
THE INFLUENCE OF PSYCHOLOGICAL CHARACTERISTIC ON ENTREPRENEURIAL INTENTION AMONG UNDERGRADUATE STUDENTS

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Abstract

Indonesia is developing country which one of the growths of economy is powered by small medium enterprises as foundation for national economy. Based on this condition we could assume that entrepreneurs have a dominant role for national employment and national economic. Young entrepreneurs have a dominant role for creating enterprises and for sustainable development as a key in the coming years. The purpose of this research provide student perspective about entrepreneurship for creating venture as a career path and also discusses how psychological characteristic have an influence on entrepreneurial intention among undergraduate student in the Faculty of Business and Management Widyatama University. The method used in this research is quantitative through a questioner as a data collection tool. This research indicate individual psychological characteristic have influenced entrepreneurial intention among entrepreneur particularly students.

Keywords: entrepreneurship, intention, psychological capital, students

Introduction.

One of the functions of entrepreneurs in developing countries is an employment creator. It is needed in developing countries. Encourage young people to create new businesses is a way to encourage economic growth and create employment. Based on BPS data open unemployment in Indonesia as many as 7.61 million people, which the number is 6.32%. The Ministry of Cooperatives and SMEs as one of the department to create of new entrepreneurs that targeting 2% of the population of Indonesia is an entrepreneur. Where now the new figures of 1.56% is achieved. If the 2% figure is reached, it is expected that no more unemployment in Indonesia so that poverty can be reduced. Indonesian President gives a speech in the national movement to encourage the growth of entrepreneurial young entrepreneurs where the population growth that is going to grow is also a need for goods and services for young entrepreneurs to take advantage of these opportunities. Based on this conditions require young entrepreneurs to create new businesses. Where a young entrepreneur have an entrepreneurial intention is very important. One of internal factors entrepreneur entrepreneurial intention is to have one's own psychological capital. The purpose of this research is to examine how psychological capital affect entrepreneurial intention among Widyatama University students.

Conceptual Framework.

Entrepreneurship is considered one of the most important factors contributing to economic development and has numerous benefits for the society. It drives innovation, creates jobs, develops human potential, and satisfies new customer demands (European Commission, 2003a). However, only a small percentage of the working population typically engages in entrepreneurship (Bosma & Levie, 2010). An entrepreneur is a person who creates new business by taking risks and uncertainties in order to gain some benefits and growth in business by identifying the opportunities and combining different resources required to establish the new business (Zimmerer & Scarborough, 2004). There is a growing body of literature arguing that intentions play a very relevant role in the decision to start a new firm. (Linan & Chen, 2009). According to Linan & Chen (2007), the entrepreneurial intention model is considered as essentially adequate to analyze the intention to become an entrepreneur. Entrepreneurial intentions would be the first step in the evolving and sometimes long-term process of venture creation (Lee and Wong, 2004). Entrepreneurial intention has been measured indicating different aspects of intention. A similar system has already been used by Chen et al. (1998) or Zhao et al. (2005). However, Armitage and Conner (2001) identified three distinct kinds of intention measures: desire (I want to ...), self-prediction (How likely it is ...) and behavioral intention (I intend to ...). This latter type seems to provide slightly better results in the prediction of behavior (Armitage and Conner, 2001). In this sense, Chen et al. (1998) use a mix of self-prediction and pure-intention items, whereas Zhao et

al. (2005) use “interest” measures (how interested are you in ...). So based on that measurement and according to Linan and Chen (2007) measurement showed the similarity between interest and intention may not be so clear. Because this reason so this paper chose a pure-intention measure. The questionnaire for entrepreneurial intention research was adopted and developed from Linan and Chen (2007) measurement.

Psychological capital represents an individual’s positive psychological state of development that is characterized by four psychological resources: efficacy (confidence to take on and put in the necessary effort to succeed at challenging tasks), hope (one’s ability to persevere toward a goal), optimism (a positive expectation about succeeding now and in the future), and resilience (being able to sustain and bounce back to attain success when beset by problems and adversity) which is described in following (Luthans, Youssef and Avolio, 2007; Walumbwa et al., 2010; Avey et al, 2009; Luthans et al, 2008; Norman et al, 2010; Luthans, Norman et al, 2008; Luthans, Avolio et al, 2007 & Luthans, Avey et al, 2008). The psychological factor is the best predictor of entrepreneurial intentions according to the entrepreneurship literature (Sagiri & Appolloni, 2009). Entrepreneurship intentions are profoundly associated with the measures of many factors like psychological, social, demographic, economic and cultural variables. Based on previous research, this research to examine how psychological capital affect entrepreneurial intention among Widyatama University students.

This research will test a conceptual model that describes the relationship between the constructs (Psychological capital and entrepreneurial intention). Research model is developed based on literature review. Figure 3.1 showed research model for this research.

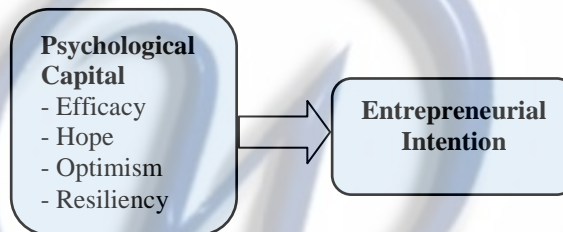


Figure 3.1 Conceptual Framework

Hypothesis: Level of psychological capital will be positively influence entrepreneurial intention.

Method.

The population in this research is taken from students from the Faculty of Business and Management, Widyatama University. The sampling method used by the authors is convenience sampling with the number of respondents 250. This number is determined based on Slovin formula

The descriptive analysis method in this paper is done by determining, collecting, and interpreting data. The purpose is used so that we can obtain the “big picture” concerning the problems at hand. The data used in this paper are collected through questionnaire, interview, observation, and literature studies.

Data analysis technique on this research is using single regression analysis. This technique was used to analysis the influence of psychological capital on entrepreneurial intention. The statistical analyses are all analyzed using *Statistical Package for Social Science (SPSS) versi 17.0 for Windows*.

Validity test is uses by measuring the correlation between variables items with a total score variable. How to measure the construct validity is to search for correlations between each of the questions with a total score using the formula product moment correlation technique, as follows:

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{(n \sum X^2 - (\sum X)^2)(n \sum Y^2 - (\sum Y)^2)}}$$

- r = corelation coefficient
- n = sample
- X = quetions score
- Y = total score

Item statement or question is valid if the count has a value of r greater than r standard is 0.3. Reliability test using Cronbach alpha was measured by Cronbach alpha scale of 0 to 1.

Result and Discussion.

The result of validity and reliability test for 250 questionnaires are shown on table below: Validity test with SPSS17 shows that the data fill the asumption, can be seen on table. Meanwhile realibity test with Cronbach alpha for two variable 0,6.

TABLE 1 RELIABILITY TEST OF ENTREPRENEURIAL INTENTION

Reliability Statistics	
Cronbach's Alpha	N of Items
.908	7

TABLE 2 RELIABILITY TEST OF PSYCHOLOGICAL CAPITAL

Reliability Statistics	
Cronbach's Alpha	N of Items
.977	11

Based on result of reliability test using SPSS 17 it can be conclude that the questionnaire used in this research is reliable and could be used for measure Entrepreneurial Intention and Psychological Capital variables.

The descriptive analyses are: The following findings show the data of the respondents' characteristics that can be seen in the following tables:

TABLE 3 RESPONDENTS ACCORDING GENDER

	Gender	Frequency	Percent	Valid Percent
Valid	Male	157	62.8	62.8
	Female	93	37.2	37.2
	Total	250	100.0	100.0

As described in table 3 that the number of male students (62.8%) are more dominant than female students (37.3%). This only just coincidence and not indicates male are more dominant than female.

TABLE 4 RESPONDENTS ACCORDING CLASS YEAR

	Class Year	Frequency	Percent	Valid Percent
Valid	1 st	28	11.2	11.2
	2 nd	89	35.6	35.6
	3 rd	91	36.4	36.4
	4 th	39	15.6	15.6
	5 th	3	1.2	1.2
	Above 5 th	0	0	0
	Total	250	100.0	100.0

Table 4 described most of the respondents are 3rd year class students (36.4%) and 2nd year class students (35.6%), followed by 4th year class students (15.6%) and 1st year class students (11.2%). The percentage of 5th year class students only 1.2% and there is no respondent above 5th year class.

TABLE 5 RESPONDENTS ACCORDING MONTHLY INCOME

		Frequency	Percent	Valid Percent
Valid	< 1 mil IDR	12	4.8	4.8
	1-2.5 mil IDR	66	26.4	26.4
	2.5-4.5 mil IDR	123	49.2	49.2

	4.5-6 mil IDR	44	17.6	17.6
	> 6 mil IDR	5	2.0	2.0
	Total	250	100.0	100.0

Based on table 5 give description of the respondents level of income mostly at 2.5-4.5 million IDR per month (49.2%). Followed by 1-2.5 million per month (26.4%), 4.5-6 million per month (17.6%), < 1 million per month (4.8%), and > 6 million per month (2%).

TABLE 6 RESPONDENTS ACCORDING WORKING EXPERIENCE

		Frequency	Percent	Valid Percent
Valid	Yes	58	23.2	23.2
	No	192	76.8	76.8
	Total	250	100.0	100.0

The description given on table 465 indicates that 76.8% of the students did not have working experiences where the rest above 23.2% have working experiences. This condition indicates that most of the respondents are lack of working experiences.

TABLE 7 RESPONDENTS ACCORDING ENTREPRENEURSHIP CLASS ENTERED

		Frequency	Percent	Valid Percent
Valid	Yes	184	73.6	73.6
	No	66	26.4	26.4
	Total	250	100.0	100.0

According table 7 shown 73.6 % respondents already entered entrepreneurship class. This condition indicates that 73.6% of the respondents are already know about entrepreneurship.

After provide the description of respondent characteristic in this research and then this research also provide description the level of psychological capital and entrepreneurial intention. Using indicators to measure psychological capital and entrepreneurial intention level among undergraduate students of Faculty of Business and Management in Widyatama University provide description as shown in table 8 below:

TABLE 8 ENTREPRENEURIAL INTENTION AND PSYCHOLOGICAL CAPITAL LEVEL

Descriptive Statistics				
	N	Minimum	Maximum	Mean
Entrepreneurial Intention	250	1.14	5.00	3.7954
Psychological Capital	250	1.00	4.91	3.8833
Valid N	250			

Measurement of entrepreneurial intention and psychological capital were done to provide data about level of entrepreneurial intention and psychological capital among students. Table 8 indicates that student level of entrepreneurship intention is considered at a good level (above 3.00) and level of psychological capital also consider at a good level which is above 3.00.

Regression analysis result: After the questionnaires distributed then the data processed using SPSS 17. The statistic tool for processing the data used single linear regression. The result from data analysis using SPSS 17 is described on table below:

TABLE 9 REGRESSION MODEL BETWEEN PSYCHOLOGICAL CAPITAL AND ENTREPRENEURIAL INTENTION

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	.459	.193		2.381	.018
Psy Cap	.859	.049	.744	17.553	.000

a. Dependent Variable: Entrepreneurial Intention

Based on data processing using SPSS 17 that could be seen on Table 9, the regression results could be formulated below:

$$Y = 0,744X$$

Description:

Y : Entrepreneurial Intention

X : Psychological Capital

Based on level of significant from table 9 which is could be concluded that psychological capital level of significant below 0.005. This indicates that there are relationship between psychological capital and entrepreneurial intention.

This result also provides description that psychological capital (X) positively influence entrepreneurial intention (Y) with value 0.744. Increasing value of psychological capital will also increase entrepreneurial intention. The result of this regression also support the research hypothesis which is psychological capital positively influence entrepreneurial intention.

Conclusion.

Based on result, the role of university also could enhance student psychological capital that could lead to increasing entrepreneurial intention among students. Lecturers in university also will take a big responsibility to improve student psychological capital even though the problem is this will take a hard work. This is needed because the student psychological capital already formed before they came to the university.

By understand this situation so lecturers and university has a great role at influencing student entrepreneurial intention that leads them to the creation of new ventures.

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