Indonesian Private University Students’ Entrepreneurial Intention

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Abstract
The study focuses on the entrepreneurship education at a private business school in Indonesia due to the accelerate impact through the country economy that by implementing entrepreneurship education, one of the factors driving entrepreneurial growth in a country is the higher education institutions' role. The study took places at Telkom University, Indonesia, by surveying 458 business school students. The data analysed using a path analysis technique with SmartPLS ver. 3. Our result shows that the factors affecting entrepreneurial orientation show significant and positive effects which eventually cause a similar effect on entrepreneurial intention. Therefore, higher education institutions, especially business schools, should consider these factors as driving forces towards entrepreneurial intention. Practical implications for the development of the entrepreneurship curriculum also drawn in this study.

Keywords  
Entrepreneurship; Entrepreneurial Intention; Entrepreneurial Orientation; Business Administration

Introduction
Unemployment and poverty are two serious problems faced by Indonesian society in the coming years (Pradana & Wijaksana, 2017). The high unemployment rate is an endless and classic problem in Indonesia, just like in other medium and low-income countries. The number of workforces expecting to enter the workforce is not proportional to the number of available jobs, thus making many people nowadays find it hard to get a job (Adekiya & Ibrahim, 2016). Today, even university graduates with a bachelor's degree experiencing competition and difficulty finding a profession (Kolvereid, 2016). The existence of such intense competition in competing for work and job selection makes many young people who become unemployed or have to settle with less decent jobs (Ladd et al., 2018).

According to data from the Central Statistics Agency (BPS), in Indonesia, the number of unemployed in December 2019 reached 6.8 million people. Ironically, the highest number of unemployment is actually filled by educated groups.
Based on education levels, the highest unemployment was dominated by vocational graduates by 4.51%, followed by university and diploma levels by 2.89%, high school 2.29%, and elementary school (bps.go.id, 2020). This number is predicted to increase if new employment is not immediately provided.

The increase in Indonesia’s educated unemployment is caused by university graduates preferring to wait for jobs that they feel are suitable for their education and refuse to work in other fields, especially if the fees offered are below the standard they want (Pradana et al., 2020). Here, we believe that entrepreneurial awareness should be planted in higher education levels, especially in business schools. According to Saragih et al. (2018), business schools serve as a bridge between theoretical knowledge and practical involvement in the field. Concerning the influence of entrepreneurship education, there needs to be an understanding of how and to encourage the birth of potential young entrepreneurs while they were in the education sector (Pradana et al., 2020).

Fainshmidt et al. (2016) believe that in implementing entrepreneurship education, one of the factors driving entrepreneurial growth in a country is the universities' role. Entrepreneurship education as the transmission of structured and formal entrepreneurial competencies that refers to providing individual skills, concepts, and mental awareness (Miranda et al., 2017). University graduates are expected to be young educated entrepreneurs and able to start their own businesses. Ladd et al. (2018) explain that the more developed a country and the more educated the people, the demand for entrepreneurial aspects tends to be higher. Entrepreneurship is one of the driving aspects that determine the economic up and down, because the field of entrepreneurship has the freedom to work and be independent (Pradana et al., 2020). If people the will and desire, it means that they are able to create their own employment, and do not need to rely on other people and other companies to get a job (Shirokova et al., 2016). Solutions that can be taken to get out of the complexity of the problems above requirements, soul, mind, and creative action innovative, including the creation of young entrepreneurs.

The numbers of the young generation in a country are relatively very large, thus when equipped with entrepreneurship, they will be an extraordinary regional asset (Shirokova et al., 2016). In fact, it will also reduce the burdens of local governments related to providing employment opportunities (Pradana et al., 2020). That is because vocational graduates will become productive human resources and no longer depend on job vacancies, which lately has become more difficult (Kolvereid, 2016).

Interestingly, Indonesia nowadays has an average number of employees as independent workers in small-medium business sectors, including as business owners (Pradana et al., 2020). However, young entrepreneurs are faced with many problems since the number of its growth is relatively slow as a result the education management is far from efficient, and the quality does not change quickly (Saragih et al., 2018). It has become a modern problem with the rise of relatively similar large-scale businesses that offer increasingly attractive products and services (Adekiya & Ibrahim, 2016). This reality becomes a serious threat that can interfere with its sustainability, including its contribution to the employment aspect and the possibility of increasing poverty due to the potential bankruptcy of the business (Ladd et al., 2018).

For the reasons above, we follow the steps of previous research about entrepreneurial orientation and entrepreneurial intention among university students (Awang et al., 2016; Pradana et al., 2020). We want to
answer research questions mainly about the factors influencing entrepreneurial intention and whether entrepreneurial orientation and entrepreneurial intention are closely related.

Therefore, the aim of this research is to explore variables affecting entrepreneurial intention using theory of planned behaviour (TPB) concept. We are going to test whether main variables of TPB (subjective norm, attitude, and perceived behavioural control) affect entrepreneurial orientation, which in the end plays role in determining entrepreneurial intention.

**Literature Review**

Entrepreneurship has become one of the most dynamic forces in developing countries and strengthens world economic growth. Therefore, entrepreneurship education is required to exist at the university level (Awang et al., 2016). Unemployment, poverty, and social inequality are problems that are often faced by developing countries such as Indonesia, making them a significant challenge in entering free markets and global competition (Pradana et al., 2020). For the purpose of developing entrepreneurial desires and behaviors among the younger generation, entrepreneurship-focused courses are crucial because education is a source of attitude and overall intention to become successful entrepreneurs in the future (Magolda & Delman, 2016).

The aim of entrepreneurship education is to form individuals with character, skills, and understanding to become entrepreneurs (Ladd et al., 2018). Entrepreneurship education plays the role of helping to reduce the unemployment rate in a country since it is important for aspiring entrepreneurs, as well as necessarily create entrepreneurial orientation (Pradana & Wijaksana, 2017). In addition to entrepreneurship education as an external factor, the entrepreneurial intention is also affected by other factors, namely perceived behavioral control, subjective norm, and individual attitude towards entrepreneurship (Walter et al., 2016). The latter is usually seen as confidence that one is able to successfully start a new business on people's judgment about their ability to carry out certain activities (Miranda et al., 2017).

Some modern studies in entrepreneurship incorporated the theory of planned behavior (TPB) to better understand entrepreneurship behavior. The TPB theory was first mainly used in the field of psychology (Ajzen, 2020). Often used in consumer behavior research, the theory was used for the first time in the field of entrepreneurship by Kolvereid (2016). Since then, there have been many studies on entrepreneurship using the TPB theory or its modification (Miralles & Riverola, 2012; Lecuna et al., 2017). Mostly, the objective is to analyze attitude and motivational factors affecting entrepreneurship behavior.

**Perceived Behavioral Control**

Perceived behavioral control consists of two constructs: internal and external locus (Pradana et al., 2020). Internal locus is the aspect of control if someone believes that what happens is always under one's control to take a role and be responsible in every taken decision, while the external locus of control if someone believes that events in his/her life are beyond his control. Ajzen (2020) believe that behavioral control is defined as a person's perception of obstacles in carrying out a behavior. Behavioral control's focus on a continuum of behavior that is easily done with effort and sufficient resources. Behavioral control is formed by control belief, namely the probability that several factors support an action / behavior, the power of control, namely the subject's access or the subject's strengths related to the factors that support it. The mentioned controlling factors also involve internal factors (e.g. expertise,
abilities, information, emotions) and external factors (e.g. situation / environment). Perceived behavior control indicates that individual motivation is influenced by perceptions of how difficult the behavior can be done, including the extent to which the individual's possible success is when he behaves. As Ajzen (2020) has assumed, individuals are usually sufficiently rational and able to use that information they have systematically. If the individual has no resources or opportunity to do anything, he/she will not conduct behavior that requires these resources (even in situations where the individual has a positive attitude and subjective norms that approve the behavior).

H1: There is a positive relationship between perceived behavioral control and entrepreneurial orientation

Subjective Norm
Innovative, creative, and flexibility value are elements of one's subjective norm in entrepreneurship (Walter et al., 2016). Pradana & Wijaksana (2017) also characterizes these characteristics: (1). Never get satisfied in the way it is done right now, though the method is quite good. (2). Always pour imagination in his/her work (3). Always want to look different or take advantage of the difference. The above theory’s purpose is not just following other people but having own opinion and ways to do something. Subjective norms as individual perceptions about whether people are important to individuals think behavior must be done (Ajzen, 2020). The contribution of opinions from each referral given is weighted with the motivation that an individual must obey the referral's wishes (Shirokova et al., 2016). Subjective norms are formed by normative beliefs, which are beliefs about others (the reference group) that they think a subject should or should not conduct a behavior or normative beliefs about the expectations of others (the reference group) about themselves about what should be done (Kolvereid, 2016). Motivation to comply is also involved: motivation in line with normative beliefs or motivation that is in line with people who become the reference group (Zahra & George, 2015).

According to Pradana et al. (2020), subjective norms are the extent to which a person has the motivation to follow people's views of the behavior they will do (normative belief). If the individual feels it is his/her right to determine what he will do, not determined by others around him, then he will ignore the view people about the behavior he will do. Pradana (2016) use the term ‘motivation’ to comply with describing this phenomenon, namely whether individuals obey the views of others who are influential in their lives or not. Results from several previous studies have varied. Kolvereid (2016) extended the result found in Kolvereid and Isaksen (2006) that subjective norms have substantial effects on entrepreneurial intention, while Miranda et al. (2017) and Liñán and Chen (2009) found otherwise.

H2: There is a positive relationship between subjective norm and entrepreneurial orientation

Attitude towards Entrepreneurship
Self-efficacy is one's belief in his ability to complete a job or condition of one's motivation based more on what they believe in than what is objectively true (Shirokova et al., 2016). Personal perception like this plays an important role in development of someone's intention (Ladd et al., 2018). The willingness and ability to take risks is one of the main values in entrepreneurship. Risky choices are very dependent on the attractiveness of every alternative, which are most likely 1). Readiness to experience loss 2). Relative possibility for failure or success 3) Ability to take risk is determined by confidence in oneself alone. 4) Willingness to use the ability to find opportunities, and 5). Ability to assess risk situations realistically
Entrepreneurs are full of risks and challenges, such as competition, price fluctuations, unsold goods, etc. (Zahra & George, 2015). However, all of these challenges must be fully faced with calculation; hence, risk-taking habits are often found in people who are innovative and creative (Pradana & Wijaksana, 2017). The essential character in entrepreneurship is brave to take risks and likes challenging work (Walter et al., 2016).

H3: There is a positive relationship between attitude towards entrepreneurship and entrepreneurial orientation

Entrepreneurial Orientation and Entrepreneurial Intention
Entrepreneurial intention is a necessity that drives individuals to create a new business (Adekiya & Ibrahim, 2016). The intention is a person’s particular desire to do something or some action, which is the result of a conscious mind directing one’s behavior (Fainshmidt et al., 2016). Entrepreneurial activity is very much determined by intention individual itself (Pradana et al., 2020). People will not become entrepreneurs suddenly without specific triggers (Adekiya & Ibrahim, 2016). Future-oriented people have a sharp perspective and outlook on the future (Ladd et al., 2018). The key is the ability to create something new and different from what already exists (Awang et al., 2016). Although there is a risk that may occur, he/she remains steadfast in looking for opportunities and challenges for future renewal (Zahra & George, 2015). A far-sighted view makes entrepreneurs not easily satisfied with existing initiatives and work (Magolda & Delman, 2016). In facing the foresight, an entrepreneur will develop a plan and strategy, so that the steps will be implemented clearly (Pradana et al., 2020). Entrepreneurial intention can also be interpreted as the initial step of a process of founding businesses that are generally long-term (Gilang et al., 2019). The intentions reflect one’s commitment to starting a new business and is a central issue that needs attention in understanding the entrepreneurship process of establishing a new business (Awang et al., 2016). Entrepreneurial intention nowadays is necessary to be investigated in academic studies because it is believed that an intention is a reflection of behavior.

H4: There is a positive relationship between entrepreneurial orientation and entrepreneurial intention

The relationship between the constructs of this research and constructed hypotheses are visually presented by Figure 1.

**Figure 1. Research Model**
Research Methodology

This research takes place in the department of business administration, Telkom University. This study uses primary data that is based on surveys and answers to questionnaire results from respondents, while secondary data collected sourced from the statistics bureau of Indonesia (BPS) related to the number of open unemployment rates according to the highest education year.

Data obtained in this study were analyzed using descriptive analysis method. The aim is to provide a systematic, actual and accurate picture of the facts, properties, and relationships between the phenomena under study (Malhotra et al., 2007). This study uses a quantitative and causal approach using the basic theory of planned behavior by Ajzen (2020) combined with entrepreneurial orientation and entrepreneurial intention. This study also analyzes structural equation models (SEM) using SmartPLS version software.

Data analysis was carried out qualitatively through a strategic management concept approach, and in this case, the analysis was performed using the Partial Least Square (PLS) method. PLS is a multivariate statistical technique that compares multiple dependent and multiple independent variables (Gilang et al., 2019). PLS is one of the variant-based SEM statistical methods that is designed to solve multiple regressions when specific problems occur in data, such as the measurement of small research samples, the presence of missing data and multicollinearity (Henseler et al., 2016). The choice of PLS method is based on the consideration that there are three latent variables with formative indicators forming a moderating effect.

The formative model assumes that constructs or latent variables affect indicators, the direction of causality relationships from constructs to indicators or manifests (Madiawati & Pradana, 2016). The formative model assumes that indicators affect the construct, where the causal relationship between indicators influences the construct, whereas the direction of causal relationship from indicator to construct.

The PLS approach is based on a shift in analysis from the measurement of estimated model parameters to the measurement of relevant predictions. Thus, the focus of the analysis shifts from only the estimation and interpretation of significant parameters to the validity and accuracy of predictions.

The data were gathered using an online questionnaire containing 25 questions explaining five research constructs. To measure subjective norm and perceived behavioral control, we adapt scales from the theory of planned behavior (TPB) by Ajzen (2020). To measure attitude towards entrepreneurship, we use the scales proposed by Awang et al. (2016). For entrepreneurial orientation and intention, we also use the scales proposed by Awang et al. (2016). The questionnaire uses Likert scale with 5 indicates ‘strongly agree’, 4 indicates ‘agree’, 3 ‘some agreement’, 2 ‘disagree’ and 1 indicates ‘strongly disagree’.

The participants here are 458 business school students who live in Bandung, Indonesia. We use these convenience samples to choose specific students from our university. The sample size, which is 458, already fulfills the minimum requirement recommended by Malhotra (2007).
Table 1. Constructs’ Factor Analysis

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Factor Loadings</th>
<th>CR²</th>
<th>AVE²</th>
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<tbody>
<tr>
<td>PBC1</td>
<td>0.713</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBC2</td>
<td>0.354*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBC3</td>
<td>0.274*</td>
<td>0.859</td>
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</tr>
<tr>
<td>PBC4</td>
<td>0.707</td>
<td></td>
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</tr>
<tr>
<td>PBC5</td>
<td>0.640</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SN1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>SN2</td>
<td>0.689</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SN3</td>
<td>0.535</td>
<td>0.766</td>
<td>0.745</td>
</tr>
<tr>
<td>SN4</td>
<td>0.471*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SN5</td>
<td>0.648</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATE1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>ATE2</td>
<td>0.554</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATE3</td>
<td>0.700</td>
<td>0.873</td>
<td>0.698</td>
</tr>
<tr>
<td>ATE4</td>
<td>0.965</td>
<td></td>
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<td>ATE5</td>
<td>0.871</td>
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<td></td>
</tr>
<tr>
<td>EO1</td>
<td>0.566</td>
<td></td>
<td></td>
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<tr>
<td>EO2</td>
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<td>EO3</td>
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<td>0.801</td>
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<td>EO4</td>
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<td>EO5</td>
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<tr>
<td>EI1</td>
<td>0.802</td>
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</tr>
<tr>
<td>EI2</td>
<td>0.615</td>
<td></td>
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<tr>
<td>EI3</td>
<td>0.717</td>
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<td>EI4</td>
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<tr>
<td>EI5</td>
<td>0.573</td>
<td></td>
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</table>

Source: Authors’ own elaboration
We analyzed Cronbach’s alpha, composite reliability (CR), and the average variance extracted (AVE). Initially, we have to eliminate the items with factor loadings lower than 0.5 (Henseler et al., 2016). Eventually, we eliminated two items from perceived behavioral control (PBC2 and PBC3) and one item from subjective norm (SN4) because their factor loadings are lower than 0.5. The other items already have factor loadings with values above 0.5. The results are presented in Table 1.

**Result and Discussion**

Next, we analysed the relationships between constructs using structural equation modelling. For this purpose, we used SmartPLS Version 3 for the analysis and bootstrapping technique to measure the significance of the coefficient. We present the paths and output of SmartPLS software as Figure 2.

![Figure 2. Path Output](image)

Afterwards, we paid attention whether the constructs had influences and significant effects on entrepreneurial orientation and in the end entrepreneurial intention, explained by the positive coefficient and p-values lower than 0.005 (p-value>0.005) (Henseler et al., 2016).

Further analysis is shown in Table 2. The result has revealed that there is a positive relationship between perceived behavioral control and entrepreneurial orientation, explained by the positive coefficient (0.859) and p-value lower than 0.005 (Henseler et al., 2016). Therefore, hypothesis 1 (H1) was accepted.

Next, we discussed hypothesis 2 (H2). We found that the path showed positive coefficient (0.700) and p-value is lower than 0.005. Therefore, it is proven that there is a positive relationship between perceived subjective norm and entrepreneurial orientation. The same result was found on H3, there is a positive relationship between attitude towards entrepreneurship and entrepreneurial orientation. The coefficient was positive (0.551) and the p-value is lower than 0.005.

Last, we concluded that hypothesis 4 (H4), entrepreneurial orientation has positive and significant relationship with entrepreneurial intention. The was positive (0.674) and the p-value is lower than 0.005.
The findings of this study suggest that entrepreneurial intention in the private universities’ environment is largely affected by the students’ entrepreneurial orientation. Some previous publications argue that these two concepts are similar (Miralles & Riverola, 2012; Pradana et al., 2020). However, we believe that entrepreneurial orientation is an antecedent to entrepreneurial intention, as discussed by Miranda et al. (2017) and Ladd et al. (2018).

Therefore, we believe that we need to enrich the literature by discussing factors affecting entrepreneurial orientation among private university students. The results of this study have concluded that subjective norm, attitude towards entrepreneurship, and perceived behavioral control have a strong relationship with entrepreneurial orientation. This theory of planned behavior (TPB) approach has been discussed by Kolvereid and Isaksen (2006) and Awang et al. (2016). Our result corresponds to the finding of the previous research.

The result can be a useful benchmark for Indonesian university setting because our result expands earlier studies by Awang et al. (2016) and Kolvereid (2016) about the importance of corporate-backed universities in nurturing students’ entrepreneurial intention. With our result proving that entrepreneurial orientation is an antecedent to entrepreneurial intention, this study may also become a benchmark for action plans in triggering entrepreneurship-focused courses within the corporate universities’ environment.

**Conclusions**

We conducted this study to gain better knowledge and analyse the effect of entrepreneurial orientation and other TPB factors on entrepreneurial intentions of business school students. We also analyzed how far entrepreneurship education can awaken and maintain entrepreneurial intentions. The TPB model has a significant effect on entrepreneurial intention. With optimal implementation, higher education institutions will be able to guarantee better optimism, which has become the mission of every secondary education institution in Indonesia.

The results of the analysis show that the stronger the individual characteristics will have impact on business performance. In addition, individual characteristics are also capable of improving entrepreneurial orientation, in the form of innovative, proactive capabilities on the odds, and the courage of taking risk. In the end, entrepreneurial orientation will also trigger an improvement in business performance.

This research is expected to be useful to add knowledge, images, and insights in entrepreneurship and specifically to research entrepreneurial intentions and able to be a reference for academics and a reference for further researchers by

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Relations</th>
<th>Path Coefficient</th>
<th>p-values</th>
<th>Decision</th>
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<tbody>
<tr>
<td>H1</td>
<td>PBC – EO</td>
<td>0.211</td>
<td>0.000</td>
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</tr>
<tr>
<td>H2</td>
<td>SN – EO</td>
<td>0.463</td>
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<tr>
<td>H3</td>
<td>ATE – EO</td>
<td>0.252</td>
<td>0.000</td>
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</tr>
<tr>
<td>H4</td>
<td>EO – EI</td>
<td>0.764</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Source: Authors’ own elaboration

Table 2. Path Coefficients
conducting further research on the same topic. Besides, it is expected to be material for consideration of policymaking strategies that will come in streamlining training activities and entrepreneurial learning.

**Research Limitations**
This study was conducted in the context of one of the top Indonesian private universities. The results of this study cannot be generalized to Indonesian university students as a whole, although it can still be regarded as a useful addition to the entrepreneurship and business literature. Future research should apply the study model to different or larger sample size, so that the results will be more comprehensive.

**Suggestions**
Based on the conclusions of the results, the relationship of entrepreneurial learning with entrepreneurial intention, future studies should focus on developing the findings of this research, especially on indicators implying ideas that have the most significant influence on entrepreneurship orientation.

Entrepreneurial orientation is already proven as a vital factor of entrepreneurial intention. Therefore, this result should be taken into account by various parties, such as parents, community, educators, and the government. Entrepreneurship should be seen as a way of integrating self-confident values, creativity, the courage to take risks, results-orientation leadership, and hard work. Besides, the requirement to incorporate those values in university subjects, should also be planted in the environment and families from the early age of the students. In the end, there is a great need for entrepreneurial learning in practice-oriented and case studies to expose the students to the real industry.

**Notes on Contributors**

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