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# Factors Affecting College Students' Entrepreneurial Intention

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## ABSTRACT

**Purpose:** The high unemployment rate triggers everyone to set up a small and medium business. Educated people tend not to be interested in pursuing entrepreneurship. This study aims to determine the effect of entrepreneurship education, family environment, income expectations on student entrepreneurial intention.

**Design/methodology/approach:** This research is a quantitative research using the survey method. The population in this study was active students at STIE Cendekia Bojonegoro in 2020 with 427. With the Slovin formula approach, 206 students were assigned as research respondents, where the sample was taken using the Simple Random Sampling technique.

**Findings:** Research data collection is done through the distribution of questionnaires. The data analysis technique in this study used a multiple linear regression test. The analysis results found that the Family Environment variable had no significant effect on entrepreneurial intention. The variables of Entrepreneurship Education and Income Expectations had a positive impact on entrepreneurial intention.

**Originality/value:** This Paper is original

**Paper Type:** Research paper

**Keywords:** *Entrepreneurship Education, Entrepreneurial Intention, Family Environment, Income Expectations*

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## I. INTRODUCTION

The high unemployment rate in Indonesia, minimal job opportunities and vacancies, trigger everyone to set up a small and medium-sized business. Entrepreneurship is now a trend among Indonesian people. One of the government's efforts to reduce unemployment is to create labour-intensive jobs. However, educated people tend not to be interested in the entrepreneurship. Their interest in working in an office is higher. The higher their education, the greater their desire to occupy office chairs with high positions. They do not dare to take big risks like entrepreneurship. This case means they work with other people only relying on the salaries (Ayuningtias & Ekawati, 2015) According to Kao (1993) in (Saiman, 2017:14) defines entrepreneurship as an effort to create value through the introduction of business opportunities, appropriate risk-taking management, and through communication and management skills to mobilize people, money, and raw materials or other resources needed to make the project run properly.

Bojonegoro School of Economics, as one of the universities in Bojonegoro, has for a long time provided its students to become entrepreneurs, namely the existence of entrepreneurship education through entrepreneurship courses. Many activities have been carried out in this course, namely about entrepreneurship materials applied in the form of entrepreneurship practice. In practice, students are taught directly for entrepreneurship, such as the STIEKIA canteen, which students directly manage for students.

The role of universities in motivating students to become young entrepreneurs is very important in growing the number of entrepreneurs. Entrepreneurship education is a conscious effort made to add insight into entrepreneurship (Safii, 2018). But the fact is that the enthusiasm of students in participating in seminars or taking entrepreneurship courses has still lacked so that in its application, the vision and mission of STIE Cendekia Bojonegoro have not been fully realized. In addition to entrepreneurship education factors, students also consider factors such as family environmental factors and income expectations.

The family environment, especially parents, plays an important role as a guide for their children's future, including in terms of entrepreneurship. (Mahesa & Rahardja, 2012) describe that family is the closest environment for students, where student character is formed other than on-campus". In addition, the income expectation factor also affects this. Income is income earned by a person in the form of money or goods. Entrepreneurship can provide income that can be used to meet their daily needs. It is the desire to earn income that can lead to his entrepreneurial intention (Rahmadi & Budi, 2016)

The entrepreneurship interest of STIE Cendekia Bojonegoro students is still relatively low. This low interest is based on a survey conducted by researchers stating that from a total of 87 student samples, only 13 students (14.9%) are interested in entrepreneurship after completing their studies. Based on identifying the low interest, this study aims to examine the factors that influence the low interest of students in entrepreneurship.

According to (Frese & Gielnik, 2014), entrepreneurship is applying creativity and innovation to solve problems and take advantage of opportunities faced every day. Entrepreneurship is a combination of creativity and innovation to form and maintain new businesses.

(Anoraga & Sudantoko, 2002) reveal that there are five main essences of entrepreneurship, namely: (1) A strong will to work with the spirit of independence (especially in the economic field). (2) Willingness to solve problems and make decisions systematically, including the courage to take business risks. (3) Willingness to think and act creatively and innovatively. (4) Willingness to work carefully, diligently and productively. (5) Willingness to work in togetherness based on sound business ethics.

(Kasmir, 2011) explains that entrepreneurs dare to take risks to open a business on various occasions. Having the courage to take risks means being mentally independent and having the courage to start a business without being overwhelmed by fear or anxiety even in uncertain conditions. Entrepreneur minds are always trying to find, take advantage of, and create business opportunities that can provide benefits. The risk of loss is common because they hold the principle that the loss factor must exist. The greater the risk of loss that will be faced, the greater the opportunity for profit that can be achieved. According to (Jain, 2011), three factors influence the entrepreneurial intention; Entrepreneurship Education, family environment.

### 1. Entrepreneurship Education

Education serves to shape one's personality to be stronger and more impact-resistant. A strong personality is one of the main capitals for an entrepreneur. It only needs to be remembered that it takes a long time to form the desired quality elements of human resources. Even the conception of lifelong education requires participation from various parties, not only schools. Professionalism as an element of successful entrepreneurship only grows from certain training, experience, or learning processes. (Wardati & Kirmani, 2013).

Safii (2018) explains the indicators of entrepreneurship education, including (1) Adequate entrepreneurship education. (2) Knowledge of entrepreneurship. (3) Many attend entrepreneurship seminars. (4) Entrepreneurship education is the capital of success. (5) Entrepreneurship education is a provision for the future.

### 2. Family Environment

One factor that influences a person's mindset in determining the choice to become an entrepreneur is the family environment. The family environment is the smallest community group consisting of fathers, mothers, children, and other family members. The family is the foundation for the growth and development of children, and this is where the initial influence on the formation of personality is. A sense of responsibility and creativity can be grown as early as possible since children interact with adults. Parents are fully responsible for this process. One element of personality is interesting. Entrepreneurial intention will be formed if the family positively influences these interests because the attitudes and activities of fellow family members influence each other both directly and indirectly (Ayuningtias & Ekawati, 2015).

The family environment indicators include (Ooi & Nasiru, 2015): (1) Family support for entrepreneurship. (2) Coercion from the family to entrepreneurship. (3) Entrepreneurship is derived from family. (4) Family education for entrepreneurship. (5) Creativity from parents.

### 3. Income Expectations

Income expectation is a person's expectation of the income they earn from business activities or work. Being an entrepreneur expects a high income than being an employee of the company. Entrepreneurship will bring in large and unlimited income, but the income from entrepreneurship is unpredictable. Someone with

higher income expectations than working as an employee is an attraction to become an entrepreneur. (Mahesa & Rahardja, 2012).

According to (Rahmadi & Budi, 2016) the indicators of income expectations include (1) Motivation to get high income in entrepreneurship. (2) Entrepreneurial expectations to earn an above-average income. (3) Gain financial freedom (5) More potential income.

Wardati & Kirmani, (2013) define interest as the tendency to pay attention and like some things or activities, especially towards certain things. Activities that interest a person must be considered continuously accompanied by a sense of pleasure to obtain satisfaction. (Wardati & Kirmani, 2013) explains the indicators of entrepreneurial intention include: (1) There is no dependence on others. (2) Can help the social environment. (3) Life in the future will be better. (4) Entrepreneurial desire. (5) Happy to be an entrepreneur.

Based on the background of academic phenomenon and the literatures, the purpose of this study is to analyze the influence of entrepreneurship education, family environment, income expectations on entrepreneurial interest in students. This study develops three hypotheses to answer the research problems:

1. H<sub>1</sub>: Entrepreneurship Education affects students' entrepreneurial intention.
2. H<sub>2</sub>: Family environment influences students' entrepreneurial intention.
3. H<sub>3</sub>: Income Expectations affect student entrepreneurial intention

## II. METHODS

### A. Sample and data collection

This research is quantitative research with a causal approach. Causality research is research that aims to prove the relationship between the causes and effects of several variables. This research data collection using survey method with questionnaire media.

The population in this study were active students of STIE Cendekia Bojonegoro, where based on the university's internal database in 2020, there were 427 students. With the slovin's formula approach, 206 students were determined as the number of research samples. The sampling technique is probability sampling with a simple random sampling approach.

### B. Measure

All items for the constructs utilized in the present study were assessed on a 5-point Likert scales, ranging from 1 (strongly disagree) to 5 (strongly agree). These measures were drawn from previous literature regarding entrepreneurship education, family environment, income expectations, and entrepreneurial interest. Table 1 provides an explanation of the empirical reference of the measurement indicators for each variable in this study.

*Table 1. Indicators of Variables*

<i>Variables</i>	<i>Indicators</i>	<i>Item</i>	<i>Source</i>
<i>entrepreneurship education</i>	<i>Adequate entrepreneurship education.</i>	<i>X<sub>1,1</sub></i>	<i>(Safii, 2018)</i>
	<i>Knowledge of entrepreneurship.</i>	<i>X<sub>1,2</sub></i>	
	<i>Many attend entrepreneurship seminars.</i>	<i>X<sub>1,3</sub></i>	
	<i>Entrepreneurship education is the capital of success.</i>	<i>X<sub>1,4</sub></i>	
	<i>Entrepreneurship education is a provision for the future.</i>	<i>X<sub>1,5</sub></i>	
<i>family environment</i>	<i>Family support for entrepreneurship.</i>	<i>X<sub>2,1</sub></i>	<i>(Ooi &amp; Nasiru, 2015)</i>
	<i>Coercion from the family to entrepreneurship.</i>	<i>X<sub>2,2</sub></i>	

	<i>Entrepreneurship is derived from family.</i>	<i>X<sub>2,3</sub></i>	
	<i>Family education for entrepreneurship.</i>	<i>X<sub>2,4</sub></i>	
	<i>Creativity from parents.</i>	<i>X<sub>2,5</sub></i>	
	<i>Motivation to get high income in entrepreneurship.</i>	<i>X<sub>3,1</sub></i>	
<i>income expectations</i>	<i>Entrepreneurial expectations to earn an above-average income.</i>	<i>X<sub>3,2</sub></i>	<i>(Rahmadi &amp; Budi, 2016)</i>
	<i>Gain financial freedom</i>	<i>X<sub>3,3</sub></i>	
	<i>More potential income.</i>	<i>X<sub>3,5</sub></i>	
		<i>Y<sub>1</sub></i>	
	<i>There is no dependence on others.</i>	<i>Y<sub>2</sub></i>	
	<i>Can help the social environment.</i>	<i>Y<sub>3</sub></i>	<i>(Wardati &amp; Kirmani, 2013)</i>
<i>entrepreneurial interest</i>	<i>Life in the future will be better.</i>	<i>Y<sub>4</sub></i>	
	<i>Entrepreneurial desire.</i>	<i>Y<sub>5</sub></i>	
	<i>(5) Happy to be an entrepreneur</i>		

*Source: compiled from various sources*

### III. RESULTS AND DISCUSSION

#### A. Demographic of Respondents

The demographic distribution of respondents shows that the majority of respondents are women as many as 152 students (73.9%) while 54 students are male (26.1%). The majority of respondents aged 17-22 years were 175 people (84.8%) and 23-28 years were 31 people (15.2%). Furthermore, descriptive also shows the characteristics of respondents based on the semesters, it can be seen that semester 8 can dominate students at STIE Cendekia Bojonegoro as many as 76 students (37%), semester 6 as many as 67 students (32.6%), and in semester 4 as many as 63 students (30.4%). For the characteristics of respondents based on entrepreneurial status, 143 students (69.6%) are not yet entrepreneurs, while 63 students are entrepreneurs (30.4%).

#### B. Validity and Reliability of Instruments Analysis

##### 1. Validity Construct Test

Validity shows the ability to measure instruments or research instruments in measuring something that is to be obtained from these instruments. In research that uses a tool in the form of a questionnaire, the validity test is used to see how much the question's ability can find out the respondent's answer. The higher the validity of a measuring instrument, the more precise the measuring device is in measuring (Nugroho, 2011). The criteria for whether or not a variable is valid is if  $r\text{-value} > r\text{-table} (0,3)$ , then the data is declared valid. On the other hand, if  $r\text{-value} < r\text{-table} (0,3)$ , then the information is declared invalid.

Based on the validity test (Table 2 Column 4), the results show that the calculated  $r\text{-value}$  of each statement item is greater than 0,3, so it can be concluded that all items are valid and can be used for further analysis.

## 2. Reliability Test

Instrument reliability shows how much an instrument can be trusted and used as a data collection tool. The higher the instrument reliability, the more reliable the measurement results obtained. The more reliable an instrument, the instrument will get the same results when used several times to measure the same object (Nugroho, 2011).

The reliability test shows that the Cronbach Alpha value of the family environment variable is worth 0.801 - 1.00, which is stated to be very reliable (Table 2 Column 5). While the variables of entrepreneurship education, income expectations, entrepreneurial intention worth 0.601 – 0.80 are declared reliable.

*Table 3. Validity and Reliability Test*

<i>No</i>	<i>Construct</i>	<i>Item</i>	<i>r-value</i>	<i>Cronbach Alpha</i>
1.	<i>entrepreneurship education</i>	<i>X<sub>1,1</sub></i>	0.640	0.779
		<i>X<sub>1,2</sub></i>	0.466	
		<i>X<sub>1,3</sub></i>	0.586	
		<i>X<sub>1,4</sub></i>	0.368	
		<i>X<sub>1,5</sub></i>	0.368	
2.	<i>family environment</i>	<i>X<sub>2,1</sub></i>	0.561	0.762
		<i>X<sub>2,2</sub></i>	0.573	
		<i>X<sub>2,3</sub></i>	0.857	
		<i>X<sub>2,4</sub></i>	0.673	
		<i>X<sub>2,5</sub></i>	0.577	
3.	<i>income expectations</i>	<i>X<sub>3,1</sub></i>	0.525	0.746
		<i>X<sub>3,2</sub></i>	0.521	
		<i>X<sub>3,3</sub></i>	0.652	
		<i>X<sub>3,4</sub></i>	0.702	
4.	<i>entrepreneurial interest</i>	<i>Y<sub>1</sub></i>	0.533	0.779
		<i>Y<sub>2</sub></i>	0.592	
		<i>Y<sub>3</sub></i>	0.795	

$Y_4$  0.727

$Y_5$  0.787

*Source: Primary data processed.*

### 3. Hypotheses Testing

To assess the hypotheses, this research using multi-variable linear regression estimation with SPSS software. Multiple linear regression analysis serves to determine the functional relationship between several independent variables on the dependent variable Table 3 explains the summary of the multiple linear regression output.

*Table 4. Dependent variable: entrepreneurial interest*

<i>Variabel</i>	<i>Unstandardized Coefficient B</i>	<i>Sig</i>
<i>Constant</i>	<i>3.143</i>	<i>0.002</i>
<i>X1 (entrepreneurship education)</i>	<i>0.437</i>	<i>0.360</i>
<i>X2 (family environment)</i>	<i>-0,771.</i>	<i>0.000</i>
<i>X3 (income expectations)</i>	<i>0,530</i>	<i>0.001</i>

*Source: Output of multi-variable linear regression estimation with SPSS software*

Based on these regression coefficients, the following equation can be formed:

$$Y = 3,143 + 0,437 X_1 + -0,77 X_2 + 0,530 X_3$$

From the above equation can be explained as follows:

1. The constant ( $\alpha$ ) has a value of 3.143. This shows that if the value of X1 (entrepreneurship education), X2 (family environment) and X3 (income expectations) is zero, then Y (entrepreneurial interest) has a value of 3.143.
2. Variable X1 (entrepreneurship education) has a regression coefficient value of 0.437. This means that if the other independent variables have a fixed value or do not change, then every 1 point or 1% increase in the entrepreneurship education variable increases the entrepreneurial intention by 0.437.
3. Variable X2 (family environment) has a regression coefficient of -0.77. This means that if the other independent variables have a fixed value or do not change, then every 1 point or 1% increase in the family environment variable decreases the value of entrepreneurial intention by -0.77.
4. Variable X3 (income expectation) has a regression coefficient value of 0.530. This means that if the other independent variables have a fixed value or do not change, then every 1 point or 1% increase in the income expectation variable increases the value of entrepreneurial intention by 0.530.

Hypothesis testing by looking at the sig value of the SPSS output in table 3 is explained as follows:

1. Entrepreneurship education has a significant effect on entrepreneurial intention. this can be seen from the significant value of 0.001 which is smaller than the alpha value of 0.05. Then it can be concluded that entrepreneurship education has an effect on entrepreneurial intention in STIE Cendekia Bojonegoro students, so it can be concluded that the first hypothesis is accepted.
2. Family environment has no significant effect on entrepreneurial intention. this can be seen from the significant value of 0.437 which is greater than the alpha value of 0.05. Then it can be concluded that the family environment does not affect the entrepreneurial intention in STIE Cendekia Bojonegoro students, so it can be concluded that the second hypothesis of research is rejected.

3. Income expectations have a significant effect on entrepreneurial interest. this can be seen from the significant value of 0.000 which is smaller than the alpha value of 0.05. Then it can be concluded that income expectations have an effect on entrepreneurial interest in STIE Cendekia Bojonegoro students, so it can be concluded that the third hypothesis is accepted.

### C. Discussion

Entrepreneurship education is guidance given by a person or agency to change a person's attitude and mindset to become an entrepreneur (Jacob et al., 2003). The results showed that entrepreneurship education had a significant effect on the entrepreneurial intention of STIE Cendekia Bojonegoro students. Entrepreneurship education is given learning about ways to become a successful entrepreneur to increase student skills. Practically, entrepreneurship education is also realized through student-to-student activities (canteen), which requires students to be directly involved in becoming a student.

The family environment is the smallest community group consisting of fathers, mothers, children, and other family members. The results showed that the family environment had no significant effect on the entrepreneurial interest of STIE Cendekia Bojonegoro students. One of the causes of a person's success in entrepreneurship is the environment. The environmental factor, in this case, is the family environment, namely the support from the family. Several sources claim that the low interest and growth of young entrepreneurs in Indonesia is allegedly caused by the lack of examples and encouragement from the family environment for their children. The family is the first environment that can foster an entrepreneurial mentality in children. Parents who work as entrepreneurs are believed to be role models (entrepreneurial role models) that will shape children's entrepreneurial intention in the future. And vice-versa, parents who work as office workers are also believed to be role models that will shape interest in becoming office workers or employees (Krueger et al., n.d.)

Income expectation is a person's expectation of the income they earn from business activities or work. The results showed that income expectations had a significant effect on the entrepreneurial interest of STIE Cendekia Bojonegoro students. The emergence of motivation from within the individual will affect success in improving a job. Therefore it is necessary to have a powerful reason so that it influences in forming entrepreneurial attitudes. People who have a strong motivation will foster creativity to achieve a goal, be consistent, and never give up even though they face obstacles in their efforts to achieve their goals. The motivation, in this case, is to get a high income (income expectations).

## IV. CONCLUSION

From the discussion and conclusions that have been discussed, the following suggestions are given: (1) universities can contribute to students developing entrepreneurial interests so that they can form independent student characters in the field of entrepreneurship. University students can improve entrepreneurship skills in direct practice on an ongoing basis, so it is hoped that students are required to be directly involved in business activities. (2) For the family environment, the family is the foundation stone for the growth and development of children; this is where parents give the initial influence on the formation of personality. A sense of responsibility and creativity can be grown as early as possible since children interact with adults. Parents can positively influence entrepreneurial intention because the attitudes and activities of fellow family members influence each other both directly and indirectly.

### A. Limitations and future research

This research is still at the level of entrepreneurial intention in respondents who are still students. Further research can conduct further analysis at the level of taking action for entrepreneurship with college graduate respondents so that it is known whether there are differences in perceptions when they are still students and when they are ready for the world of work.

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