.

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