

# Entrepreneurship Intention in Private Islamic University Students in Jakarta and the Affecting Factors

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**ABSTRACT:** ABSTRACT: This research is to study how Entrepreneurial Intention on private Islamic University students in Jakarta and the factors that influence it. A total of 400 respondents from the Faculty of Economics and Business from Al Azhar University in Indonesia and Muhammadiyah University Prof. Dr. Hamka as the target sample of this study. They are considered to represent Private Islamic Universities in Jakarta that have accreditation A and B and their Management Study Program has entrepreneurial concentration. This study provides an exploratory depth of dimensions and indicators used in each variable through multivariate analysis using the Structural Equation Modeling (SEM) method compared to previous studies and specifically uses individual perceptions as mediation. The results obtained state that the entrepreneurial intentions of private Islamic University students in Jakarta formed so far are only in seriousness in thinking about business operations but their desire to have their own business is not too strong. Entrepreneurship Intention variable itself is directly influenced only by the variable Attitude of Entrepreneurship. The indirect influence of Entrepreneurship Intention is obtained from the variables of Entrepreneurship Education and Entrepreneurship Self-Efficacy through entrepreneurial attitudes.

**Key words:** Self-Efficacy, Entrepreneurship Intention, Entrepreneurship Education, Entrepreneurship Attitude

## 1 INTRODUCTION

### 1.1 Background

The Indonesian government through the National Education Ministry seeks to encourage the growth of high-quality entrepreneurial intention in the younger generation, especially at the tertiary level. This effort is very appropriate considering that universities are considered capable of playing a greater role in improving the economic aspects of the nation. In addition, this step aims to increase the ratio of the number of Indonesian entrepreneurs. The problem of entrepreneurship in Indonesia is not only about the entrepreneurial ratio which is still below 1% of the total population. Where this figure is far behind compared to Malaysia which reached 3% and Singapore 7.2%. Furthermore, if viewed from the quality of entrepreneurship possessed, it can be seen that entrepreneurial competence in Indonesia, both regionally and globally, is very far behind. According to the 2018 Global Entrepreneur Index of 137 countries surveyed Indonesia is ranked 90.

So far several universities in Indonesia have the same issue regarding the issue of developing entrepreneurship education including Ferbiyanto who

highlighted that the education culture in Indonesia seems unable to support the development of entrepreneurial spirit of their students, the impact of which is the development of the young generation's creative power is hampered (Ferbiyanto, 2013 ) Also expressed (Wibowo & Pramudana, 2016) that entrepreneurship education in Indonesia has not been adequate. This is also recognized by the Ministry of National Education where it appears that the growth of character and student entrepreneurial behavior is less a focus for existing educators. It is the opposite of the orientation that there is only preparing the existing workforce.

In Indonesia the management of private Islamic tertiary institutions is carried out by the Private Islamic Higher Education Cooperation Agency (BKS-PTIS). From 52 universities in the form of universities that are under the auspices of the Higher Education Service Institution Region III. There are seven universities which are Islamic based universities. There are only 5 private Islamic universities with Accreditation A and B. Private Islamic universities that have special attention to entrepreneurship by opening a special concentration of entrepreneurship only Al Azhar University in Indonesia and Muham-

madiyah University Prof. Dr. Hamka. Where both have problems that are the same as the small ratio of graduates who become entrepreneurs.

Seeing the condition of the existence of private Islamic universities in the Higher Education Service Institution Region III and the demands for the development of the quality of existing entrepreneurial education show that there are problems in the development of entrepreneurship at private Islamic universities that are part of the Private Islamic Higher Education. The issue of developing entrepreneurship in private Islamic tertiary institutions is an interesting thing to study considering not only the large number of universities and students in it, but more than that Indonesia, which is the largest Muslim country in the world, has not been able to grow muslimpreneur.

Research on entrepreneurial intentions and influencing factors has been carried out. Like the entrepreneurial intention of final year students from four universities who have obtained entrepreneurship courses in Malaysia (Rengiah & Sentosa, 2014). Similar research also examines entrepreneurial intentions with the objects of students from 17 countries in Europe (Küttim et al, 2014). Also research studies entrepreneurial intentions in students from three universities in Uganda who are studying entrepreneurship in the third year (Oyugi, 2015). These studies have similarities where one of the Theory of Planned Behavior (TPB) variables is used and uses a cross-sectional study and entrepreneurial education variables are one of the variables to measure entrepreneurial intentions. In this study, there is depth in examining the dimensions and indicators used in entrepreneurial intention variables compared to other studies with SEM analysis methods and specifically using individual perceptions as mediation because in Indonesia the indicators are quite low.

## 1.2 Objective

This study aims to determine how entrepreneurial intentions of students from private Islamic universities in Jakarta and the factors that influence them are based on Theory of Planned Behavior (TPB) (Ajzen, 2001). This study is focused on the depth analysis of dimensions and indicators on entrepreneurial intention variables. Entrepreneurship education variables are used as independent variables, specifically referring to student perceptions in the curriculum, teaching methods and support provided by the university. While Attitudes and Self-Efficacy as individual perceptions are the variables chosen to mediate the effect of entrepreneurship education on entrepreneurial intentions.

## 2 LITERATURE REVIEW

Entrepreneurial Intention was defined by Lee Wei Ni as a willingness of individuals to perform entrepreneurial behavior, to engage in entrepreneurial action, to be self-employed, or to establish new business (Lee et al, 2012). While Linan, Cohard & Cantuche stated that Entrepreneurship Intention as the effort that the person will make to carry out the entrepreneurial behavior. It was also explained that Entrepreneurship Intention is a process of information seeking. Where information will be used to achieve the goal of building a business (Linan et al, 2011). Ogundipe argues that Entrepreneurship Intention is a person's tendency to start various entrepreneurial activities in the future. Ogundipe's statement is based on his research on business and counseling students at the Lagos State University Sandwich Program. (Ogundipe et al, 2012). Entrepreneurship intention can be measured using the Entrepreneurship intention scale with the following indicators: Becoming an en-entrepreneur, Prefer to be an entrepreneur rather than an employee, Have a very serious thought, Make every effort to start and to start a firm some day ( Lee, 2012).

Turker and Selcuk stated that entrepreneurship education by using education and training programs that are useful for one's intentions such as entrepreneurial knowledge, cultivate entrepreneurial desires by using entrepreneurial activities. (Tucker & Selcuk, 2009). Entrepreneurship education can be defined as a professional application process of knowledge, attitudes, skills and competencies. This is more than just teaching students how to become independent business owners. It's about creating and maintaining environmental learning that promotes the nature and behavior of entrepreneurs, such as being creative and independent thinkers, risk takers, who assume responsibility, and respect diversity (Gautam, 2015). While Martinez defines that the building of knowledge and skills about or for the purpose of entrepreneurship is generally part of recognized education for primary, secondary or tertiary-level educational institutions (Martinez, 2011). In Rengiah's study, conducting entrepreneurship studies on students at universities in Malaysia measured entrepreneurship education through: curriculum, teaching methods and the role of universities in supporting entrepreneurship (Rengiah & Sentosa, 2014).

In the context of Entrepreneurship, attitude towards the behavior (attitude) is defined by Linan as the degree to which the individual holds a positive or negative personal valuation about being an entrepreneur (Linan et al, 2011). The attitude of entrepreneurship can be known by using the Entrepreneurial Attitudes Orientation (EAO) survey instrument model that has been developed by Robinson. This EAO model uses 4 attitude subscales, which consist of 4 constructs, namely: achievement in business, innovation in business, perceived personal control, and confidence (Robinson et al, 2018). Referring to

Robinson's theory, it is explained that attitudes in entrepreneurship include three aspects, namely, affection (feelings and emotions), cognition (thoughts and beliefs), and konasi (actions and behavior). It is worth mentioning that the combination of the three dimensions of the entrepreneurial attitude in terms of affection, cognition, and knowledge motivates a person to become an entrepreneur (Pihie & Bagheri, 2011).

According to Bandura this self-efficacy also refers to the conviction that one can succeed execute the desired behavior (e.g., successfully launching a business) required to produce an outcome (Bandura, 2012). In this regard, self-efficacy clearly influences one's belief in success (achieved) or failure (not achieved) the goals that have been set. Ajzen himself suggests that self-efficacy is a condition where people believe that action is easy or difficult to do through understanding various risks or barriers that exist if they are willing to take such actions (Ajzen, 2008). In self-efficacy people will only try to do what they think they can do, and will not try what they think they cannot do (Maddux, 2013). McGee, said that Entrepreneurship self-efficacy (ESE) is a construction that measures one's confidence in their ability to successfully launch entrepreneurial ventures (McGee et al, 2009). Where indicators of Entrepreneurial Self-Efficacy (ESE)) include: Risk Taking, Innovation, Management, financial, and Marketing.

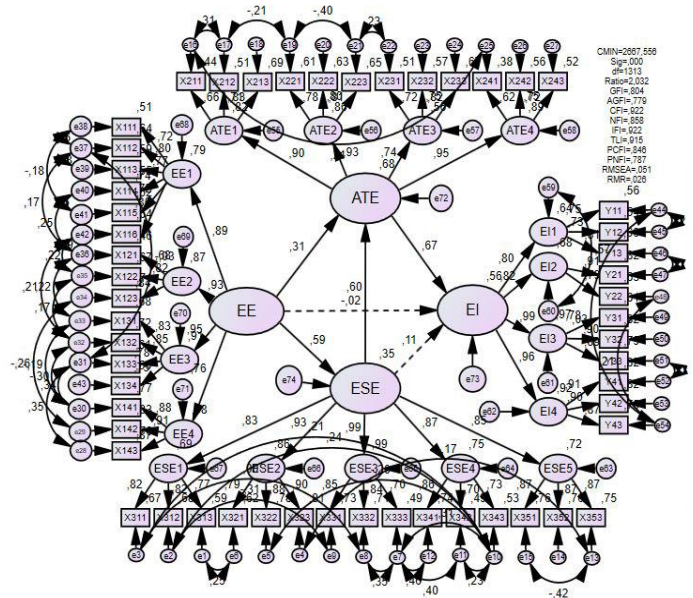
### 3 METHODS

The method of self administered survey and associative causal quantitative approach is to examine the direct and indirect effects of the independent variables on the dependent variable used in this study. While the Structural Equa Modeling (SEM) Method is used to analyze the influence between variables. The variables measured in this study are endogenous variables Entrepreneurial Intention (Z), exogenous variables: Entrepreneurship Education (X1), and two intermediate variables namely Entrepreneurship Attitude (Y1) and Entrepreneurship Self-Efficacy (Y2). The object of research is students of private Islamic universities in Jakarta under the guidance of the region's Higher Education Service Institution. Respondents were taken to the students of Muhammadiyah University Prof. Dr. Hamka (Uhamka) and Al Azhar Indonesia University (UAI) because it is a private Islamic university in Jakarta that has A and B accreditation and has a curriculum and has entrepreneurial concentration in its study program. The sample of this study was 400 active students who had taken entrepreneurship lectures at both the faculty and university subjects.

### 4 RESULT AND DISCUSSION

The analysis of the Overall Structural Model on the combination of all latent variables using SEM analysis is shown in the following figures: 1:

Figure 1: Overall Structural Model fit



In the research data, there is an indication of the index to meet the Goodness of Fit with the results in figure 2. This model gets the "minimum was achieved" result shown by Chi-square = 2667,556, Degrees of freedom = 1313 and Probability level = 0,000. Although on probability = 0.00 but this result shows that the overall model is in accordance with the sample data.

Figure 2: GOF Full Model

Size Match	Result	Term	Note
<i>Absolute fit Model</i>			
(RMSEA)	0.051	≤ 0.08	Good of Fit
(GFI)	0.804	≥ 0.90	Marginal Good
<i>Incremental Fit Model</i>			
(CFI)	0.922	≥ 0.90	Good of Fit
(NFI)	0.858	≥ 0.90	Marginal Good
(IFI)	0.922	≥ 0.90	Good of Fit
<i>Parsimonious Fit Model</i>			
(AGFI)	0.779	≥ 0.90	not Good

The results of the model fit test in figure 2 show the measurement of the absolute match model, the results of the calculation of RMSEA = 0.051 and GFI = 0.804, so it was concluded that the model made was in the good category. To measure the incremental compatibility model, the results of the calculation of CFI = 0.922, NFI = 0.858 and IFI = 0.922, so it is concluded that the model made is in good criteria. As for the measurement of the conven-

tional compatibility model, the results of the AGFI calculation are 0.779, so it is said that the model made is in the good category. Overall it is stated that the analysis of the full model goodness of fit above has been fit..

#### 4.1 Entrepreneurship Intention Analysis

Analysis of Entrepreneurship Intention for Private Islamic University students in Jakarta is shown through figure 3 and figure 4 below:

Figure 3: Variable Influence Against the Dimensions of Entrepreneurial Intention

Variabel	Dimension	Estimated
EI → EI.1	Becoming an entrepreneur	0,799
IE → EI.2	Prefer to be an entrepreneur rather than to be an employee	0,957
EI → EI.3	Have very seriously thought	0,986
EI → EI.4	Make every effort to start a firm some day	0,825

In the Entrepreneurial Intention variable, it can be seen that there are several dimensions of entrepreneurship (EI.1), Prefer to be an entrepreneur rather than an employee (EI.2), Have very seriously thought (EI.3) and Make every effort to start a firm some day (EI.4) is strongly influenced by the variables. The biggest influence on dimensions Have very seriously thought (EI.3) with a value of 0.986 with a seriousness indicator thinking of business operations (Z32) of (0.903). While the smallest is given by the Becoming an entrepreneur dimension (EI.1) (0.799) with indicators wanting to have their own business (Z12) (0.732).

Figure 4: Dimention Influence Against the Indicator of Entrepreneurial Intention

Dimension	Indikator	Est	
EI.1	→ Z1.1	Interested in becoming an entrepreneur	0,750
	→ Z1.2	Desiring to have a business	0,732
	→ Z1.3	Planning to have a business	0,813
EI.2	→ Z2.1	Choose as an entrepreneur	0,906
	→ Z2.2	Desiring to make business the main job	0,793
EI.3	→ Z3.1	Seriousness thinks about business concepts	0,784
	→ Z3.2	Seriousness thinks about business operations	0,903

Dimension	Indikator	Est	
EI.4	→ Z3.3	Seriousness thinks of capital	0,886
	→ Z4.1	Seriousness Planning a business concept	0,907
	→ Z4.2	Seriousness in creating a business	0,904
	→ Z4.3	Seriousness in planning business development	0,866

From this result, it can be analyzed that in the Entrepreneurship Intention of the students of private Islamic universities in Jakarta that have been formed so far only in seriousness in thinking about business, especially regarding the operations of the businesses they will create, furthermore found the fact that their desire to own their business is not too strong.

#### 4.2 Factors that affect Entrepreneurial Intention

Variables that influence Entrepreneurship Intention on Private Islamic University students in Jakarta can be seen through the following figure:

Figure 5: Direct and indirect effects of the entire mode

Variabel	Est	Direct	Indirect	Total
EE → ESE	0.589	0.589		0.589
EE → ATE	0.312	0.312		0.312
ESE → ATE	0.601	0.601		0.601
ATE → EI	0.670	0.670		0.670
ESE → EI	0.113	0.113		0.113
EE → EI	-0.024	-0.024	0.067	0.043
EE → EI	-0.024	-0.024	0.209	0.185

From the results obtained in figure 5, it can be concluded that several factors influence entrepreneurial intention only by the Entrepreneurship Attitude (ATE) variable of 0.670. The results of this study are in line with similar results shown by the study (Rahmawaty, 2014) regarding the entrepreneurial intensity model with the basic theory of Planned Behavior showing that there is a positive relationship between entrepreneurial attitude and entrepreneurial intention. Also in research (Andika & Madjid, 2012), (Kourilsky, 1998), (Rio-Rama et al, 2016) as well (Rengiah & Sentosa, 2014). However Entrepreneurship Intention (EI) in this study is not influenced by the variable Entrepreneurship Education (EE) and Entrepreneurship Self-Efficacy (ESE).

The absence of the influence of Entrepreneurship Education (EE) on Entrepreneurship Intention (EI) turns out to be contrary to some previous studies including in the research conducted by (Lee et al, 2012) which found that entrepreneurship education

influences Entrepreneurship Intention of young people to become entrepreneurs. And some studies are similar (Bae et al, 2014), (Dabale & Masese, 2014), (Hamidi et al, 2008), (Küttim et al, 2014), (Karali, 2013), (Muofhe & Du Toit, 2011) ), (Malebana & Swanepoel, 2017), (Oyugi, 2015), and (Tung, 2011), this study actually obtained similar results with the research shown by (Bae et al, 2014) who presented his study that found a significant correlation but small effect on entrepreneurship education on entrepreneurial intentions. Even after controlling the variables of pre-education entrepreneurial interest, the relationship of entrepreneurship education to post-education entrepreneurial intentions is not significant. Likewise with the results obtained in the study (Patricia & Silangen, 2016).

Figure 5 also reveals that Entrepreneurial Intention (EI) does not affect the entrepreneurial Self-Efficacy variable (ESE). This research has different results from previous research from the dominant one which concludes that self-efficacy for one's career can be an important factor in determining the occurrence of entrepreneurial intentions (Rahmawaty, 2014), (Andika & Madjid, 2012), (Kadir et al, 2012) (Malebana & Swanepoel, 2014), (McGee et al, 2009), (Wilson et al, 2008). This phenomenon can be explained through research (Bae et al., 2014) where the role of entrepreneur risk factors determines the influence of Entrepreneurship Self-Efficacy on Entrepreneurial Intention.

The interesting thing found in this study is that there is an influence that this Efficacy is quite influential on the Attitudes of Entrepreneurship rather than directly on Entrepreneurial Intention. So that it can be said that a positive entrepreneurial attitude is the key for students of Islamic universities in Jakarta to be able to increase their entrepreneurial intentions. Because they will not necessarily increase. The essence is so that the efficacy itself increases but there needs to be an entrepreneurial attitude variable as an intermediary

## 5 CONCLUSION

The results obtained state that entrepreneurial intentions formed in students of private Islamic University in Jakarta are only in seriousness in thinking about business operations but their desire to have their own business is not too strong. Entrepreneurship Intention variable itself is directly influenced only by the variable Attitude of Entrepreneurship. The indirect influence of Entrepreneurship Intention is obtained from the variables of Entrepreneurship Education and Entrepreneurship Self-Efficacy through entrepreneurial attitudes.

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