ENTREPRENEURSHIP PROCLIVITY: AN EXPLANATORY STUDY ON STUDENTS ENTREPRENEURIAL INTENTIONS BY USING THEORY OF PLANNED BEHAVIOUR

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ABSTRACT

Entrepreneurial attitude and entrepreneurial self-efficacy are considered as important factors affecting the intention to step into the process of entrepreneurship. Despite the large number of studies on entrepreneurial intention among university students, there is a lack understanding of factors that lead entrepreneurial intention among engineering students. This research aims to examine the factors that contribute entrepreneurial intention in entrepreneurship by using the Theory of Planned Behavior (TPB) of Fishbein and Ajzein. This study was conducted in University of Sam Ratulangi particularly in Faculty of Business and Economics, International business Administration Program at Manado. Data were analyzed using descriptive and inferential statistics. The result shows that the theory of planned behavior is proven averagely significant to predict students’ entrepreneurial intention simultaneously in University of Sam Ratulangi International business Administration Program. Among the three determinants in TPB that were examined, the highest mean score was recorded is perceived behavioral control.

Keywords: entrepreneurship, theory of planned behavior, entrepreneurial intention

INTRODUCTION

Research Background

The relationship between education and employment in Indonesia has been less than consistent. National labor survey data of 2009 issued by the Indonesian National Planning Agency revealed that out of 21.2 million Indonesian people who entered labor force, there are 4.1 million people or about 22.2 percent who are unemployed. Out of these unemployed, nearly half are diploma and university graduates with a total of approximately 2 million people (Pengangguran Akademik Lebih dari Dua Juta, 2010). Indonesian Central Statistics Bureau (BPS) recorded that the number of unemployed in Indonesia in February 2009 reached 9,259 million people. Of that figure, the total of unemployed with university education reached 626,621 people, diploma of 486,399 people, and over 7 million people have high school degree or lower.

This condition becomes evident when more college graduates would prefer to be job seekers rather than as job creators. Several factors may contribute to this phenomenon; such as the learning system applied in various colleges which focused more on how to quickly prepare students to graduate and get jobs, rather than to prepare them as a job creator. Therefore, it is important to discover how the perceptions, attitudes and norms developed in college contribute to students' intention toward entrepreneurship as a career alternative.
In psychology literature, intention has been proved to be the best predictor of planned behavior, especially when the behavior is rare, difficult to observe, or involves time lags that cannot be predicted. Entrepreneurship or becoming self-employment has been confirmed as one of the types of planned behavior (Krueger et al., 2000). The theory of planned behavior is rooted in the theory of reasoned action (Fishbein and Ajzen, 1975; 1991). This theory not only helps us to understand how we can predict and change the behavior of others but also implies that one's intention are factors that influence behavior (Davidsson, et al., 2010).

The purpose of this study will be to address the above stated research gap by studying how students at University of Sam Ratulangi especially in International Business Administration Program (IBA) have entrepreneurship intention experiences. This will be achieved by analyzing a student’s planning activities through the lens of the theory of planned behavior. This study uses theory of planned behavior by Fishbein and Ajzen (1975), in which intentions are considered as resulting from attitudes, subjective norms and perceived behavioral control. This is especially relevant when studying the entrepreneurial intention of the undergraduate student samples. Students might not decide their career preferences yet and are still exploring the options available (Nabi et al., 2006; Schein, 1978, 1990). This research may also provide insight to the university in order to increase students' positive attitudes and their willingness to become an entrepreneur by having programs that support. Therefore, this could help increase the number of educated self-employment while decreasing number of educated unemployment in the future.

Research Objectives
This research aims to examine:
1. To identify the relationship between attitude toward entrepreneurial behavior with their entrepreneurial intention.
2. To identify the relationship between perceived behavioral control with their entrepreneurial intention.
3. To identify the relationship between subjective norm with their entrepreneurial intention.

THEORETICAL FRAMEWORK

Theories
Theory of Planned Behavior
Is a theory about the link between beliefs and behavior. The concept was proposed by Icek Ajzen to improve on the predictive power of the theory of reasoned action by including perceived behavioural control. It is one of the most predictive persuasion theories. It has been applied to studies of the relations among beliefs, attitudes, behavioral intentions and behaviors in various fields such as advertising, public relations, advertising campaigns and healthcare. The theory states that attitude toward behavior, subjective norms, and perceived behavioral control, together shape an individual’s behavioral intentions and behaviors.

Attitude Toward Behavior
Is an individual's positive or negative evaluation of self-performance of the particular behavior. The concept is the degree to which performance of the behavior is positively or negatively valued. It is determined by the total set of accessible behavioral beliefs linking the behavior to various outcomes and other attributes.

Subjective Norm
Is an individual's perception about the particular behavior, which is influenced by the judgment of significant others (e.g., parents, spouse, friends, teachers).

Perceived behavioral control
Is an individual's perceived ease or difficulty of performing the particular behavior (Ajzen, 1991). It is assumed that perceived behavioral control is determined by the total set of accessible control beliefs. Behavioral intention: an indication of an individual's readiness to perform a given behavior. It is assumed to be an immediate antecedent of behavior (Ajzen, 2002b). It is based on attitude toward the behavior, subjective norm, and perceived behavioral control, with each predictor weighted for its importance in relation to the behavior and population of interest.
Previous Research

In general, there are three fundamental factors in the Theory of Planned Behavior as an antecedent of intentions, namely attitude towards behavior, perception toward social environment, and perception towards behavior control or self efficacy (Fishbein and Ajzen, 1975). Attitude can be defined as a consistent response to either love or hate, good or bad to a certain object (Fukukawa, 2002). Attitude is relatively less stable than individual characteristics, as it may change time and different situations. Thus, one's attitude towards entrepreneurship can be influenced by educators or practitioners. However, finding a specific attitude towards entrepreneurship requires further investigation and modeling.

Douglas (1999) has investigated the relationship between a person's intention to start a business with a person's attitudes toward income, independence, risk and effort. The result is a person who has more positive attitude toward self-reliance and risk, has a higher willingness to become entrepreneurs. However, a person's attitude toward his work effort is negatively correlated with intention to entrepreneurship. He also found that there was no significant difference between attitudes and income.

Krueger et al., (2000) discovered support for this planned behavior theory. One's attitudes towards action, i.e. self-employed and self-efficacy affect a person's intention to entrepreneurship, with attitude found to be the most influential factor. However, another variable, i.e. perception towards social norms, didn't affect intentions. Similarly, Franke and Lutjhe (2004) in their study on business students in Germany and the United States of America found a strong, positive relationship between one's attitude to work independently and the intention to be an entrepreneur.

Another path in the study of entrepreneurship focuses on the environmental conditions as a factor affecting a person's aspirations to start a company. That is because entrepreneurship is a process that involves the social, cultural and economic. Past studies have demonstrated the importance of the external environment especially those in one's social network with a view of local people towards entrepreneurs, socio-cultural norms, and the barriers to entrepreneurship (Schwarz et al., 2009).

Perceived behavioral control (PBC) refers to people's perception of the easiness or difficulty of performing behavior. Franke and Lutjhe (2004) revealed that students' intention to entrepreneurship is also directly influenced by perception towards entrepreneurship enablers and obstacles. In particular, the more positive the students perceive the support for entrepreneurship, the stronger their entrepreneurial intention is. In another study, Franke and Lutjhe (2004) investigated the influence of college environments on the intentions of students for entrepreneurship. Their study found that students have lower entrepreneurial intentions because they perceived that higher education does not have enough support in providing knowledge and experience to start a business. Entrepreneurial intention also depends on the perception of students relative to their college environment. In essence, this factor may prove to be more significant and stronger in influencing entrepreneurial intentions than differences in personal characteristics, attitudes or student socio-economic factors.

The subjective norm or perceived social norm (SN) refers to the perceived social pressure to perform or to not perform the behavior (Fishbein & Ajzein, 1975). The subjective norm is defined by the degree of perceived approval or disapproval from people who is important for the student. The opinion of parents or friend and significant others might be important in this process because students are still in the stage of exploring their career options.

Fishbein & Ajzein, (1975) in their research conclude that intention is the state of mind directing a person's attentions and action towards a specific object (goal) or a path in order to achieve something. Intention also represents one's motivation to plan or make a decision. Measuring entrepreneurial intention can be done by asking these questions: "will you start a venture" (measures desire), "what will you chose, work for yourself or work for others" (gauges preference), "are you planning to start a business" (regarding planning), "estimate the chance that you will start a business in the next 5 years" (expected behavior) (Van Gelderen et al., 2008).
Research Hypotheses
Based on the theories before, the hypotheses of this research are:
H1: There is significant subjective norms affect to entrepreneurial intention
H2: There is significant perceived behavior control affect to entrepreneurial intention
H3: There is significant attitudes toward behavior affect to entrepreneurial intention

RESEARCH METHOD

Types of Research
The purpose of this research is to identify the factors that contribute entrepreneurial intention in entrepreneurship by using the Theory of Planned Behavior (TPB). This research is causal. This research is a quantitative method since using questionnaire as a tool to gather data and analysis.

Place and Time of Research
The study for this research is conducted in Manado, with specific location in the empirical faculty of Economics University of Sam Ratulangi especially in International Business Administration Program (IBA) as the unit of analysis as a special segment for data collection. The study is conducted in Manado from August - November 2013 (4 months) and the survey started on November 2013.

Population and Sample
The population of this research is the students of university of Sam Ratulangi in particular bachelor student of International Business Administration (IBA) program faculty of Economics and Business. The sample size taken are 100 students as respondents. The probability sample design is simple random sampling.

Data Collection Method
The source of data that used is primary data which is the information that are obtained first-hand by the researcher on the variables of interest for the specific purpose of the study in this study primary data is the data that collected from the questionnaire of respondent by direct survey, go to the field an spread the questionnaire.

Operational Definition and Measurement of Variables
1. Entrepreneurial intention (Y): Entrepreneurial intention defined as willingness of individuals to perform entrepreneurial behavior, to engage in entrepreneurial action, to be self-employed, or to establish new business.
2. Subjective Norm(X1): Subjective norm also known as social norm refers to the perceived social pressure to perform or not to perform a desired behavior.
3. Perceived Behavior (X2): Perceived behavioral control refers to people's perceived ease or difficulty to perform a given behavior. It is assumed to reflect the past experiences of people and anticipated the obstacles.

4. Attitude toward behavior(X3): an attitude refers to individual's general feeling of favorableness or favorableness toward various stimulus objects. If they have beliefs about an object, they automatically acquire attitude toward the particular object. Each belief links the object to some features; individuals' attitude toward the object acts as a function of their evaluations toward the features.

Data Analysis Method

Validity and Reliability test

Validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure. Validity is the level extent to which of precision and accuracy of a measuring instrument to perform the functions of measuring in this study is the questionnaire. An instrument has high validity if it can deliver results in accordance with the purpose of measuring the measurements itself which is valid at 0.01 level or higher. The validity of testing can use the Product-Moment Correlation Pearson techniques. This research use the Pearson correlation significant one tailed test, that I have a prior test as the sign of (-) or (+) of the correlation. Questionnaires were used as a measuring instrument should qualify the validity of the content.

Reliability analysis is used to measure the correlation between multiple measurements of a construct in order to quantify some underlying dimension. The purpose of testing reliability is to determine the level of measurement non error, it means showing the consistency of measurement. Reliability was measured by using Cronbach's Alpha coefficient, when the value of Cronbach’s alpha increase the consistency also increases. If the coefficient value of Alpha less than 0.60 then the reliability is bad. Research instrument is acceptable if the test shows the alpha in the range of 0.7 and the reliability is good if above 0.80.

Multiple Regression Analysis Models

Multiple Regressions is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable, or in other explanation multiple regression used in a situation where two or more independent variables is hypothesized to affect one dependent variable. Once gathered the data from the field, the next step to analysis the data and solving the problem using Multiple Regression Method, it also to test the hypotheses that have been stated. The data then inserted into the statical tools SPSS version 20.0.

RESULT AND DISCUSSION

Validity and Reliability Tests

Validity test is used to know whether the instrument is valid or not. The validity test is using Pearson correlation significant two-tailed test which the instrument is valid if the score of indicator whether it has positive correlation or negative correlation is more than 0,01 \((r \geq 0.01)\). The value of pearson correlation of brand trust, brand affect and brand loyalty is more than 0.01 which indicate that the instrument is valid. The Cronbach Alpha is 0.852 which are more than 0.6. The measurement instruments used for this research are reliable and the instrument can get the consistent result if used in different times.
Classical Assumption Test

Table 1. Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
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<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>SubjectiveNorm</td>
<td>.795</td>
</tr>
<tr>
<td>PerceivedBehaviour</td>
<td>.781</td>
</tr>
<tr>
<td>AttitudeTowardBehaviour</td>
<td>.837</td>
</tr>
</tbody>
</table>

The tolerance value of Subjective Norm is 0.795, Perceived Behaviour is 0.781, Attitude Toward Behaviour is 0.837 which are more than 0.10. The VIF value of Subjective Norm is 1.258, Perceived Behaviour is 1.280, Attitude Toward Behaviour is 1.195 which are less than 10. The result of the tolerance and VIF value show that this research is free from multicollinearity.

Multiple Regression Analysis

Table 2. Multiple Regression Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.425</td>
<td>.540</td>
</tr>
<tr>
<td>SubjectiveNorm</td>
<td>.234</td>
<td>.097</td>
</tr>
<tr>
<td>PerceivedBehaviour</td>
<td>.350</td>
<td>.113</td>
</tr>
<tr>
<td>AttitudeTowardBehaviour</td>
<td>.340</td>
<td>.115</td>
</tr>
</tbody>
</table>

The Equation is as follows:

\[ Y = 0.425 + 0.234 X_1 + 0.350 X_2 + 0.340 X_3 \]

The explanations of the equation are:

a. Constant value of 0.425 shows the influence of Subjective Norm (X1), Perceived Behaviour (X2) and Attitude Toward Behavior (X3) to Entrepreneurial Intention (Y). Based on that constant value, in a condition where all independent variables are constant (zero), consumer purchase decision (Y) as dependent variable is predicted to be 0.425

b. 0.360 is the slope brand trust (X1) meaning if there is one unit increasing in trust while other variables are constant then brand loyalty is predicted to increase by 0.360. 234 is the slope of Subjective Norm (X1) meaning if Subjective Norm is increased by one unit while other variables are constant then Entrepreneurial Intention is predicted to increase by 0.444

c. 0.350 is the slope Perceived Behavior (X2) meaning if Perceived Behavior is increased by one unit while other variables are constant then Entrepreneurial Intention is predicted to increase by 0.350

d. 0.340 is the slope Attitude Toward Behaviour (X3) meaning if Attitude Toward Behaviour is increased by one unit while other variables are constant then Entrepreneurial Intention is predicted to increase by 0.340
The value of R is 0.590 indicating a substantial positive relationship between independent and dependent variable. The value of $R^2$ is 0.348 meaning Subjective Norm ($X_1$), Perceived Behaviour ($X_2$) and Attitude Toward Behavior ($X_3$) as independent variables are moderate positive relationship and influence Entrepreneurial Intention as much as 34.8% while the rest 65.20% other factor is not included in this research.

Hypothesis Testing

The table shows that the degree of freedom 1 ($df_1$) is 2 and the degree of freedom 2 ($df_2$) is 96 with the level of significance is 0.00. The $F_{\text{count}}$ is 17.082 and the $F_{\text{table}}$ is 1.78. Therefore, $F_{\text{count}}$ (17.082) > $F_{\text{table}}$ (1.78). So, the variables of Attitude Toward Behaviour, Subjective Norm, Perceived Behaviour has effect on dependent variable which is Entrepreneurial Intention.

The partial influence for each independent variable will be explained as follows:

1. $t_{\text{count}}$ value of Subjective Norm variable ($X_1$) is equal to 2.398 with a significance level of 0.000 while the $t_{\text{table}}$ is 1.98. The result shows that $t_{\text{count}} > t_{\text{table}}$ or 2.398 > 1.98, so $H_0$ is rejected. It means, Subjective Norm ($X_1$) has the individual effect on Entrepreneurial Intention ($Y$).
2. $t_{\text{count}}$ value of Perceived Behaviour ($X_2$) is equal to 3.106 with a significance level of 0.000 while the $t_{\text{table}}$ is 1.98. The result shows that $t_{\text{count}} > t_{\text{table}}$ or 3.106 > 1.98, so $H_0$ is accepted. It means, Perceived Behaviour ($X_2$) has individual effect on Entrepreneurial Intention ($Y$).
Discussion

Based on the result, it is found that Subjective Norm, Perceived Behavior and Attitude Toward Behavior has significant effect on Students entrepreneurial intention. T-test and F-test result shows that all the Independent variables have simultaneously effect on Students entrepreneurial intention.

The first hypothesis that students' subjective norm to work as entrepreneur positively related to their intention to start a business was also accepted. This is consistent with Van Gelderen, et al. (2008) that students' entrepreneurial intention also affected by their family and friends. This research found that subjective norm has positive relationship effect to the entrepreneurial intention. It is possible to conclude that, Relational support and consideration matters increased subjective norm and can positively moderate effects the intention of entrepreneurial of a students.

The second hypothesis that students' perceived behavior control (PBC) positively related to entrepreneurial intention was also accepted. It is also similar to results from Van Gelderen, et al. (2008) that entrepreneurial alertness and perseverance affects the students' intention to be entrepreneur. This research found that perceived behavior has positive relationship effect to the entrepreneurial intention. direct experience, prior entrepreneurship education, build up the confidence of a students to make entrepreneur as a future career. It is possible to conclude that, student who has more perceived behavior control will positively increase their intention of entrepreneurial, because they have an ability and feel confident to having career as an entrepreneur.

The third hypothesis that students' attitudes toward entrepreneurial behavior affect their intention to start a business was accepted. This finding is in line with results from Van Gelderen, et al. (2008) which stated that student's intention to be entrepreneur is affected by their attitude, that is attitude toward achievement and challenge (Davidsson, 1995) and attitude toward autonomy (to be more independent) and risk (Douglas & Sheperd, 2002). The research found that attitude toward behavior has a positive relationship effect to the entrepreneurial intention. The research found that attitude toward behavior that formed by prior entrepreneurship experience positively affects the entrepreneurial intention and then determining to pursue career as an entrepreneur. It indicates that the students have favorableness of being self-employed. When the students have a more positive view about the outcome of getting a business to be started, the more favorable their attitude toward the behavior and subsequently, the stronger their intention to take the initiative to start-up a business. Conversely, if students perceived that entrepreneurship will not bring any advantages for them, they will have a negative attitude toward behavior and do not have any intention. It is possible to conclude that, when in the process of someone decide the future of course lots of thing that affect the decision process. And by the effect of external factors that related to the entrepreneurial, create a positive attitude toward entrepreneurship, and then produce an intention of entrepreneurial itself.

More learning opportunities should be provided to motivate and enhance these students' ability to start own businesses. More importantly, entrepreneurship education programmes should provide various learning opportunities for the students to develop different dimensions of their entrepreneurial self-efficacy. This is possible by involving students in various entrepreneurial activities and learning opportunities, such as developing a more advanced business plan, running a simulated or real business, and many others. All these may increase students' confidence and improve their self-esteem to become entrepreneurs in the future.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the results of the research, the conclusions that can be drawn are as follows:

1. Subjective Norm, Perceived Behavior and Attitude Toward Behavior are proved to have simultaneously influences on entrepreneurial intention.
2. Subjective norm has positive relationship effect to the entrepreneurial intention.
3. Perceived behavior has positive relationship effect to the entrepreneurial intention.
4. Attitude toward behavior has a positive relationship effect to the entrepreneurial intention.
Recommendation

More research on students' entrepreneurial attitude and self-efficacy still need to be undertaken, specifically those determining the association between constructs and entrepreneurial intention. Moreover, further studies should be done to determine if entrepreneurship education and training programmes enhance IBA students' entrepreneurial attitude and self-efficacy. In addition, different aspects of entrepreneurial attitude and self-efficacy can also be agendas for further investigations.

The result showed TPB components explain variance in entrepreneurial intention. Researchers adopted questions from other researchers. Future researchers can redesign the question of the questionnaire to better suit their research objective. Validity test should be conducted to ensure the questionnaire is valid for the particular research. Future researchers can use other combination of data collection methods like interviews. This can increase the participation of respondents and interviewers can get more opinions from multiple perspective. Besides that, there is a lower chance that respondents will misinterpret questions because the interviewer can clarify the instruction of question. There are only three variables tested in this study, future researchers can include other variables such as family business background, Entrepreneurship Education, prior business experience. Personality traits to get better research outcomes. Lastly, future researchers should conduct the research with longer period. This can ensure that they can get consistent result that entrepreneurial intention of individuals can lead to an actual action in the real life.

REFERENCES


