

Effect Contextual Factor Toward Entrepreneurial Intention Among Young Educated

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Abstract

Young people are the successor to the nation; the progress or decline of the nation depends on youth. Young is agents of change. When young people want to become entrepreneurs increasingly, it expected that there would be an increase in the national economy. This study aims to investigate the factors that encourage the intention of young people to pursue the world of entrepreneurship. The number of respondents gathered was 217. This study involved young people educated in the city of Pekanbaru, Indonesia, from Riau College of Economics, Prakarti Mulia College of Economics, Pelita Indonesia College of Economics. The young people are young people at the Degree level. The distribution of questionnaires in the study was selected using simple random sampling. The results showed social support correlated with entrepreneurial intention means strong, meaningful, and unidirectional, while supporting the environment implies less strong, meaningful and not unidirectional.

Keywords:

Entrepreneurship, Intentions, social support, enviromental, youth.

1. Introduction

Research on young people's intention to choose an entrepreneurial career is still relatively limited in Indonesia. Most of the research related to young people's entrepreneurial intentions come from abroad, where the results of the research that are found do not necessarily apply to the Indonesian context. The objectives to be achieved from this study are to analyze contextual factors, namely entrepreneurship gender, social support, and environment support on youth entrepreneurial intentions. Growing the entrepreneurial spirit of young people is an alternative way to reduce unemployment (Basu & Virick, 2015; Bird, 1988).

Nowdays, business competition is getting tougher. An entrepreneur does not only enthusiasm but also adequate intellectual abilities. According to Khan et al. (2019) that intellectual capital is needed to be an entrepreneur. The development of young entrepreneurs needs to be directed at educated groups of young people. Young people who are prospective college graduates need to be encouraged and fostered entrepreneurial intentions (Ali, 2016). One of the factors driving the growth of entrepreneurship in a country is through the implementation of entrepreneurship education (Cho & Lee, 2018). The university is responsible for educating and providing entrepreneurial skills to its graduates and providing motivation to dare to choose entrepreneurship as their career

(Zimmerer & Scarborough, 1998). Based on the study of the that education in higher education has encouraged students to become entrepreneurs because higher education provides the ability to make business conceptually besides the supporting factors are structural factors (Turker & Sonmez Selcuk, 2009). In accordance with Parvaneh Gelard (2011) Universities need to apply concrete entrepreneurship learning patterns based on empirical input to equip young people with knowledge that can help encourage the spirit of young people to become entrepreneurs. The issue of how to foster entrepreneurial motivation among young people and what factors influence the motivation or intention of young people to choose an entrepreneurial career after they graduate, is still a question and requires further study.

2. Literature Review

Bird (1988) Defined entrepreneurial intentions as a state of mind that directs the attention and action of a person towards becoming self-employed rather than becoming an employee. According to this definition, entrepreneurial intentions are very essential because they can be a powerful measure of not only entrepreneurial behaviour, such as becoming a self-employed person or beginning a company but also company achievement. According to Krueger & Brazeal (1994), entrepreneurial intention reflects one's commitment to start a new business and is a central issue that needs to be considered in discussing the entrepreneurial process of starting a new business. Internal factors originating from within entrepreneurs can be in the form of personal traits, attitudes, willingness, and individual abilities that can give individual strength to entrepreneurship while external factors come from outside the entrepreneur who can be in the form of elements from the surrounding environment such as the family environment, business environment, physical environment, socio-economic environment, and others (Delmar, 1996).

Segal, Borgia, & Schoenfeld (2005) stated that risk tolerance, feasibility and desirability substantially predicted entrepreneurial intentions. It has been discovered that family background has a beneficial effect, self-efficacy, and entrepreneurial intentions. Moreover, awareness, extroversion, and open-mindedness are strongly linked to entrepreneurial intentions (Farrukh, Khan, Shahid Khan, Ravan Ramzani, & Soladoye, 2017). while, a study by Singh & Prasad (2016) discovered that there was no distinction in the entrepreneurial intentions from the context of a family business or the employed. For personality attributes such as the need for achievement, locus of control, creativity and innovation, participating in creating people's intentions for entrepreneurship (Ratnamasih & Setia, 2016). Gelard & Saleh (2011) stated that structural, academic, formal and informal networks promoted entrepreneurial intention. Santoso & Oetomo's (2016) study showed that self-efficacy does not affect entrepreneurship, but entrepreneurship and information technology have an impact on entrepreneurship intentions. While the contextual factors that have received enough attention from researchers are academic support, social support and business environment conditions (Akyol & Gurbuz, 2008). Gender, academic achievement, and family history have a significant impact on career intention among contextual variables; men with the entrepreneurial family background are more likely to have business career intention (Akyol & Gurbuz, 2008; Mohamed, Rezai, Nasir Shamsudin, & Mu'az Mahmud, 2012). Several studies also found that socio-demographic factors can encourage the emergence of one's intention to entrepreneurship. Socio-demographic factors studied included gender, age (Farrukh et al., 2017; Parvaneh Gelard, 2011) and family background (Farrukh et al., 2017; Gerry, Marques, & Nogueira, 2008; Saeed, Muffatto, & Yousafzai, 2014). In theory, it is believed that providing education and entrepreneurial experience to someone from an early age can increase one's potential to become an entrepreneur. Several studies have shown results that support this statement (Gerry et al., 2008; Mohamed et al., 2012). In addition to education and entrepreneurial experience, academic support (social support), social support and business environment support (Basu & Virick, 2015; Kusumajanto, 2015)

3. Framework

This model was shown in Figure 1. To know the connection between Contextual Factor toward Entrepreneur Intention.

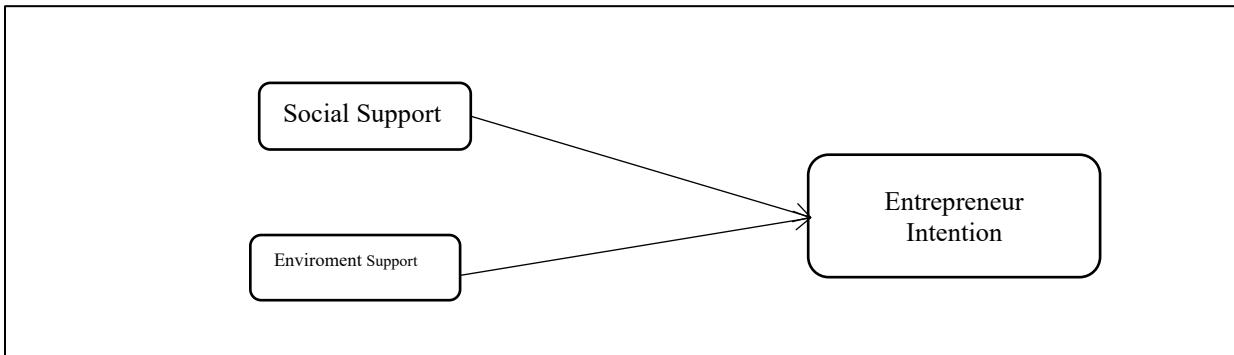


Figure 1: Research Framework

4. Methodology

This research used quantitative method and used SPSS 21 to analyze data.

4.1 Population and Sampling Techniques

The population of this research is educated young people in the city of Pekanbaru, Riau, Indonesia from the Riau College of Economics, Prakarti Mulia College of Economics, Pelita College of Economics in Indonesia. The young people are young people at the Degree level. The distribution of the questionnaire in the study was selected by using a simple random sampling technique. The number of respondents successfully gathered was 217.

5. Result and Discussion

Identity of Respondents, From the table 1 bellow, it can be seen that the number of male respondents was 93 people or 42.9% and female respondents were 124 people or 57.1%. Whereas for the most ages at the age of 18 years to 28 years as much as 95.4% while the age of 29 years to 39 years ten people or 4.6%. In terms of religion, 80.2% are Muslims or 174 people, while 16.1% or 35 people are Christians and only eight people or 3.7% are Buddhists. All respondents were studying at the under graduated level.

Table 1: Demography

	Frequency	Percent	Valid Percent	Cumulative Percent
Men	93	42,9	42,9	42,9
Women	124	57,1	57,1	100,0
Total	217	100,0	100,0	
18<≤d<28	207	95,4	95,4	95,4
29<≤d<39	10	4,6	4,6	100,0
Total	217	100,0	100,0	
Religion				
Islam	174	80,2	80,2	80,2
Christian	35	16,1	16,1	96,3
Budha	8	3,7	3,7	100,0
Total	217	100,0	100,0	

5.1 REALBILITY AND VALIDITY

The findings of the validity test using the modified item-total correlation method (corrected item-total correlation) showed that all items used for this research are valid, which is stated by the calculated r value of 0.30 for each item. Thus, in subsequent data processing, all items from empirical factors can be used. Table 2 showed the outcomes of the reliability test are based on the Cronbach Alpha (α) value, which indicated that all the factors studied fulfill the reliability factor with the Cronbach Alpha (α) value higher than 0.60 (Sekaran & Bougie, 2013).

Table 2 : Reliability And Validity

ITEM	Validity	Mean	Standart Deviation
ENTREPRENEUR INTENTION			
I would rather be an entrepreneur than an employee of a company	0.752	4.4700	0.72666
I will choose a career as an entrepreneur after graduation	0.848	4.0876	0.83149
I make preparations to become an entrepreneur.	0.752	4.1475	0.72419
If I decide to become an entrepreneur after graduating from college, my closest family will consider my decision as right	0.739	4.0230	0.82463
SOCIAL SUPPORT			
If I decide to become an entrepreneur after graduating from college, my closest friends think my decision is right	0.738	4.0276	0.76326
I have been doing entrepreneurship?	0.753	3.5806	1.24134
If I decide to become an entrepreneur after I graduate, the people who are important to me consider my decision right	0.759	4.0092	0.83882
ENVIRONMENT SUPPORT			
I find it difficult to start my own business due to lack of financial support	0.762	3.5161	1.11429
It is difficult for me to start my own business because of complicated administrative procedures	0.854	3.0691	1.20178
I lack information about how to start a business	0.824	3.0415	1.18756
The current economic conditions are not favorable for people who want to be entrepreneurs	0.717	2.8249	1.24600

Based on table 3 above it is known that the Cronbach's alpha value for all 0.70 variables is considered adequate because it is higher than 0.6. Seeing the value of reliability above, the degree of reliability is good (Sekaran & Bougie, 2013).

Table3: Reliability Statistics

Cronbach's Alpha	N of Items
,700	11

5.2 CORRELATION ANALYSIS

Spearman Rank Correlation is used to identify relationships or to measure the importance of associative hypotheses if each of the linked factors is Ordinal

Table 4 : Spearman's Correlations Result

Variable	Spearman's Correlations rho	p
Entrepreneur Intention	1	.000
Social Support	.646**	.000
Enviroment Support	-,167	.000

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Spearman's assessment of correlation is capable of measuring the strength and connection between two factors. Table 4 above demonstrates the outcome of the correlation of the spearman at the rate of 1 percent meaning. Since all the correlation between 2 independent variables and single dependent variable is above 0.4, although one independent variable shows negative but the result less than (-1), this demonstrates that social support correlated with entrepreneurial intent means strong, meaningful and unidirectional while supporting the environment implies less strong, meaningful and not unidirectional.

5.3 NORMALITY TEST

Normality Test: Since scientists want to use inferential statistics in this research, the normality test was performed as their prerequisite) By using Kolmogorov-Smirnov statistics and Shapiro-Wilk statistics Pallant (2007), it demonstrates that the information gathered were not usually distributed. The outcome is shown in Table 4 below.

Table 5: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk			
	Statisti	c	df	Sig.	Statistic	df	Sig.
Entrepreneur Intention	,154		217	,000	,937	217	,000
Social Support	,137		217	,000	,950	217	,000
Enviroment Support	,083		217	,001	,980	217	,004

a. Lilliefors Significance Correction

The p-value ($p < 0.05$) on the Shapiro-Wilk statistics report in Table 5 indicates that the obtained information violates the hypothesis of normality distribution. Pallant (2007) suggested using non-parametric method rather than parametric method evaluation due to the breach of normality distribution. Therefore, to verify the correlation between independent variables and dependent variable, Spearman's correlation was introduced.

6. Conclusion

From the outcome of correlation, it can be indicated that social support and environment Support has significant correlation to entrepreneur intention on young educated. Social support correlated to entrepreneur intention means strenght, significant and unidirectional, while enviroment support result minus means strenght, significant and not

unidirectional, means that entrepreneur intention on young educated was not satisfied from environment support so that the environment can increase support to the entrepreneur intention on young educated.

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