ANALYSIS OF FACTORS
INFLUENCING ENTREPRENEURIAL INTENTION
AMONG STUDENTS OF
INTERNATIONAL PROGRAMS

Submitted a Partial Fulfillment of the Requirement for obtaining
Bachelor Degree of Economics in Economic and Business Department
by:

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APPROVAL PAGE

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Surakarta, 22 November 2018

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Abstract

The purpose of this paper is to determine the effect of perceived desirability and perceived feasibility on entrepreneurial intention among students of international programs at University of Muhammadiyah Surakarta. This study uses quantitative research to examine the relationship between perceived desirability and perceived feasibility of entrepreneurial intentions in students. Using purposive sampling method, data was collected from 102 international program students at the Surakarta University of Muhammadiyah residents, data were analyzed using regression analysis. T-test is used to test the proposed hypothesis. The results showed that perceived desirability showed a significant influence on entrepreneurial intentions. The results also saw that perceived feasibility had a significant influence on entrepreneurial intentions.

Keywords: Theory of Planned Behavior, Entrepreneurial Intention, Perceived Desirability and Perceived Feasibility.

Abstrak

Tujuan makalah ini adalah untuk mengetahui pengaruh keinginan yang dirasakan dan kelayakan yang dirasakan pada niat kewirausahaan di kalangan mahasiswa program internasional di Universitas Muhammadiyah Surakarta. Penelitian ini menggunakan penelitian kuantitatif untuk menguji hubungan antara keinginan yang dirasakan dan kelayakan yang dirasakan dari niat kewirausahaan pada siswa. Dengan menggunakan metode purposive sampling, data dikumpulkan dari 102 mahasiswa program internasional di Universitas Muhammadiyah Surakarta, data dianalisis menggunakan analisis regresi. T-test digunakan untuk menguji hipotesis yang diajukan. Hasil penelitian menunjukkan bahwa keinginan yang dirasakan menunjukkan pengaruh yang signifikan terhadap niat kewirausahaan. Hasilnya juga melihat bahwa kelayakan yang dirasakan memiliki pengaruh yang signifikan terhadap niat kewirausahaan.

Kata Kunci: Teori Perilaku Terencana, Niat Wirausaha, Perasaan Keinginan dan Perceived Feasibility.
1. Introduction

At present, concerns for the future are uncertain because long-term economic depression and the global economic crisis are spreading throughout our society (Cheolwoo Park, 2017). Every country will face unemployment problem. Very large populations and the absence of additional work will increase unemployment in each country. In Indonesia, the majority of unemployment is educated populations. Low motivation and interest of young people in Indonesia for entrepreneurship are very serious thoughts for the government, the world in education and even the community (Park & Ahn, 2016). Many countries agree that the newly started business; business start-ups in this period of low economic growth, is a solution for unemployment. This method is important and also useful in maintaining stable economic and social growth (Cheolwoo Park, 2017).

Entrepreneurship is often associated with stimulating economic growth, innovation and work and business creation (van Praag & Versloot, 2007). Entrepreneurship is a process integrating people, opportunities and resources (Timmons & Spinelli, 2009). One of big problems faced by government in Indonesia is unemployment. This problem can be decreased by raising the number of entrepreneur itself which can decrease the number of unemployment. Fostering entrepreneurship has become the highest priority topic in the country regarding public policy (Luthje & Franke, 2003). This is assuming that entrepreneurial skills can be learned (Kuratko, 2005). Entrepreneurship is a very important component for work generation for the prosperity of a country (Kourilsky & Esfandiari, 1997). Entrepreneurial activity is known as the nation's long-term engine of economic growth (Romer, 1994). Kelley et al. (2010) stated that entrepreneurship provides income, economic compilation cannot provide sufficient or alternative work to generate salaries,
and provides positive social value in place. Zimmere (2002: 12), stated that it was one of the driving factors for developing entrepreneurship.

Entrepreneurship education at the university not only provides a theoretical or conceptual basis but also shapes students' intentions, attitudes, behaviors and mindsets. Scherer et al., (In Linan& Chen, 2006) explains that general education will also increase one's concern about the choice of an entrepreneurial career. The universities are responsible for educating and giving entrepreneurial skills. Implement concrete learning patterns based on empiricism to equip students with logical knowledge in order to encourage students' enthusiasm for entrepreneurship (Yohnson 2003, Wu & Wu, 2008).

Currently there are many studies on entrepreneurial intentions in students, but most research focuses on personal, situation or psychological factors, such as gender, family background, risk taking attitude, need for achievement, self-confidence and innovation (Li Wei., 2006). The existence of these courses can affect intentions. Intention in entrepreneurship is like the Theory of Perceived Behaviour which discusses Perceived Feasibility in which is interpreted by a person's ability to conduct such behavior. Intention to Perceived Desirability means the extent to which a person has an attraction in the behavior (Linan& Rodriguez, 2011).

In this study the writer will examine factors influence students to become entrepreneur before they taking course at Muhammadiyah University Surakarta by using the Perceived Feasibility and Perceived Desirability variables that are in accordance with the Theory Planned Behavior (TPB).

The title that the writer will take in this study is “Analysis of Factors Influencing Entrepreneurial Intention among Students of International Programs.”
1.1. Literature Review

1.1.1. Theory Planned Behavior

Theory Planned Behavior (Ajzen, 1988, 1991) has emerged as one of the most influential theories in human studies. Insights into the theory of Planned Evolution of Behavior into a leading social scientific theory are used to study behavioral intentions (Ann Knabe, 2009). In 1988, the theory was named behavior theory (TPB) to complement the deficiencies they found through studies using TRA or Theory of Reasoned Action (Achmat, 2010). Ajzen’s theory uses attitudes, subjective norms and is perceived by perceived behavioral control to predict "intention" with high precision relativity. The theory that can be applied to almost all voluntary behaviors and provides good results in very diverse fields, including professional career choices (Ajzen and Kolvereid, 2001). (Ajzen, 1991) Theory of Planned Behavior uses attitudes, subjective norms and perceived behavioral control to predict "intention" with relatively high accuracy.

1.1.2. Entrepreneurial Intention

Entrepreneurial intentions will be the previous element and will determine to conduct entrepreneurial actions (Fayolle and DeGeorge, 2006; Kolvereid, 1996). Bird (1992) explains that the intention to entrepreneurship has a direct relationship to individual experience and behavior. Abdul Halim et al. (2010) stated that the intention of entrepreneurship is a form of several aspects, innovative, being a player, and making decisions. In the round, the intention to perform certain behaviors will depend on the person's attitude towards the behavior (Ajzen, 1991). Entrepreneurial intention is the state of mind and individual actions towards the development and implementation of new business concepts (Bird, 1988). (Wu, 2008; Nabi, et al., 2006; Guerrero, et al., 2008) The role of entrepreneurship as a state of mind wants people to create
new companies or new value drivers in the ADA organization. It is also by using and developing various skills and attributes to improve entrepreneurial functions among recipients (Noel, 1998). This has an important effect on starting a company (Do Paco, Ferreira, Raposo, Rodrigues & Dinis, 2011) and increasing their interest in entrepreneurship as a career choice (Wilson, Kickul & Marlino, 2007).

1.1.3. Perceived Desirability on Entrepreneurial Intention.

There is a correlation between Perceived Desirability and Intention of entrepreneurship towards entrepreneurial education. Ajzen's theory (1991) stated that someone who has a positive attitude towards something will have great intentions in a certain behavior. Something that is felt and measured by social pressure to implement or not carry out entrepreneurial behavior is one's social norm (Linan, 2010). Kolvereid and Isaksen (2006) say that social norms can significantly explain entrepreneurial intentions. Likewise (Linan, 2010), Perceived Desirability in determining the entrepreneurial intention has two factors that influence it, namely the attitude and social norms of a person.

Entrepreneurship is a behavior which is not fully regulated or controlled by prospective entrepreneurs (Brännback et al., 2007). Several studies have found that the existence of social norms is not always significant and positive in explaining entrepreneurial intentions (Autio et al., 2001).

Therefore, someone who has a good reference of social attitudes and norms will influence the student's intention to start entrepreneurship. If students have self-confidence and also good social norms, they will think that they can have the intention to open a business or entrepreneurship before they get entrepreneurship education at the university. Therefore, Perceived Desirability can influence students in the intention of entrepreneurship.

**H1:** Perceived Desirability has a positive effect on Entrepreneurial Intention.
1.1.4. Perceived Feasibility on Entrepreneurial Intention.

Perceived Feasibility is a person's perception to what extent they can consider themselves capable of carrying out certain behaviors in entrepreneurship (Peterman and Kennedy, 2003). (Ajzen, 1991) Control of behavior will be felt by students in ease or perceived difficulties in carrying out behavior (becoming entrepreneurs). Of all the things above, it can be seen that the Perceived Feasibility will influence students who have not received entrepreneurship knowledge in the university to become entrepreneurs.

H2: The level of positive influence on Perceived Feasibility on entrepreneurial intentions.

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**Figure 1**

Theoretical Framework of Theory of Planned Behaviour effect with Entrepreneurial Intention Variable
2. **METHOD**

This study included in quantitative study. The type of this study is causal research, where the researcher will test a specific hypothesis and assess certain correlation. This study took place in Surakarta areas.

The population in this research were students at the Muhammadiyah University of Surakarta, especially the international student majors with total students of four programs (Management, Mechanical Engineering, Electrical Engineering and Accounting). The sampling method that used in this research is probability sampling, where it is purposive sampling.

3. **FINDING AND DATA ANALYSIS**

3.1. **Descriptive Analysis**

The description of respondents shows an explanation of the respondent's identity as the study sample in the form of the percentage of respondents regarding gender, major, age, generation, job status, monthly income and education being studied.

3.2. **Validity and Reliability Test**

From the result of validity test for perceived-value and customer satisfaction, it could be concluded that all of the indicators loading factor overall $> 0.3$ and were valid (Hair et al. 1998). The results are already grouped in each component.

Reliability measurement is done by using Cronbach alpha coefficient (a). Where reliability is usually at least 0.6 (Ghozali, 2006).
<table>
<thead>
<tr>
<th>Perceived Desirability 1</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>.666</td>
</tr>
<tr>
<td>Perceived Desirability 2</td>
<td>.595</td>
</tr>
<tr>
<td>Perceived Desirability 3</td>
<td>.815</td>
</tr>
<tr>
<td>Perceived Desirability 4</td>
<td>.821</td>
</tr>
<tr>
<td>Perceived Desirability 5</td>
<td>.631</td>
</tr>
<tr>
<td>Perceived Desirability 6</td>
<td>.825</td>
</tr>
<tr>
<td>Perceived Desirability 7</td>
<td>.814</td>
</tr>
<tr>
<td>Perceived Desirability 8</td>
<td>.645</td>
</tr>
<tr>
<td>Perceived Feasibility 1</td>
<td>.586</td>
</tr>
<tr>
<td>Perceived Feasibility 2</td>
<td>.733</td>
</tr>
<tr>
<td>Perceived Feasibility 3</td>
<td>.764</td>
</tr>
<tr>
<td>Perceived Feasibility 4</td>
<td>.836</td>
</tr>
<tr>
<td>Perceived Feasibility 5</td>
<td>.853</td>
</tr>
<tr>
<td>Perceived Feasibility 6</td>
<td>.657</td>
</tr>
<tr>
<td>Perceived Feasibility 7</td>
<td>.717</td>
</tr>
<tr>
<td>Perceived Feasibility 8</td>
<td>.735</td>
</tr>
<tr>
<td>Perceived Feasibility 9</td>
<td>.654</td>
</tr>
<tr>
<td>Perceived Feasibility 10</td>
<td>.730</td>
</tr>
<tr>
<td>Perceived Feasibility 11</td>
<td>.731</td>
</tr>
</tbody>
</table>
Perceived Feasibility 12  .690
Perceived Feasibility 13  .891
Entrepreneurship Intention 1  .838
Entrepreneurship Intention 2  .829
Entrepreneurship Intention 3  .810
Entrepreneurship Intention 4  .888
Entrepreneurship Intention 5  .888

Tabel 2

Reliability Results

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Cronbach Alpha</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Desirability</td>
<td>0.935</td>
<td>Reliable</td>
</tr>
<tr>
<td>Perceived Feasibility</td>
<td>0.758</td>
<td>Reliable</td>
</tr>
<tr>
<td>Entrepreneurship Intention</td>
<td>0.974</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

3.3. Hypothesis Test

Table 3

Multiple Linear Regression

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t arithmetic</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.429</td>
<td>1.627</td>
<td>0.878</td>
<td>0.382</td>
</tr>
<tr>
<td>Perceived Desirability</td>
<td>0.278</td>
<td>0.066</td>
<td>4.208</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived Feasibility</td>
<td>0.225</td>
<td>0.050</td>
<td>4.469</td>
<td>0.000</td>
</tr>
<tr>
<td>R</td>
<td>0.738</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.545</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.536</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

F Arithmetic 59.228
F Probability 0.000
Results of data processing for multiple linear regressions using SPSS 20.00 can be seen in Table 3 above. Based on the table, it can be composed of multiple linear regression equations as follows:

\[ Y = 1.429 + 0.278 X_1 + 0.225 X_2 + e \] variable.

4. CONCLUSION

According to the result of the study that has been discussed in the previous chapter, the researcher will convey some conclusions about this study. The conclusions of the research are:

From the findings, it was found that perceived desirability with Entrepreneurship Intention had a positive and significant impact on students' intentions for entrepreneurship. Therefore, H1 is accepted. This can be seen from the evidence of the significant value of 0.000 which means that the value exceeds 0.05. With the results of the t-test where 4.208 greater than t table is 1.984.

Same with the results of the first hypothesis, it can be concluded that the variable perceived feasibility in the second hypothesis has an influence on students to intend to become entrepreneurs. It has a positive and significant impact with a sig value of 0.000 which is less than 0.05. And the value of arithmetic of 4.469 which is greater than t table 1.984. H2 is accepted because it has an effect and influences on entrepreneurial intentions.

Managerial Implications, Provide support and knowledge more calmly entrepreneurship to students. The university provides learning in entrepreneurial practice for students to know more about real practice. Universities can guide students who have basic and business skills to become entrepreneurs. The government provides information on entrepreneurship and can provide a business capital for students to be able to open new businesses.

Limitations and directions for future research, after all analysis done in this research, there are still some limitations from this research such as the research was conducted in Surakarta and only for international program students who have
not received entrepreneurship education or entrepreneurship at all in the university. So, the results are not entirely general in other departments at the University of Muhammadiyah Surakarta.

**Recommendation**, the next researcher is expected to add more data collection method such as depth interview or in-depth interview to the respondent, so that the real condition can be seen clearly and support the result of the research collected by using the questionnaire. Then, need to expand sample to more general population. The researcher can then take different type of respondents who have taken or have gained entrepreneurship knowledge at the university. It is to get different results.

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