



Factors of Entrepreneurial Intention Among Students in Indonesia

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ABSTRACT

The research aims to determine the extent to which subjective norms influence students' entrepreneurial intentions through the mediation of entrepreneurial attitudes, perceptions of behavioral control, and opportunity recognition. Respondents were 149 students aged 17 to 25 years. Sampling was done by accidental sampling. PLS SEM is used as a data analysis method. The results of the study found that subjective norms did not have a direct effect on entrepreneurial intentions. Subjective norms will have a positive impact on entrepreneurial intentions if through the mediation of entrepreneurial attitudes, perceived behavioral control, and opportunity recognition. This research contributes to efforts to increase students' entrepreneurial intentions in Indonesia through increasing entrepreneurial attitudes, perceived behavioral control, opportunity recognition and subjective norms

INTRODUCTION

Students are the young generation who will one day replace the older generations. In time young entrepreneurs will replace entrepreneurs who are relatively old based on age. The importance of creating young entrepreneurs through increasing entrepreneurial intentions among students. Entrepreneurial intentions are positively associated with entrepreneurial behavior (Neneh, 2019).

United States Census Bureau data for July 2023 shows that Indonesia is in fourth place in terms of largest population in the world after China, India and the United States with 279,476,346 people. If such a large amount is properly utilized, it can increase economic growth and bring prosperity to the country.

Central Statistics Agency data for August 2022 shows the total workforce reached 143,722,644 with an unemployment rate of 8,425,931 (5.86%). This number can of course be reduced by opening new jobs and increasing new entrepreneurs. The increasing number of unemployed can increase the amount of poverty in a country.

The 2022 ASEAN Investment Report issued by the United Nations Conference on Trade and Development (UNCTAD) reported that there were 65.46 million MSMEs and had a contribution of 60.3% to gross domestic product (GDP) and were able to absorb 97% of the workforce. in Indonesia. It is important to increase students' entrepreneurial intentions in order to increase the number of entrepreneurs in Indonesia which can ultimately reduce unemployment and increase the prosperity of society in a country.

Students' entrepreneurial intentions are certainly triggered by various factors. Differences in social norms, controlled behavior, short-term risk-taking preferences explain differences in a person's entrepreneurial intentions (Zhang et al., 2015). An optimistic and innovative personality is a predictor of entrepreneurial intentions (Ozaralli & Rivenburgh, 2016). Certain personality traits trigger increased entrepreneurial intentions (Karabulut, 2016). Entrepreneurial awareness and digital applications are factors that influence entrepreneurial intentions (Tomy & Pardede, 2020).

This research aims to determine the magnitude of the impact that subjective norms have on entrepreneurial intentions through the mediation of perceived behavioral control, opportunity recognition, and entrepreneurial attitudes. The research objectives will be discussed in the literature review and hypothesis development section.

LITERATURE REVIEW

Theoretical Basis

The theory of planned behavior was used to predict entrepreneurial intentions in previous research (Al-Jubari et al., 2019). Attitudes, subjective norms, and perceived behavioral control together explained 59% of the variation in entrepreneurial intentions in research conducted over a period of several years (Kautonen et al., 2015).

Opportunity recognition can be explained by two different theoretical views, namely discovery theory and creation theory. Opportunity theory emphasizes that opportunities exist independently and have different levels of risk while creation theory states that opportunities do not exist and must be

created independently (Mary George et al., 2016). Opportunity recognition includes elements of finding and creating opportunities. Attitude, opportunity recognition, and entrepreneurial intention were found to be positively related to each other (Dahalan et al., 2015). This indicates that the theory of planned behavior, discovery theory and creation theory are related.

The Influence of Subjective Norms on Entrepreneurial Intentions

A relationship between subjective norms and entrepreneurial intentions has been found (Krithika & Venkatachalam, 2014). Subjective norms are a factor in increasing entrepreneurial intentions (Saraih et al., 2018). Subjective norms make someone want to become an entrepreneur (Yousaf et al., 2015). Interest in entrepreneurship is caused by students' subjective norms (Muliadi & Mirawati, 2020).

H₁: Subjective norms have a positive effect on entrepreneurial intentions

The Influence of Subjective Norms on Entrepreneurial Intentions Through Entrepreneurial Attitudes

Subjective norms were found to have no direct impact on entrepreneurial intentions and will have an impact through entrepreneurial attitudes (Azim & Islam, 2022). Entrepreneurial attitudes have been found to be a factor that bridges the positive influence of subjective norms on entrepreneurial intentions (Isma et al., 2020). Attitude was also found to be a connecting factor between subjective norms and entrepreneurial intentions (Anderson, 2022).

H₂: Subjective norms have a positive effect on entrepreneurial intentions through entrepreneurial attitudes.

The Influence of Subjective Norms on Entrepreneurial Intentions Through Perceived Behavioral Control

Subjective norms were found to have no direct impact on entrepreneurial intentions and will have an impact through entrepreneurial self-efficacy (Azim & Islam, 2022). Perceived behavior was found to be a factor that connects subjective norms with entrepreneurial intentions (Anderson, 2022).

H₃: Subjective norms have a positive effect on entrepreneurial intentions through perceived behavioral control.

The Influence of Subjective Norms on Entrepreneurial Intentions Through Opportunity Recognition

Opportunity recognition and self-efficacy were found to have a significant positive effect on students' intention to become entrepreneurs and the effect was stronger for males (Hassan et al., 2020). This happens because women are less independent and avoid high risks (Ryu & Kim, 2020). Opportunity recognition was found to be a factor that links attitudes towards start-ups with entrepreneurial intentions (Dahalan et al., 2015). Having previous business experience can increase opportunity recognition which ultimately increases the desire for entrepreneurship (Tian et al., 2022).

Several research findings do not show a direct relationship between subjective norms and entrepreneurial intentions (Azim & Islam, 2022; Fenech et al., 2019; Kobylińska, 2022). Meanwhile, other research results found a link between subjective norms and entrepreneurial intentions (Krithika & Venkatachalam, 2014; Saraih et al., 2018; Yousaf et al., 2015). The differences in empirical findings indicate that there are mediating factors that explain the relationship between the independent variable and the dependent variable.

H₄: Subjective norms have a positive effect on entrepreneurial intentions through opportunity recognition.

METHODOLOGY

The research uses a quantitative causality design with a data analysis method in the form of PLS SEM. Data collection was carried out by accidental sampling or anyone who was willing to fill out the questionnaire. Data was distributed using social media such as Facebook and WhatsApp to students aged 17 to 25 years from various regions in Indonesia. A total of 149 students were willing to fill out the questionnaire.

The instruments for entrepreneurial attitudes, subjective norms and entrepreneurial intentions were adapted from previous research (Shah et al., 2020). Perceived behavioral control and opportunity recognition were adapted from previous research (Anwar et al., 2020; Hassan et al., 2020).

RESULT

Respondent Description

The total number of respondents was 149 students. Respondents consisted of 64 male students (42.95%) and 85 female students (57.05%). Respondents aged 17 to 19 years amounted to 47 people (31.54%), aged 20-22 years amounted to 69 people (46.31%), aged 23-25 years amounted to 33 people (22.15%).

Validity Test

Table 1. AVE Value

Variable	AVE	Decision
Entrepreneurial Intentions	0.606	Accepted
Subjective Norms	0.546	Accepted
Opportunity Recognition	0.618	Accepted
Perceived Behavioral Control	0.596	Accepted
Entrepreneurial Attitude	0.563	Accepted

Table 1 contains the AVE (Average Variant Extracted) value where all variables have an AVE value > 0.5 so that all variables are said to be valid. The AVE value is obtained after removing 1 subjective norm item.

Table 2. Outer Loading

	EI	SN	OR	PBC	EA				
EI1	0.687	SN1	0.779	OR1	0.774	PBC1	0.797	EA1	0.446
EI2	0.798	SN2	0.854	OR2	0.784	PBC2	0.739	EA2	0.756
EI3	0.821	SN3	0.844	OR3	0.763	PBC3	0.768	EA3	0.639
EI4	0.786	SN4	0.586	OR4	0.823	PBC4	0.815	EA4	0.824
EI5	0.798	SN5	0.581	OR5	0.785	PBC5	0.781	EA5	0.852
EI6	0.726					PBC6	0.729	EA6	0.891
EI7	0.822								

Table 2 shows the outer loading value of each item from all variables. The outer loading value of entrepreneurial intention is in the range of 0.687 to 0.822. The subjective norm outer loading value is 0.581 to 0.854. The outer loading of opportunity recognition is in the range of 0.763 to 0.823. The outer loading of perceived behavior control is in the range of 0.729 to 0.815. The outer loading for entrepreneurial attitudes is between 0.446 and 0.891. Factor loading values > 0.4 and < 0.7 are maintained as long as the AVE value is > 0.5.

Table 3. Discriminant Validity

	EI	SN	OR	PBC	EA
EI	0.778				
SN	0.450	0.739			
OR	0.674	0.463	0.786		
PBC	0.669	0.530	0.693	0.772	
EA	0.720	0.485	0.591	0.626	0.750

Table 3 shows the discriminant validity values using the Fornell-Larcker criteria. The discriminant validity value of entrepreneurial intentions was found to be 0.778 and higher than other variables (0.450; 0.674; 0.669; 0.720). The discriminant validity of subjective norms is 0.739 and is greater than other variables (0.450; 0.463; 0.530; 0.485). The discriminant validity of opportunity recognition is 0.786 and is higher than other variables (0.674; 0.463; 0.693; 0.591). The discriminant validity of perceived behavioral control is 0.772 and is higher than other variables (0.669; 0.530; 0.693; 0.626). The discriminant validity of entrepreneurial attitudes is 0.750 and is greater than other variables (0.720; 0.485; 0.591; 0.626).

Reliability Test

Table 4. Reliability Test

Variable	Alfa Cronbach	Composite Reliability	Decision
Entrepreneurial Intentions	0.891	0.915	Accepted
Subjective Norms	0.787	0.854	Accepted
Opportunity Recognition	0.846	0.890	Accepted
Perceived Behavioral Control	0.864	0.898	Accepted
Entrepreneurial Attitude	0.834	0.881	Accepted

R Square Test

Table 5. R Square

Variable	R Square
Entrepreneurial Intentions	0.663
Opportunity Recognition	0.214
Perceived Behavioral Control	0.281
Entrepreneurial Attitude	0.235

Table 5 contains the R Square value of the influence of the independent variable on the dependent variable. Subjective norms contribute to opportunity recognition (21.4%), perceived behavioral control (28.1%), entrepreneurial attitudes (23.5%). Subjective norms, opportunity recognition, perceived behavioral control, entrepreneurial attitudes contribute to entrepreneurial intentions by 66.3% while the remaining 33.7% is influenced by other factors. The value is 0.663 or 66.3% > 0.5 but < 0.75, which means it has a moderate contribution.

Square F Test

Table 6. F Square

	EI	OR	PBC	EA
SN	0.000	0.273	0.391	0.307
OR	0.098			
PBC	0.051			
EA	0.261			

Table 6 contains the f square value of the influence of the independent variable (exogenous) on the dependent variable (endogenous). Subjective norms

have no impact on entrepreneurial intentions with an f square value of 0.000 (< 0.02). Subjective norms have a large effect on perceived behavioral control with an f square value of 0.391 (> 0.35). Subjective norms have a moderate effect on opportunity recognition and entrepreneurial attitudes with values of 0.273 and 0.307 (> 0.15 and < 0.35). Opportunity recognition and perceived behavioral control have a low effect on entrepreneurial intentions with values of 0.098 and 0.051 (> 0.02 but < 0.15). Entrepreneurial attitude has a moderate effect on entrepreneurial intention with a value of 0.261 (> 0.15 and < 0.35).

Hypothesis Testing

Table 7. Hypothesis Testing

	Original Sample	T Statistics	P Values
SN ► EI	0.006	0.099	0.921
SN ► OR ► EI	0.128	3.183	0.001
SN ► PBC ► EI	0.112	2.326	0.020
SN ► EA ► EI	0.204	4.445	0.000

Table 7 contains the results of subjective norm hypothesis testing on entrepreneurial intentions along with the mediating factors. Subjective norms were found to have no impact on entrepreneurial intentions with p values = 0.921 (> 0.05) and T statistics = 0.099 (> 1.96). Subjective norms can have a positive influence on entrepreneurial intentions through opportunity recognition with p values = 0.001 (< 0.05) and T statistics = 3.183 (> 1.96). Subjective norms can have a positive influence on entrepreneurial intentions through perceived behavioral control with p values = 0.020 (< 0.05) and T statistics = 2.326 (> 1.96). Subjective norms can have a positive influence on entrepreneurial intentions through entrepreneurial attitudes with p values = 0.000 (< 0.05) and T statistics = 4.445 (> 1.96). Entrepreneurial attitudes have the largest role in mediating the influence of subjective norms on entrepreneurial intentions with the largest original sample values and T statistics.

DISCUSSION

The majority of research respondents were women and most respondents were aged 20 to 22 years. Respondents are not limited by region or university origin. Meanwhile, training and education about entrepreneurship is needed by students in starting a new business (Ozaralli & Rivenburgh, 2016). Based on this, it is important to limit the research population to students who receive entrepreneurship education and training only. Entrepreneurship education is needed to improve students' ability to recognize business opportunities so as to increase their intention to start a business (Hou et al., 2022).

The research results show that subjective norms have no impact on entrepreneurial intentions (Table 7). These findings are supported by previous

research which states the same thing (Azim & Islam, 2022; Fenech et al., 2019; Kobylińska, 2022). The findings in this study contradict previous research where there was an influence or relationship between subjective norms and entrepreneurial intentions (Krithika & Venkatachalam, 2014; Saraih et al., 2018; Yousaf et al., 2015). The difference in results is because there are factors that bridge the relationship between the two variables, such as opportunity recognition, perceived behavioral control and entrepreneurial attitude, according to the results of this research (Table 7).

The three components of the theory of planned behavior play different roles in forming students' entrepreneurial intentions with subjective norms found to be insignificant in the intention formation process (Tsordia & Papadimitriou, 2015). Subjective norms were found not to be predictors of entrepreneurial intentions while entrepreneurial attitudes and behavioral control were predictors of entrepreneurial intentions (Robledo et al., 2015). Subjective norms and behavioral control were found not to be predictors of entrepreneurial intentions but only entrepreneurial attitudes (Handiman et al., 2022). This indicates that the relationship between the three determinants of the theory of planned behavior is influenced by various factors. The impact of subjective norms on behavioral control will be greater in women (Robledo et al., 2015).

Opportunity recognition is a factor that contributes to increasing entrepreneurial intentions in developing countries (Tian et al., 2022). Gender roles have different effects on entrepreneurial intentions. Entrepreneurial intentions in men are more influenced by attitudinal factors and self-efficacy, while in women they are caused by attitudinal factors and subjective norms (Bagheri & Lope Pihie, 2014). The need to differentiate gender roles in the theory of planned behavior models.

CONCLUSION AND RECOMMENDATION

The conclusion of this study states that subjective norms have no role in entrepreneurial intentions. Subjective norms will have a positive influence on entrepreneurial intentions through opportunity recognition, perceived behavioral control, and entrepreneurial attitudes.

This research was only limited to students aged 17 to 25 years. Future research can limit the research sample to students who have taken entrepreneurship courses only and can compare with students who have not taken entrepreneurship courses. Future researchers can differentiate the role of gender in the planned behavior model in predicting entrepreneurial intentions or can limit it to certain genders only.

Higher education institutions in Indonesia can increase their students' entrepreneurial intentions by changing students' attitudes about entrepreneurship, providing supporting facilities and infrastructure to increase behavioral control related to entrepreneurship, teaching strategies for looking for business opportunities and creating new businesses. The government plays a role in providing funds to universities and guiding students in starting new businesses.

This research contributes to efforts to increase students' entrepreneurial intentions in Indonesia through increasing entrepreneurial attitudes, behavioral control related to entrepreneurship, opportunity recognition and subjective norms.

FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic Factors of Entrepreneurial Intention Among Students in Indonesia in order to improve this research and add insight to readers.

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