THE INFLUENCE OF ENTREPRENEURSHIP EDUCATION, FAMILY BUSINESS BACKGROUND, AND DESIRE FOR INDEPENDENCE ON IBA STUDENTS' ENTREPRENEURIAL INTENTIONS

by: Deddy Manoppo

Faculty of Economics and Business, International Business Administration (IBA) Program
University of Sam Ratulangi Manado
email: eve_e29@yahoo.com

ABSTRACT

There are several motivations for people who would like to reach what they want to achieve. Some of the people say they want to become entrepreneurs because they can make money on their own and set their own rules. This research is to analyze the influence of Entrepreneurship Education, Family Business Background and Desire for Independence on students' Entrepreneurial Intention. Entrepreneurship refers to conceiving an opportunity to offer new or improved goods or services, showing the initiative to pursue that opportunity, making plans, and mobilizing the resources necessary to convert the opportunity into reality. The sample used in this research is the students in 2nd to final year of the studies in International Business Administration, Faculty of Economics and Business. Sam Ratulangi University environment (students have already studied entrepreneurship) with family business background. The samples taken are 100 respondents. Entrepreneurship Education, Family Business Background and Desire for Independence have a strong relationship and significant influence on Entrepreneurial Intention. It has proven by a significant level of this model prediction is above 95% which means that the probability of this model doing error is less than 5% in other words, by hundreds times of using this model, error will only occur less than 5 times. This research concluded that there is significant partial and simultaneous influence of Entrepreneurship Education, Family Business Background and Desire for Independence on IBA Program students Entrepreneurial Intention.

Keywords: entrepreneurship education, family business, desire for independence, entrepreneurial intention

INTRODUCTION

Research Background

Little children are asked about what they want to become in the future life, some might answer they want to become pilots, and some might answer they want to become doctors, engineers, presidents, teachers, singers, policers, philosophers, chefs, actors/actresses, and many other ideas come out from the children's mind, but some might like to become entrepreneurs. As the time passes and children grow older, their ideas of what they want to be in the future change. Therefore, as when they go to school, in a class of 30 - 40 people there would be various answers of what they want to become in future as well. Even for students who major in economics or business are not 100% of the sure if they might like to become entrepreneurs or to run their own business, some probably might like to become managers or to work in a famous company, to work at a bank or even some would work far from economics or business major.

Bovee and Thill (2008: 138) describe entrepreneurs as sometimes portrayed in popular media as charismatic, slightly larger than life characters, or more darkly, entrepreneurs are occasionally portrayed as greedy and predatory. Many universities have introduced entrepreneurship education to promote the students' interest in becoming future entrepreneurs (Tong, et al. 2011). Entrepreneurship education is focused on developing youth with the passion and multiple skills. It aims to reduce the risk associated with entrepreneurship thought and guide the enterprise successfully through its initial stage to the maturity stage (Izedonmi and Okafor, 2010). There has never been a better time to practice the art and science of entrepreneurship (Bygrave and Zacharakis, 2008: 1)! Therefore, does the students who learn entrepreneurship in universities apply the theories in business world?
It was found (Dyer, 1992; Grant, 1996; Kreuger, 1993 cited by Tanveer et al., 2013) that a student's family background also foster the attitude and intention for entrepreneurship. There is a considerable amount of literature that is available about the role of family background on intention, and there are findings show that most entrepreneurs come from mother or father business experience. The time requirements and resource shortfalls (as well as the financial rewards and autonomy) of family business ownership have powerful and lasting impacts on the social interactions and psychological development of the family in the family business. Family with a business background often influence and motivate their siblings to involve in entrepreneurial activities and they are expected to possess higher propensity to launch a business in future. Desire for independence has been emerged as one of the most important factors for students to choose entrepreneurship as career. It was found (Tong et al 2011) that desire of independence implies that students with strong desire for independence are likely to possess a higher level of entrepreneurial intention (Hitzsimmons and Douglas, 2005). According to Hitzsimmons and Douglas (2005) the intention of an individual to behave entrepreneurially arises because the entrepreneur perceives self-employment (or entrepreneurial behavior within an organization) to be utility maximizing, and thus forms the motivation to behave entrepreneurially.

Research Objective

The research objectives are obtained as follow.
1. To analyze which of entrepreneurship education, family business background and desire for independence has the most significant influence on students' entrepreneurial intention.
2. To analyze the influence of entrepreneurship education on students' entrepreneurial intention.
3. To analyze the influence of family business background on students' entrepreneurial intention.
4. To analyze the influence of desire for independence on students' entrepreneurial intention.

THEORETICAL FRAMEWORK

Entrepreneurship Education

Entrepreneurship education is the ability to generate innovative ideas and transform them into profitable activities. It can be seen as the process of bringing together creativity and innovativeness and coupling these with management and organizational skills in order to combine people, money, and resources to meet an identified need and create wealth (Emmanuel et al., 2012).

Entrepreneurial Intention

Entrepreneurial intention is the state of one's mind to foster the new business or venture creation. Entrepreneurial conviction is a measure of the perceived ease of starting up a new firm as well as to the perceived feasibility of such a choice. However, a person will only initiate entrepreneurial actions when one's entrepreneurial conviction is high in relation to the perceived requirements of a specific opportunity. Past studies have proven that conviction stands out as the primary explanation and determinant of entrepreneurial intentions (Rasli et al., 2013).

Family Business

According to Huovinen and Tihula (2008), family business is a relatively new field, but the business research has gained increased attention recently. Family business is a proprietorship, partnership, corporation, or any form of business association where the voting control is in the hands of a given family.

Desire for Independence

Desire for independence is about control of the decision-making process, and can of course be achieved at senior management level in employment situations as well, not to mention at lower levels of employment in those organizations which empower individuals to make their own decisions in the context of the organization's mission and objectives. Conversely within employment situations, empowerment of employees might be considerable and might range toward near-total for some intrapreneurs and senior managers (Hitzsimmons and Douglas, 2005).
Entrepreneurship Education and Entrepreneurial Intention

The entrepreneurship intention has a positive and significant relationship with university environment and thus confirming that the role of entrepreneurship education has been recognized as one of the critical factors that help students to understand and foster an entrepreneurial attitude (Rasli et al., 2013).

Family Business and Entrepreneurial Intention

Students whose mothers are self-employed were found to be more entrepreneurially inclined. A mother plays a vital role in upbringing their children. They might have established a special parent-child relationship and thus easily influence their children's decision (Keat et al., 2011).

Desire for Independence and Entrepreneurial Intention

Desire for independence was a significant factor in explaining entrepreneurial intentions for the sample. Separating the ownership aspects of entrepreneurship from the independence aspects thus seems to have uncovered a distinctively separate motivator for self-employment to the sample (Fitzsimmons and Douglas, 2005).

Previous Research

Tong et al. (2011) investigated the use of need for achievement, desire for independence, family business background and subjective norms as predictors for entrepreneurial intention, and found that students would choose to become entrepreneurs provided there is a need for achievement, family business background, and subjective influence. Tanveer et al. (2013) analyzed motivating factors for entrepreneurs and found that students have high motivation for involving in entrepreneurial career, and seven motivational factors obtained from his research (Desire for independence, Job security, Capital investment, Successful entrepreneurial Role models, Market opportunity, Earning, and Challenging career). Carr and Sequeira (2006) explored the means by which prior exposure to family business ownership shapes entrepreneurial intent through a revised Theory of Planned Behavior approach and indicated that that exposure to a prior family business serves as an important intergenerational influence on entrepreneurial intent. Izedenun and Okafor (2010) examined the effect of entrepreneurial education on students entrepreneurial intentions, and found that entrepreneurial characteristics of youth are diverse and their exposure to entrepreneurship education for a period of four years is capable of provoking the intention of becoming entrepreneurs. Fitzsimmons and Douglas (2005) investigated the relationship between entrepreneurial attitudes and abilities and entrepreneurial intentions across four countries: India, China, Thailand, and Australia, and found that cross-cultural differences in the degree to which entrepreneurial attitudes explain entrepreneurial intentions.

Research Hypothesis

The hypotheses of this research are:

H1: Entrepreneurship education, family business background, and desire for independence have simultaneous influence on students entrepreneurial intention.

H2: Entrepreneurship education has partial influence on students entrepreneurial intention.

H3: Family business background has partial influence on students entrepreneurial intention.

H4: Desire for Independence has partial influence on students entrepreneurial intention.
RESEARCH METHOD

Type of Research
This research uses causal type of research where it will investigate the influence of entrepreneurship education ($X_1$), family business background ($X_2$) and desire for independence ($X_3$) on students entrepreneurial intention ($Y$).

Place and Time of Research
This research was conducted in Manado especially in the environment of International Business Administration Program Faculty of Economics and Business, Sam Ratulangi University between May - August 2013.

Data Collection Method
There are two types of data: (1) Primary data refer to information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study. Individual provide information when interviewed, administered questionnaires, or observed. Group depth interviews, or focus groups, are the other rich source of primary data (Sekaran and Bougie 2009: 180); and (2) secondary data refer to the data gathered for some other purpose than the immediate study. Sometimes it is called desk research while the primary data are called field research (Hair et al. 2010: 50).

Population and Sample
Population is the entire group of people, events or things of interest that the researcher wishes to investigate (Sekaran and Bougie 2009: 262). The population in this research is the students of International Business Administration Program Faculty of Economics and Business, Sam Ratulangi University Manado. According to Sekaran and Bougie (2009: 263), sample is a subset of a population that comprises some members selected from it. The sample in this research is the students in 2nd to final year of the studies (students have already studied entrepreneurship education) with family business background. The samples taken are 100 respondents.

Operational Definition and Measurement of Research Variables
Operational Definition of Research Variables are:
1. Entrepreneurship Education ($X_1$). Entrepreneurship Education is focused on developing youth with the passion and multiple skills (Izedonmini and Okafor, 2010).
2. Family Business Background ($X_2$). A good influence brought by a family about entrepreneurship would contribute to higher entrepreneurial intention (Keat et al., 2011).
3. Desire for Independence ($X_3$). Students with a strong desire for independence are likely to possess a higher level in entrepreneurial intentions (Tong et al., 2011).
4. Entrepreneurial Intention ($Y$). Students entrepreneurial intention deals with the inclination of a person to start an entrepreneurial activity in the future (Davidson 1995 cited by Emmanuel et al., 2012).

Measurement of the variables is an integral part of research and an important aspect of research design. Likert scale as a widely used rating scale is designed to examine how strong subjects agree or disagree with statements on a five point scale.

Data Analysis Method
Validity and Reliability Test
The reliability of a measure is established by testing for both consistency and stability. Consistency indicates how well the items measuring a concept hang together as a set. Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran and Bougie, 2009: 162). Since reliable scales are not necessarily valid researchers also need to be concerned about validity. It assesses whether a scale measures what is supposed to be measured. Thus validity is a measure of accuracy in measurement (Hair et al. 2010: 120).
Multiple Regression Analysis Method

Multiple regression analysis is the appropriate technique to use when there are several independent variables that need to be examined for their influence on a dependent variable (Malhotra, 2007:534). The formula of multiple regression models in this research is shown as follow:

\[ Y = a + b_{1}x_{1} + b_{2}x_{2} + b_{3}x_{3} \]

Where:
- \( Y \) = Entrepreneurial Intention
- \( a \) = Intercept
- \( b_{1}, b_{2}, b_{3} \) = the regression coefficient of each variable
- \( x_{1} \) = Entrepreneurship Education
- \( x_{2} \) = Family Business Background
- \( x_{3} \) = Desire for Independence

RESULT AND DISCUSSION

Result

The validity test of entrepreneurship education (\( X_{1} \)) is 0.837, family business background (\( X_{2} \)) is 0.736 which is above 0.3. It means all the indicators are valid. Reliability test is used to check the consistency of the measurement instrument. The reliability test in this research using Alpha Cronbach, that will show the instrument is reliable if the coefficient is more than 0.6. The value of Cronbach's Alpha > 0.6 indicates that all research instrument indicators of variable are reliable.

Test of Classical Assumption

The calculation of multicollinearity can be seen through VIF and tolerance. VIF of entrepreneurship education (\( X_{1} \)) is 1.312 and tolerance is 0.762, VIF of family business background (\( X_{2} \)) is 1.026 and tolerance is 0.974, and VIF of desire for independence (\( X_{3} \)) is 1.295 and tolerance is 0.772. It means there is no connection between independent variables, thus, multicollinearity assumptions are met (free of multicollinearity). There is no established pattern, in other words the graph describing the plot spread above and below the number 0 (zero) on the Y-axis. This proves that the independent variables entrepreneurship education (\( X_{1} \)), family business background (\( X_{2} \)), and desire for independence (\( X_{3} \)) on entrepreneurial intention (\( Y \)) are free from heteroscedasticity. The points spread around the diagonal line proves that the model regression of the influence of entrepreneurship education (\( X_{1} \)), family business background (\( X_{2} \)), and desire for independence (\( X_{3} \)) on entrepreneurial intention (\( Y \)) in normality test assumption was met. The autocorrelation test using Durbin-Watson rate of 1.989 which is in the free area of autocorrelation. The regression model of the influence of entrepreneurship education (\( X_{1} \)), family business background (\( X_{2} \)), and desire for independence (\( X_{3} \)) on entrepreneurial intention (\( Y \)) is free from autocorrelation.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.430</td>
<td>.694</td>
</tr>
<tr>
<td>Entrepreneurship Education (( X_{1} ))</td>
<td>.587</td>
<td>.093</td>
</tr>
<tr>
<td>Family Business Background (( X_{2} ))</td>
<td>.503</td>
<td>.119</td>
</tr>
<tr>
<td>Desire for Independence (( X_{3} ))</td>
<td>.614</td>
<td>.126</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2013

From the analysis as shown in Table 4.5, it can be obtained by linear regression equation in the following formula:

\[ Y = 3.430 + 0.587 X_{1} + 0.503 X_{2} + 0.614 X_{3} \]

From the multiple linear regression equation in the previous page, it can inform the interpretation as follows:
- Constant value of 3.430 means that if entrepreneurship education (\( X_{1} \)), family business background (\( X_{2} \)), and desire for independence (\( X_{3} \)) increase then it will increase entrepreneurial intention (\( Y \)) at 3.430 point.
Entrepreneurship Education (X), family business background (X), and desire for independence (X) on entrepreneurial intention (Y). The correlation coefficient values can be seen in Table 4.4: Based on the analysis of correlation (r) is equal to 0.780 indicating that the correlation of the influence of entrepreneurship education (X), family business background (X), and desire for independence (X) on entrepreneurial intention (Y) have a strong relationship. To determine the contribution of influence of entrepreneurship education (X), family business background (X), and desire for independence (X) on entrepreneurial intention (Y) can be seen that the determinant of the coefficient (r²) in the table 4.4. r² value of 0.730 in this study may imply that the contribution of entrepreneurship education (X), family business background (X), and desire for independence (X) on entrepreneurial intention (Y) of university students of 73.0% while the remaining 27.0% is affected by other variables not examined in this study.

**Hypothesis Testing**

**Table 2: F-Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>DF</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>0.546</td>
<td>3</td>
<td>0.182</td>
<td>8.096</td>
<td>0.004</td>
</tr>
<tr>
<td>Residual</td>
<td>15.955</td>
<td>96</td>
<td>0.166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16.501</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Processed, 2013.

The value of $F_{\text{count}}$ is 8.096 with a significance value of 0.004. Because the sig < 0.05 means the confidence of this prediction is above 95% and the probability of this prediction error is below 5% which is 0.013. Therefore $H_0$ is rejected and accepting $H_1$. Thus, the formulation of the hypothesis that the influence of entrepreneurship education (X), family business background (X), and desire for independence (X) on entrepreneurial intention (Y) simultaneously is accepted.

**Table 3: T-Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>4.939</td>
<td>.000</td>
</tr>
<tr>
<td>Entrepreneurship Education</td>
<td>2.945</td>
<td>.004</td>
</tr>
<tr>
<td>Family Business Background</td>
<td>2.021</td>
<td>.038</td>
</tr>
<tr>
<td>Desire for Independence</td>
<td>3.900</td>
<td>.004</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2013.

Based on the calculation in the table, the interpretation as follows:

- T count for entrepreneurship education (X) is 2.945 greater than the value of 1.984 t table means entrepreneurship education (X) has a partial significant influence on entrepreneurial intention (Y). The sig value at 0.004 means that prediction of entrepreneurship education (X) influence entrepreneurial intention (Y) doing error is 0.4% thus the confidence of this prediction is above 95%. Therefore, $H_1$ accepted.

- T count for family business background (X) 2.021 greater than the value of 1.984 t table means family business background (X) has a partial significant influence on entrepreneurial intention (Y). The sig value at 0.038
means that prediction of family business background (X) influence entrepreneurial intention (Y) doing errors is 3.8 % thus the confidence of this prediction is above 95% Therefore, H accepted.
- t_count for desire for independence (X) 3.900 greater than the value of 1.984 t_{table} means desire for independence (X) has partial significant influence on Entrepreneurial Intention (Y). The sig. value at 0.004 means that prediction of desire for independence (X) influence on entrepreneurial intention (Y) doing error is 0.4 % thus the confidence of this prediction is above 95% Therefore, H accepted.
- Between all those three independent variables entrepreneurship education (X), family business background (X) and desire for independence (X), desire for independence (X) has the most significant influence on entrepreneurial intention (Y) it can be seen in the explanation of the t_count for desire for independence (X) in the previous section.

Discussion

Entrepreneurship Education

International Business Administration (IBA) Faculty of Economics and Business, Sam Ratulangi University students have a strong entrepreneurial intention is affected by entrepreneurship education, family business background and desire for independence. This happen because entrepreneurship programmes provided by the management of International Business Administration (IBA) Faculty of Economics and Business, Sam Ratulangi University raise attitudes and behavior capable of provoking entrepreneurial intention among youth who have interest in the economic development of the nation. The questionnaire that have been distributed to respondents showed that entrepreneurship education can help students easier to start a business. It can be conclude that the students found the education of entrepreneurship is helped for developing their intention of becoming entrepreneurs. With a knowledge about entrepreneurship can help the students to see business opportunities around them most of the students agree about that indicator, it means that they can receive the knowledge well. And they are confidence that they can apply the theories in a work world. Knowledge of entrepreneurship can also build the business vision of students, they can think of new ideas to offer to people. This is the entrepreneurial age. There has never been a better time to practice the art and science of entrepreneurship. This opinion support a research by Bygrave and Zacharakis (2008) that found entrepreneurial education helps the students to show their entrepreneurial intention.

Family Business Background

The result of multiple regression analysis shows that family business background also has significant influence on Entrepreneurial Intention in International Business Administration (IBA) Faculty of Economics and Business, Sam Ratulangi University. Typical of all family businesses in International Business Administration (IBA) Faculty of Economics and Business, Sam Ratulangi University is the integration of a firm ownership and business. One central element is also the continuity of the business, i.e. there is a conscious intent to transfer the firm (leadership and control) to the following owner generation. The questionnaire that have been distributed to respondents indicated that students who have family business background are wanting to become an entrepreneur because the continuous of the business from generation to generation that can make the measier to create a job opportunity to others. And when students have support from family to become entrepreneurs it can also motivate them to start the family business. Also one important things is students agree that continuous of family business can strengthen the business net work when doing business.

Desire for Independence

Based on the multiple regression analysis, it shows that desire for independence is for a significant influence on Entrepreneurial Intention because students always dream about an independence from routines such as an assignment and etc. So this behaviour affected also for the minimum entrepreneurial intention. Feeling to be free, no limited time of working hour and high income become a main reason for the students of International Business Administration (IBA) Faculty of Economics and Business, Sam Ratulangi University on Entrepreneurial Intention. According to the items of the questionnaire that have been distributed to respondents most of the mare having a vision or desire to have their own business in the future, a clear goal of what they want to do after graduate from university. These students want an independent job or in other words they do not want to work in a company own by other people nor in government organization. We clearly can see that students are agreed to not depending on office hours when they have to work, they want to become entrepreneurs.
because they can create their own working hours. They are optimistic of their ability to be a successful people in the future. They have a high confidence of the opportunities of being successful.

Entrepreneurial Intention

The entrepreneurial intention has a positive and significant relationship with university environment and thus confirming that the role of entrepreneurship education has been recognized as one of the critical factors that help students to understand and foster an entrepreneurial attitude. The questionnaire that have been distributed to respondents in the university environment found that students with a high desire of becoming entrepreneurs in the future have a high energy in doing business along with the risk that they would happen to experience in the future. With a high risk of doing their business they need to work even harder in a longer term to experience many things as entrepreneurs. Entrepreneurs must have passion and have faith in what they are doing. Building a business right from the start need a capability to organize the resources (human and nature, etc) to have a maximize result. Entrepreneurs must have a good relationship with other people, or in a better word good organization and trading goods. Entrepreneurs must develop the skills and the desire to be better in the future. This findings supported a research by Rasli et, al. (2013) stated that entrepreneurial intention has a positive and significant relationship with university environment. Another research also by Tanveeret, al. (2013) about motivational factors and students entrepreneurial intention in Pakistan found the same thing with his research. They found that students are having strong belief that they can provide jobs to themselves and to others.

CONCLUSION AND RECOMMENDATION

Conclusion

This research concludes findings as follow:

1. There is a significant simultaneous influence of Entrepreneurship Education, Family Business Background and Desire for Independence on Entrepreneurial Intention of students in International Business Administration, Faculty of Economic and Business, Sam Ratulangi University.
2. There is a significant partial influence of Entrepreneurship Education on Entrepreneurial Intention of students in International Business Administration, Faculty of Economic and Business, Sam Ratulangi University.
3. There is a significant partial influence of Family Business Background on Entrepreneurial Intention of students in International Business Administration, Faculty of Economic and Business, Sam Ratulangi University.
4. There is a significant partial influence of Desire for Independence on Entrepreneurial Intention of students in International Business Administration, Faculty of Economic and Business, Sam Ratulangi University.

Recommendation

1. International Business Administration’s management better to see the students with the potential of the intention to become entrepreneurs, motivate and develop their potential of the intention to become entrepreneurs.
2. For the next researcher may need better indicators in distributing questionnaire so the result of the research will be more accurate especially indicators for Desire for Independence. And also the mediating variable such as Role of Attitudes is needed for a more significant result towards business start up.
REFERENCES


