

# **THE DETERMINING OF ENTREPRENEURIAL INTENTIONS: A STUDY ON ENTREPRENEURIAL STUDENTS IN JAKARTA**

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## **ABSTRACT**

*The unemployment rate in Indonesia is very high due to high population growth resulting in an imbalance between job seekers and available jobs. One approach that can be taken to overcome unemployment is through entrepreneurial mechanisms. However, the number of entrepreneurs in Indonesia is still very low so researchers are interested in conducting research related to variables that can affect entrepreneurial intentions in students at management program of economic faculty and business of Tarumanagara University. It involves entrepreneurship education, subjective norms, and entrepreneurial attitudes. The theory of planned behavior serves as the underlying framework for conducting research. The sampling design was carried out using convenience sampling techniques using a sample of 103 students who were or had taken entrepreneurship courses. Data processing methods are applied utilizing the Partial Least Squares-Structural Equation Modeling approach for data analysis. The results indicate that subjective norms and attitudes toward entrepreneurship positively and significantly influenced entrepreneurial intentions, while the impact of entrepreneurship education, although positive, did not reach statistical significance. These results are as information in developing entrepreneurial education programs on campus.*

**Keywords:** *subjective norms, entrepreneurial attitude, entrepreneurship education, entrepreneurial intention*

## **1. INTRODUCTION**

Until February 2023, the number of unemployed people was 7.99 million people, down 0.41 million people from the total of people who don't have a job in February 2022 of 8.40 million people (Berita Resmi Statistik, 2023). However, the unemployment rate in Indonesia can be said to be still very high, of course this will have an impact on economic growth in Indonesia, where the high number of unemployed in Indonesia will hamper economic growth in Indonesia (Sukirno, 2000). The significant number of jobless rates in Indonesia is triggered by high population growth (Bachrawi Sanusi, 2004). The impact is the creation of an imbalance between the number of job seekers and existing jobs, creating serious problems related to unemployment that are difficult to overcome in Indonesia because high population growth is not accompanied by a comparable increase in employment so that the number of unemployed continues to grow (Franita & Fuady, 2019). It is as mentioned that every 1% increase in population growth rate will result in an increase in unemployment of 0.37% (Khaliq et al., 2014).

In line with this situation, one approach to overcome unemployment is through entrepreneurial mechanisms. It is mentioned in the theory of economic development that entrepreneurship is one of the driving wheels of economic development (Schumpeter, 1934). Entrepreneurship not only encourages innovation but creates new jobs, and increases tax revenue.

Entrepreneurship involves actions that include: initiative; skills to manage human and natural resources, in various situations to generate profits; and the courage to take risks (Hisrich & Peters, 2002). Furthermore, entrepreneurship can be explained as a process of creating new and

different things by involving investing time and effort, considering capital and risk, and aiming to receive rewards, satisfaction, and personal freedom (Hisrich & Peters, 2002).

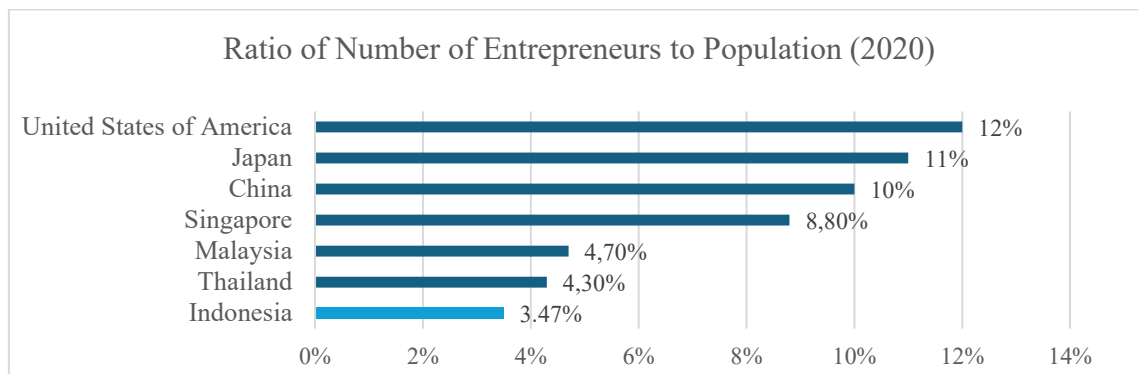


Figure 1. Ratio of Number of Entrepreneurs to Population (2020)  
 Source: KemenkopUKM in katadata.co.id

However, the problem of entrepreneurship development in Indonesia is that the number of entrepreneurs is still relatively low. This can be seen in the ratio of entrepreneurship which is still low or 3.47% of the total population. Compared to the ratio of entrepreneurship in Singapore has reached a ratio of 8.76% of the total population. Likewise, the entrepreneurship ratio in Malaysia and Thailand is already above 4.5%. Even in developed countries, the entrepreneurship ratio has ranged from 10-12% (Katadata, 2023). The data proves that public interest in building entrepreneurship is still relatively low compared to some of the closest countries to Indonesia.

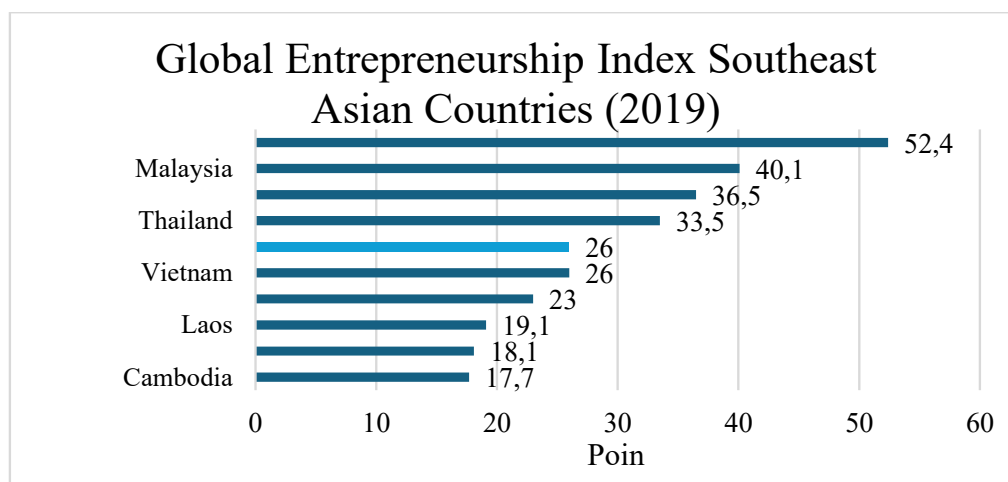


Figure 2. Global Entrepreneurship Index Southeast Asian Countries (2019)  
 Source: Global Entrepreneurship and Development Institute in katadata.co.id

In the global context, according to the Global Entrepreneurship Index (GEI), Indonesia only ranks 75th out of 137 countries with a score of 26. Even when compared to several neighboring countries in ASEAN, Indonesia's GEI position is still lagging when compared to the GEI score in Thailand of 33.5, GEI score in Brunei Darussalam of 36.5, GEI score in Malaysia of 40.1, GEI score in Singapore of 52.4 (Katadata, 2023). The data proves that Indonesia's ability to build entrepreneurship is still low when compared to several neighboring countries in ASEAN.

There are various reasons why the number of entrepreneurs in Indonesia is relatively low, including inability to take risks, fear of failure, lack of confidence, limited sources of capital,

lack of motivation and lack of encouragement to entrepreneurship (Wijaya, 2007). These factors encourage college graduates to consider that entrepreneurship is a difficult task, so they prefer to work for others.

It is necessary to provide entrepreneurship education to instill innovative and creative values in responding to opportunities, creating opportunities and entrepreneurial skills and knowledge, because entrepreneurial interest is the starting point for how the business is run and how to manage risk (Sarwoko, 2011). Entrepreneurship education has a major function in developing the skills as well as competencies needed by aspiring entrepreneurs. This includes teaching and forming entrepreneurial attitudes that are the foundation of success such as creativity, innovation, curiosity, perseverance, resilience, ability to take risks, increased confidence, and encouragement to encourage individuals to engage in the world of entrepreneurship.

Furthermore, subjective norms explain how a person's beliefs respond to the judgments of influential people around him such as parents, friends or colleagues (Kautonen et al., 2015). Subjective norms will influence a person's decisions and actions to become an entrepreneur based on the views of influential people around him. This means that the views and support of the people around will affect one's entrepreneurial intentions. The greater the support from influential people around them, the stronger the entrepreneurial intentions possessed by individuals (Joensuu et al., 2020).

Attitude is a psychological tendency towards certain parties who have evaluative characteristics, whether beneficial or unfavorable, as well as certain behaviors consisting of career suitability, rationality of opinions, interests, expectations for the level of satisfaction and tendency for behavior (Muthmainah & Cholil, 2015). Entrepreneurial attitude is related to individual readiness to consistently respond to the characteristics possessed by an entrepreneur, namely confident, task- and result-oriented, dare to take risks and challenges, leadership, and future-oriented (Dewi, 2016). The more prepared a person is to respond to these things, the more confident a person will be in his choice to become an entrepreneur.

Tarumanagara University, especially at the Faculty of Economics and Business, has made efforts to prepare students who are ready to carry out entrepreneurial activities after graduating from higher education, namely by providing entrepreneurship courses as a theoretical basis and providing a choice of business models and simulation courses in the field of entrepreneurship concentration where Tarumanagara University students can practice entrepreneurship in these courses and Of course, this is also supported by the implementation of Entrepreneur Week held by Tarumanagara University. However, in the end, Tarumanagara University students, especially the Faculty of Economics and Business, are they really ready and have an interest in carrying out entrepreneurial activities after graduating from college?

Based on the background description, the author would like to find out more by conducting research on the influence of entrepreneurship education, subjective norms, and attitudes towards entrepreneurial intentions of students of the Faculty of Economics and Business at Tarumanagara University. Based on the previous description of the relationship between variables is developed in three hypotheses. The formulation of the problem as follows: (1) Does entrepreneurship education affect entrepreneurial intentions among students?; (2) Do subjective norms affect entrepreneurial intentions among students?; (3) Does the entrepreneurial attitude affect the entrepreneurial intentions among students?

## 2. RESEARCH METHOD

Quantitative research methods are used in this study by establishing entrepreneurial intentions as dependent variables, while entrepreneurship education, subjective norms and entrepreneurial attitudes as independent variables. This study uses convenience sampling techniques using a sample of 103 students who study in Management Program, Faculty of Economics and Business, Tarumanagara University. Data collection is carried out by distributing questionnaires through the google-form platform. Data processing techniques are carried out using the Partial Least Square-Structural Equation Modeling (PLS-SEM) data analysis method.

Table 1 shows measurements made of 4 constructs referring to indicators in previous studies (Lopez et al., 2021; Soelaiman et al., 2022). All indicators of each variable were developed into a questionnaire on a scale of 1 (strongly disagree) to 5 (strongly agree).

Table 1. The description of Indicators  
 Source: Lopez et al., 2021; Soelaiman et al., 2022

<i>Variable</i>	<i>Source</i>	<i>Sum</i>
Entrepreneurial Intentions	Soelaiman et al. (2022)	5
Entrepreneurship Education	Lopez et al. (2021)	4
Subjective Norms	Soelaiman et al. (2022)	3
Attitude	Soelaiman et al. (2022)	6

Data analysis is divided into outer model and inner model which are carried out by utilizing SmartPLS 4 software. Testing was conducted on the outer model to assess the validity and reliability of the variables, while examination of the inner model involved analyzing results such as R-square values, path coefficients, and testing research hypotheses.

## 3. RESULTS AND DISCUSSIONS

In this study, there were 103 respondents who had met the predetermined sample criteria, namely active students majoring in S1 Management at Tarumanagara University who had or were taking entrepreneurship courses. Based on the personal data of respondents that have been collected, it can be concluded that most of the respondents are male, 21 years old, come from the class of 2020 and have a parental work background as entrepreneurs.

The results of the outer loading analysis in Table 2 show that each indicator used in this study has a value above 0.7. There is actually also an indicator that has been eliminated, namely PK03 because it has an outer loading value below 0.7. After elimination of the PK03 indicator, retesting was carried out without including the PK03 indicator so that the results of the outer loading analysis for each indicator from each variable were obtained as presented in Table 2.

Table 2. Results of *Outer Loading Analysis (Convergent Validity)*  
 Source: Results of Data Processing with Smart-PLS 4

<i>Items</i>	<i>IB</i>	<i>NS</i>	<i>PK</i>	<i>SK</i>
IB1	0.855			
IB2	0.770			
IB3	0.734			
IB4	0.707			
IB5	0.833			
NS1		0.817		

NS2	0.832	
NS3	0.816	
PK1		0.805
PK2		0.803
PK4		0.795
PK5		0.755
SK1		0.722
SK2		0.850
SK3		0.824
SK4		0.784
SK5		0.788
SK6		0.766

The results of cross loadings analysis presented in Table 3 show that the cross loadings value of each indicator of a construct is greater if we compare it to cross loadings value of other indicator constructs so that all items in this study can be said to be valid.

Table 3. Cross Loadings (Discriminant Validity) Analysis Results  
 Source: Results of Data Processing with SmartPLS 4

<i>Items</i>	<b>IB</b>	<b>NS</b>	<b>PK</b>	<b>SK</b>
IB1	<b>0.855</b>	0.548	0.623	0.759
IB2	<b>0.770</b>	0.525	0.516	0.613
IB3	<b>0.734</b>	0.567	0.582	0.669
IB4	<b>0.707</b>	0.509	0.428	0.607
IB5	<b>0.833</b>	0.615	0.599	0.734
NS1	0.640	<b>0.817</b>	0.518	0.621
NS2	0.553	<b>0.832</b>	0.598	0.535
NS3	0.542	<b>0.816</b>	0.631	0.558
PK1	0.546	0.533	<b>0.805</b>	0.547
PK2	0.566	0.481	<b>0.803</b>	0.573
PK4	0.596	0.604	<b>0.795</b>	0.625
PK5	0.524	0.607	<b>0.755</b>	0.547
SK1	0.671	0.528	0.472	<b>0.722</b>
SK2	0.709	0.566	0.635	<b>0.850</b>
SK3	0.720	0.507	0.528	<b>0.824</b>
SK4	0.670	0.573	0.606	<b>0.784</b>
SK5	0.658	0.577	0.602	<b>0.788</b>
SK6	0.688	0.564	0.603	<b>0.766</b>

Based on the results of reliability testing in Table 4, it can be concluded that all variables in this study are reliable to use because they meet the requirements where they have Cronbach's alpha values between 0.6 and 0.95 and composite reliability values above 0.7. The results of the average variance extracted (AVE) analysis presented in Table 4, it can be concluded that each variable in this study is considered valid because it has an AVE value more than 0.5.

Table 4. Reliability and AVE Test Results  
 Source: Results of Data Processing with SmartPLS 4

<b>Variable</b>	<b>Cronbach's alpha</b>	<b>Composite reliability</b>	<b>Average Variance Extracted</b>
Entrepreneurial Intentions	0.839	0.846	0.611
Subjective Norms	0.761	0.764	0.675
Entrepreneurship Education	0.799	0.800	0.623
Entrepreneurial Attitude	0.879	0.880	0.624

The value of the coefficient of determination in the entrepreneurial intention variable was obtained at 0.779 or 77.90%. This is a proof that the variables of entrepreneurship education, subjective norms and entrepreneurial attitudes have a strong influence on the variable of entrepreneurial intentions, which is 77.90% while the remaining influence of 22.10 percent can be explained by other variables used outside this study such as variables of entrepreneurial orientation, entrepreneurial spirit, self-efficacy, confidence, business capital and so on.

The results of hypothesis testing in Table 5 show that first hypothesis (H1) produces t-statistic value of 1.067 and p-value of 0.286. This is a proof that the H1 hypothesis is rejected, meaning that entrepreneurship education has a positive but not significant influence on entrepreneurial intentions. Furthermore, testing the second hypothesis (H2) resulted in t-statistic value of 2.196 and p-value of 0.028. This is a proof that the H2 hypothesis is accepted, meaning that subjective norms have a positive and significant influence on entrepreneurial intentions. Finally, the results of testing the third H3 hypothesis (H3) resulted in t-statistic value of 6.773 and p-value of 0.000. This is a proof that the H3 hypothesis is accepted, meaning that entrepreneurial attitudes have a positive and significant influence on entrepreneurial intentions.

Table 5. Path Coefficients Test Results and Significance Test Results  
 Source: Results of Data Processing with SmartPLS 4

Path		Path coefficients	Original sample	Sample mean	Standard deviation	T statistics	P values
Entrepreneurship Education → Entrepreneurial Intentions	H1	0.094	0.094	0.093	0.088	1.067	0.286
Subjective Norms → Entrepreneurial Intentions	H2	0.160	0.160	0.175	0.073	2.196	0.028
Entrepreneurial Attitude → Entrepreneurial Intention	H3	0.689	0.689	0.675	0.102	6.773	0.000

The results of testing the first hypothesis are contrary to previous studies (Hoang et al., 2021; Sahputri et al., 2023; Lopez et al., 2021) which states that entrepreneurship education has a positive and significant influence on entrepreneurial intentions. Why does this happen? Shouldn't entrepreneurship education have an important role in increasing entrepreneurial intentions among students? Through entrepreneurship education, it should be able to provide development of entrepreneurial abilities, skills and attitudes, increase entrepreneurial awareness, increase the ability to identify business opportunities and build networks and connections. This can happen because the majority of samples were taken from students from the class of 2020 who spent more of their time studying through online meetings due to external factors, namely COVID-19 disease. It made the process of entrepreneurship education could not be delivered optimally, so the entrepreneurship education could not shape the entrepreneurial intentions.

This result is as reality that it is not easily to educate student to be entrepreneur. However, the role of educational institution is to giving the learning the basic and practice of entrepreneurship. This is in line with the theory of planned behavior that can affect entrepreneurial intentions include attitudes that lead to entrepreneurial behavior and perceptions of individual behavioral control to assess easy or difficult for entrepreneurship. Through entrepreneurship education, it will certainly form attitudes that lead to entrepreneurial behavior and through entrepreneurship-related sciences obtained through entrepreneurship education, students will be more confident in their ability to entrepreneurship and assess that entrepreneurial activities are quite easy to do.

The results of the second hypothesis confirm the results of the previous research (Lopez et al., 2021; Soelaiman et al., 2022; Nurdwiratno et al., 2023) which states that subjective norms have a positive and significant influence on entrepreneurial intentions. This is a proof that support from the closest people such as parents, friends and friends also encourage one's intention to become entrepreneurial. Thus, this result is in line with the theoretical basis used in this study, namely the theory of planned behavior where subjective norms plays a role in encouraging a person's intention to take a certain action where in this study in the form of actions for entrepreneurship.

The results of third hypothesis confirm the results of the previous research (Lopez et al., 2021; Soelaiman et al., 2022; Nurdwiratno et al., 2023) who stated that entrepreneurial attitudes have a positive and significant influence on entrepreneurial intentions. This is a proof that the entrepreneurial attitude possessed, how individuals think the entrepreneur's career affects individual actions for entrepreneurship. Thus, these results are in line with the theoretical basis used in this study, namely the theory of planned behavior where attitudes towards entrepreneurial behavior play a role in encouraging one's intention to take a certain action where in this study in the form of actions for entrepreneurship.

#### **4. CONCLUSIONS AND SUGGESTIONS**

Based on these results, it was concluded that subjective norms and entrepreneurial attitudes positively affect to the entrepreneurial intentions, while entrepreneurship education does not positively affect the entrepreneurial intentions among students. For further researchers, it is recommended to expand the research to include other variables such as entrepreneurial orientation variables, entrepreneurial spirit, self-efficacy, self-confidence and business capital.

For suggestion, the learning programs of entrepreneurship education in Tarumanagara University must improve the entrepreneurship education and training programs for students. It will prepare to face the challenges of entrepreneurship. This includes the refinement of the educational curriculum and the application of more efficient teaching methods in preparing a superior and competent generation of entrepreneurs. In forming an entrepreneurial attitude, it can be done through entrepreneurship education provided through face-to-face learning activities on campus so that entrepreneurial learning can be conveyed optimally.

Furthermore, university needs to form an entrepreneurial community or organization where through this entrepreneurial community provide opportunities for students to be share entrepreneurial experiences and learn from the experiences of others who have been successful in entrepreneurship.

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