

# The Role of Entrepreneurship Education and Self Efficacy in Shaping Student Interest in Doing Entrepreneurship

Dwi Djoko Kusumajanto

Graduate Student at Universitas Negeri Malang, Study Program of Economics Education

## Abstract

The small interest in entrepreneurship among college graduates has become a matter of concern. Knowing the fact the jobs vacancy can not absorb all the graduates of universities in Indonesia, the college graduates start to choose entrepreneurship as a career option. Therefore, entrepreneurship education should be designed in such a way in order to give effect in boosting student interest in entrepreneurship. In addition, forming student interest in entrepreneurship is self-efficacy. Self-efficacy is able to provide the confidence and belief in the capabilities and become an important capital in starting a business.

**Keywords:** Entrepreneurship Education, Self-Efficacy and Interest in Entrepreneurship

## INTRODUCTION

The problem of unemployment is considered as one of the important issues in a country like Indonesia. The Central Statistics Agency (BPS) recorded the number of open unemployment rate (TPT) from Vocational High School (SMK) in August 2014 rose from 11.24% to be 11.21%. TPT from Diploma I / II / III rose from 6.14% to 5.95%, and TPT from the University rose from 5.39% to 5.65%. Global competition which occur nowadays such as the implementation of the ASEAN Economic Community (AEC) require graduated from Indonesian universities to compete freely with graduates from foreign universities so that college graduates should be directed not only as a job seeker but also the job makers.

The small interest in entrepreneurship among college graduates need to be a material concern. Knowing that phenomena that job vacancy can not absorb all the graduates from Indonesia universities, the college graduates start to choose entrepreneurship as a career option. One of the factors driving the growth of entrepreneurship in a country lies in the role of higher education through the organization of entrepreneurship education (Zimmerer, and Scarborough, 2010). Universities need to motivate and encourage students to dare in choosing entrepreneurship as a career option. Entrepreneurial learning pattern provided by universities are expected based on empirical inputs in order to equip students with a significant knowledge in the spirit of encouragement for entrepreneurship (Wu and Wu, 2008).

Entrepreneurship education is expected to evoke the spirit of entrepreneurship, self-sufficient as well as working and developing the national economy (Asmani, 2011). According to Wibowo (2011), there are two ways to embed entrepreneurship mentality for students in campus. First, integrate entrepreneurship education into the curriculum. Second, student extracurricular activities need to be packaged systemically and directed to build entrepreneurial motivation and mental attitude.

The influence of entrepreneurship education has been considered as one of the important factors to grow and develop the passion, spirit and entrepreneurial behavior among the younger generation (Kourilsky and Walstad, 1998). Entrepreneurship education can shape the mindset, attitudes, and behaviors in students to be an entrepreneur true that directs them to choose entrepreneurship as a career option. However, these effects need to be studied further to determine whether the presence of entrepreneurship courses can generate interest in entrepreneurship for students or not.

In addition to the entrepreneurial learning, forming student interest in entrepreneurship is self-efficacy. Self-efficacy is the belief someone on his ability to complete a job. In other words, the condition of someone's motivation is more based on what they believe rather than what is objectively true. Such personal perception plays an important role in the development of a person's interest (Indarti, 2008). Self-efficacy can affect a person's interest towards something that is unbelievable. Opening a business requires confidence in the ability of himself that his efforts will succeed that is what would motivate someone to dare to start a business. If someone does not believe in the ability of the small possibility that people will be interested in entrepreneurship.

According to Robert (2008), people who believe in the ability and the confidence he has demonstrated the achievement of good results. This understanding shows the influence of self-efficacy determines the achievement of one's success. Armiami (2010) revealed that self-efficacy can affect a person's interest on something positive on something that is unbelievable. Opening a business requires a belief in yourself that it would work, therefore, it became a motivation for someone to dare to open a business.

Self-efficacy can affect a person's interest on something that is unbelievable. Opening a business requires confidence in the ability of himself that his efforts will be successful. It is what would motivate someone to dare to start a business. If someone does not believe in the ability of the small possibility that people

will be interested in entrepreneurship. Individuals who choose self-employment as an option, have a certain perception of the level of attractiveness of the entrepreneurial career (career attractiveness), the level of entrepreneurship feasibility and belief in self-efficacy to start a business (Farzier and Niehm, 2008).

Based on the study above, little interest in entrepreneurship among college graduates really becomes a concern. It is the fact that there are jobs that do not allow it to absorb all the graduates of universities in Indonesia. To that end, the study of student interest in doing entrepreneurship is interesting to be conducted as a study.

### **Entrepreneurship**

According to Hisrich (2005), entrepreneurship is the process of creating something new and takes all the risks and rewards, while the entrepreneur is an innovator is someone who develops something unique and different. Zimmerer and Scarborough (2010), entrepreneurship is someone who creates a new business with risk and uncertainty in order to achieve profitability and growth by identifying opportunities and combining resources that has been owned. According to Hisrich (2005), entrepreneurship is the process of creating something else to use the time and accompanied activities and risk capital as well as receive remuneration and satisfaction as well as personal freedom.

Suryana (2003) stated that the term of entrepreneurship can be interpreted as "the backbone of economy", which is the nerve center of the economy or the "tailbone of economy", to control the economy of a nation. Etymologically, entrepreneurship is the value that is required to start a business (startup phase) or a process of doing something new (creative) and something different (innovative).

Understanding of entrepreneurs according to Tarmudji (2006) when viewed from the etymology comes from the word "*wira*" and "*usaha*". "*wira*" means exemplary, while the "*usaha*" means "willed" to earn benefit. Therefore, an entrepreneur can be defined as follows: "A person who are willed to perform actions that are beneficial and should be an example of life". Another more simply defined as, "A person who willed in a business that should be an example of life". To be a successful entrepreneur, an entrepreneur must have determination and a strong will to achieve their business objectives.

From the above definition, it can be concluded that an entrepreneur should be able to see an opportunity, an opportunity to analyze and take decisions to achieve a useful advantage for himself or the surrounding environment and the continuation of its business before these opportunities be exploited by others. Entrepreneurs who succeed usually spur a dream and trying to make it happen because of the high confidence of success that can be achieved.

Segal, et al, (2005) suggested two theories regarding about encouragement to entrepreneurship, "push" theory and the "pull" theory. According to "push" theory, individuals are pushed to become entrepreneurs due to encouragement of negative environment, for example dissatisfaction at work, difficulty finding jobs, lack of inflexibility work hours or dissatisfaction salary. In contrast, "pull" theory stated that individuals interested in becoming entrepreneurs because they are looking for things related to the entrepreneur's own characteristics, such as independence or indeed because it believes entrepreneurship can provide prosperity.

Decision-making becomes self-employment has a positive and a negative side which can be referred as the advantages and disadvantages of being an entrepreneur. According to Alma, (2010) the advantages of being entrepreneurial are: 1) opens the opportunity to reach the desired destination itself; 2) there are opportunities to demonstrate one's abilities and potential in full; 3) open opportunities to gain the maximum benefits and advantages; 4) there are opportunities to help people with the concrete efforts and 5) opens the opportunity to be the boss. Meanwhile, the weakness of being an entrepreneur is: 1) obtain uncertain revenue and bear the various risks; 2) hard and long working hours; 3) quality of life remains low until he succeeded, because someone need to downsize; and 4) getting a very big responsibility, a lot of decisions need to done to master the faced problems.

Mutis (2005) provided personal traits of entrepreneurs which are most often expressed in form of: 1) the need to achieve something; 2) the need for control, intuitive creative orientation; 3) look to the future; 4) a tendency to take risks; 5) have the mental freedom; 6) has the leadership and 7) social rebels. So the characteristics of private entrepreneurs supported by the need to achieve something, control, creative, risk-free as well as the soul of a leader and oriented to the future. Mc. Clelland in Wiratmo (2006) stated the characteristics of self-employment as follows 1) the desire to excel; 2) the desire to be responsible; 3) preference to medium risks; 4) perception of the likelihood of success, 5) stimulation by feedback; 6) energetic activity, 7) orientation to the future; 8) skill in organizing and 9) attitude toward money.

### **Entrepreneurship Education**

A traditional entrepreneurship education focuses on the preparation of a business plan, how to get financing, business development and management processes of small businesses. The study also provides knowledge about the principles of entrepreneurship and technical skills of how to run a business. However,

students who know the principles of entrepreneurship and business management are not necessarily become a successful entrepreneur (Hisrich, 2005). The purpose of the entrepreneurial learning is how to transform the soul, entrepreneurial attitudes and behaviors of a group of business entrepreneurs who can become the basic material in order to gain more entrepreneurial environment, the academic, government and social entrepreneur.

Entrepreneurship courses should be designed specifically to be able to develop entrepreneurial characteristics, such as creativity, decision making, leadership, social networking, time management, teamwork, and others. Therefore, it takes a change of entrepreneurship education system that had been focused on controlling the orientation of such functional, finance, marketing, human resources and operations (Bell, 2008) to develop the entrepreneurial spirit in students.

Farzier and Niehm (2008) suggested that education and training affect the perception of people on entrepreneurial career, by providing the opportunity to simulate starting a business and by observing a role model. It means that entrepreneurship education is not enough to just be held in the classroom in the form of lectures alone, but should provide the opportunity for learners to feel firsthand how difficult it is to start a business, run it, and also have the opportunity to observe a role model as entrepreneurs who have run their business in form of apprenticeship.

### **Interest in Entrepreneurship**

Woodworth and Marquis (2001) argued that the interest is a motif that causes individuals who are actively engaged with the objects that interest him. Therefore, the interest is said to be an impulse for dealing with the environment, the tendency to examine, investigate or do an activity that interested him. If an individual is interested in something it is because the object it is useful to meet the needs. Hurlock (1991) stated that interest is the motive that indicates the direction of individual attention to the objects of interest as well as fun, if individuals interested in a particular object or activity then it will tend to engage more actively with the object or activity. According to Salih and Wahab (2005) interest is the tendency to pay attention and act against the person, activity or situation that becomes the object and interest is accompanied by feelings of pleasure.

Based on the above definition, it can be concluded that the interest is a condition of a sense of love, pleasure, attraction or inclination to direct or give attention to things, events, objects and people and that it is very important or meaningful to the individual.

Interest in entrepreneurship can be seen from the availability to work hard and diligently in order to achieve its business progress, the willingness to bear the risk associated with trying the action, willing to take the path and a new way, a willingness to live frugally, the willingness of learning that occur. According to Fuadi (2009), interest in entrepreneurship is the desire, interest, and willingness to work hard or willed to strive to the maximum to meet their needs without being afraid to risk it, and willed to learn from failure. The most important thing is the nature of courage to create new businesses.

Interest in entrepreneurship is formed by several aspects of the general attitude that characterized likes or dislikes towards entrepreneurial activity, decided to like the activity or object associated with entrepreneurship, was pleased with all matters relating to the activities of entrepreneurs who are interested in, entrepreneurs become a benchmark for life so people pay attention to entrepreneurial activity, emotions fun making something interesting entrepreneurial activity, and continue the entrepreneurial activity because the entrepreneur is considered an important activity.

Entrepreneurship interest arises because preceded by a knowledge and information about entrepreneurship and then during an activity to participate to gain experience which finally comes the desire to perform these activities. Interest in entrepreneurship is not just owned by someone, but can be nurtured and developed.

Swasono (1978) stated that individuals who are interested in self-employment are more driven by the desire for achievement rather than just the pursuit of profit. Someone quickly entrepreneur not satisfied with the results that will be achieved, but always looking for ways and new combinations and new production in order to achieve expansion. This means that individuals who have an interest in entrepreneurship should have a responsible attitude by taking into account the consequences that may exist. Interest in entrepreneurship will attract people to a business in which the business is perceived can provide a useful, beneficial and very important for the life of him, causing an impulse or desire to get it. In the interest of entrepreneurship needed the ability to relate to the field of entrepreneurship so that people have an interest in self-employment jobs.

### **Role of Entrepreneurship Education Increases Interest in Entrepreneurship**

Entrepreneurship interest does not inborn with human being but grows and develops in accordance with the factors that influence. Factors affecting the decision to entrepreneurship growth are a result of interaction of several factors: the character of a person's personality and environment. Factors affecting the interest in entrepreneurship come from internal and external (Suryana, 2006).

According to Sutrisno (2003), education which has entrepreneurship insight apply the principles and methodology on developing life skills to learners through an integrated curriculum developed at school. Knowledge is the basic capital that is used for the self-employed, as well as skills acquired during at lectures, especially in the course of practice (Sutanto, 2002). If there is adequate education, someone will be ready to be an entrepreneur and leading his men. The educational background of a person, especially related to the field of business, such as business and management or economics is believed to affect the willingness and interest to start a new business in the future. Furthermore, education plays an important role in developing entrepreneurship through involvement in entrepreneurial activity, increasing the desire to step up to the creation of businesses by highlighting the benefits, value and advantages of entrepreneurship (Segal et al., 2005), as well as encourage and support to start their own business.

According to Bell (2008), entrepreneurship education focuses on the preparation of a business plan, how to get financing, business development and management processes of small businesses. The education provides knowledge about the principles of entrepreneurship and technical skills of how to run a business. However, students who know the principles of entrepreneurship and business management are not necessarily become a successful entrepreneur (Solomon and Fernald in Bell, 2008). Therefore, entrepreneurship education should be designed in such a way in order to give effect in boosting student interest in entrepreneurship.

One of the driving factors to the growth of entrepreneurship in a country lies in the role of higher education through the organization of entrepreneurship education (Zimmerer and Scarborough, 2010). Universities need to motivate and encourage students to dare to choose entrepreneurship as a career option. Research conducted by Suhartini (2011) concluded that affect the interest in entrepreneurship education. Therefore, if someone gets on entrepreneurship education, then he will understand the advantages of being an entrepreneur and increasingly interested in becoming an entrepreneur. Thus, it can be said there is the influence of entrepreneurship education on the entrepreneurship interest.

Sinha (1996) conducted a study in India and proved that the educational background to be one important determinant of entrepreneurial intentions and the success of the business. Wang and Wong (2004) in a study in Singapore found that prior to recognize entrepreneurship education, students have a low perception and knowledge about entrepreneurship. After taking a course on entrepreneurship, the perceptions of students increased.

Lee and Wong (2003) in his study found that entrepreneurship education in higher education has a direct relationship in shaping the attitudes of students in taking risks for the establishment of new businesses. Research conducted by Lee & Wong suspected that there is more positive perception of entrepreneurs through entrepreneurship education, but is also influenced by the external environment and support entrepreneurship by the government. Moreover, the Singapore government did a lot of support for the students after graduation to start a new business.

### **Enhancing the role of self-efficacy Interests Entrepreneurship**

According to King (2012), self-efficacy is the belief that one can master a situation and produce a variety of positive results. Self-efficacy can help people in a variety of unsatisfactory situation and encourage them to believe that they can succeed. Self-efficacy plays a role in decision-making, the process of thinking, and courage in taking risks. Every individual who has a high interest in entrepreneurship will be able to stand alone, dare to take decisions and implement the goals to be achieved in its sole discretion. It is said that the higher self-efficacy, the higher the interest in entrepreneurship (Bryant, 2006).

Self-efficacy can be specific or general depending on the domain or domains that surrounded Moiz (2011) described that self-efficacy or confidence in the particular domain is based on self-perception of individuals to their skills and abilities. Ganefi (2012) stated that a person's self-efficacy is the assessment of the ability to execute an action. This construct was then considered convincing as a reliable predictor for the behavior that leads to a specific purpose.

Self-efficacy is able to provide the confidence and belief in the capabilities and become an important capital in starting a business. Thus, the role of self-efficacy can have a positive influence on interest in entrepreneurship. Indarti et al. (2008) examined the intension of Entrepreneurship Student: Comparative Study Between Indonesia, Japan and Norwegia. Results of the study concluded that self-efficacy affect the interest of student entrepreneurship in Indonesia and Norway, but did not have an influence on Japanese students. Ayodele (2013) in his research in Ogun-Nigeria stated that self-efficacy significantly influence entrepreneurial intentions. Next, in their research and Marc Izquierdo (2008) stated the relationship between self-efficacy and intention entrepreneurship is significant. In the study of Alfonso (2012), self-efficacy results are most significant because 1 percent level of self-efficacy proved an influence on entrepreneurial intentions, and attitudes and social pressures, albeit at a lower level. According to Moriano et al., (2011) stated that the TPB components (theory of planned behavior) has partial effect on entrepreneurial intentions to other component such as self-efficacy. But

research conducted by Ogunleye (2014) stated that self-efficacy does not significantly influence entrepreneurial intentions.

## CONCLUSION

The increasing number of educated unemployment in Indonesia, one of which is caused by the reluctance of college graduates to do entrepreneurship. Being self-employment is often viewed as a career option which is not favored because faced with everyday situations that are uncertain, full of obstacles, and frustration associated with the establishment of new businesses. The small interest in entrepreneurship among college graduates need to be a material concern. Therefore, not all jobs can absorb all the graduates of universities in Indonesia, the college graduates start to choose entrepreneurship as a career option.

Student interest in entrepreneurship does not come inborn but grow and develop in accordance with the factors that influence. Factors affecting the growth come from the entrepreneurial decision to insightful educational entrepreneurship. Therefore, entrepreneurship education should be designed in such a way in order to give effect in boosting student interest in entrepreneurship. Not only entrepreneurship education which can form students' interest in entrepreneurship but also self-efficacy. Self-efficacy is able to provide the confidence and belief in the capabilities and become an important capital in starting a business. Self-efficacy reflects an individual's understanding of his ability based on past experience and the attribution of the performance and attention to work.

Studies on the role of entrepreneurship education and self-efficacy in shaping the students' interest in entrepreneurship will be continued for the author's in his dissertation research, especially those related to the role of entrepreneurial learning and self-confidence on the students' motivation and interest in entrepreneurship.

## REFERENCES

- Alfonso, C.G. and J.G. Cuevas. 2012. Entrepreneurial Intention Models as Applied to Latin America. *Journal of Organizational Change Management*. 25 (5), pp: 721-735.
- Alma, Buchari. 2010. Kewirausahaan. Bandung : Penerbit Alfabeta.
- Wibowo, A. 2011. Pendidikan Kewirausahaan (Konsep dan Strategi). Yogyakarta: Pustaka Pelajar
- Armiati. 2010. Pengaruh Efikasi diri dan Hasil Belajar terhadap Minat Mahasiswa Membuka Usaha Melalui Motivasi Berwirausaha di Program Studi Pendidikan Ekonomi Universitas Negeri Padang. Tesis, Malang, Program Pascasarjana UM.
- Ayodele, K.O. 2013. Demographic, Entrepreneurial Self-Efficacy and Locus of Control As Determinant of Adolescents' Entrepreneurial Intention in Ogun State, Nigeria. *European Journal of Business and Social Sciences*, 1 (12), pp: 59-67.
- Bell, Joseph, R. 2008. Utilization of Problem Based-Learning in an Entrepreneurship Business Planning Course. *New England Journal of Entrepreneurship*. Spring, hal 53.
- Bryant, P. 2006. Entrepreneurial SelfRegulation and Decision Speed. New Zealand : Macquarie University Press
- Frazier, B. & Niehm, L.S. 2008. FCS Students' Attitudes and Intentions Toward Entrepreneurial Careers. *Journal of Family and Consume Sciences*. Vol. 100 (2), pp. 17-24.
- Fuadi, Iski Fadli 2009. Hubungan Minat Berwirausaha dengan Prestasi Praktik Kerja Industri Siswa kelas XII Teknik Otomotif SMK Negri 1 Adiwerna Kabupaten Tegal. *Jurnal PTM*, Volume 9, hlm 92-98.
- Ganefi, M. 2012. Entrepreneur Antecedent On Student (Case: Female Student Final Year On Gunadarma University). *Jurnal Ekonomi Bisnis*. 17 (1), h: 51-60.
- Hisrich, R.D. 2005. Entrepreneurship. Sixth Edition. New York: McGraw-Hill.
- Hurlock, E.B. 1991. Psikologi Perkembangan. Suatu Pendekatan Sepanjang Rentang Kehidupan. Alih Bahasa Istiwidayanti. Jakarta: Erlangga.
- Indarti, Nurul dan Rokhima Rostiani 2008. Intensi Kewirausahaan Mahasiswa: Studi Perbandingan Antara Indonesia, Jepang dan Norwegia. *Jurnal Ekonomika dan Bisnis*, Vol. 23 No. 4
- Izquierdo E. and Marc B. 2008. Intentio: The influence of entrepreneurial selfefficacy and attitude. *Int. J. of Entrepreneurship and Small Business*, Vol.13, No.1, pp.75 - 91
- Asmani, J.M. 2011. Sekolah Entrepreneur. Yogyakarta: Harmoni
- Sutrisno, J. 2003, Pengembangan Pendidikan Berwawasan Kewirausahaan Sejak Usia Dini, Bandung : IPB
- King, Laura A. 2010. Psikologi Umum. (Alih Bahasa: Brian Marwendys). Jakarta: Salemba Humanika.
- Kourilsky, M. L. & W. B. Walstad, 1998. Entrepreneurship and female youth: knowledge, attitude, gender differences, and educational practices. *Journal of Business Venturing* 13 (1): 77-88.
- Lee, L., & Wong, P.K. 2003, Attitude towards Entrepreneurship Education and New Venture Creation. *Journal of Enterprising Culture*, Vol. 114: 339-357.
- Moiz, Mohammed dan M.P. Aparna. 2011. Entrepreneurial Intentions of MBA Students, *A Study in Hyderabad*, 1 (4), pp: 20-37.

- Moriano, J.A, M. Gorgievski , M. Laguna, U. Stephan and K. Zarafshani. 2011. A Cross-Cultural Approach to Understanding Entrepreneurial Intention. *Journal of Career Development*, pp: 1-30.
- Mutis. 2005. *Kewirausahaan yang Berproses*. Jakarta : Grasindo
- Ogunleye, J.A. and Osagu, J. C. 2014. Self-Efficacy, Tolerance for Ambiguity and Kebutuhan akan prestasias Predictors of Entrepreneurial Orientation among Entrepreneurs in Ekiti State, Nigeria. *European Journal of Business and Management*, 6 (17), pp: 240-250
- Robert, Michael & Shepherd. 2008. *Entrepreneurship Edition 7*. NewYork: McGraw Hill Copmpany
- Saleh, A. Rahman & Muhbib, A. Wahab, 2005. *Psikologi Suatu Pengantar dalam Perspektif*, Jakarta : Kencana
- Segal, Gerry, Borgia, Dan & Jerry Schoenfeld. 2005. The Motivation To Become An Entrepreneur. *International Journal of Entrepreneurial Behaviour & Research*, Vol. 11 (1), hal 42-57
- Sinha, T. N., 1996. Human factors in entrepreneurship effectiveness. *Journal of Entrepreneurship*, 5 (1): 23-29
- Suhartini, Yanti. 2011. Analisis Faktor-Faktor Yang Mempengaruhi Minat Mahasiswa Dalam Berwiraswasta (Studi Pada Mahasiswa Universitas PGRI Yogyakarta). *Akmenika UPY*, Vol. 7.
- Suryana, 2006. *Kewirausahaan, Pedoman Praktis, Kiat dan Proses Menuju Sukses*, Jakarta: PT.Salemba Empat.
- Sutanto, Adi. 2002. *Kewiraswastaan*. Jakarta: Ghalia Indonesia.
- Swasono, S. E. 1978. *Peran kewiraswastaan*. Pustaka, No. 8 Th. II 1978.
- Tarmudji, Tarsis. 2006. *Prinsip-prinsip Wirausaha*. Yogyakarta: Liberty.
- Wang, C. K., & Wong, P.-K. 2004, Entrepreneurial interest of university students in Singapore. *Technovation*, Vol. 24:2: 163-172.
- Wiratmo, M. 2006. *Pengantar Kewiraswastaan*. Yogyakarta: BPFE, IKAPI
- Woodworth, R.S., and Marquis D.G. 2001. *Psychology*. New York: Holt.
- Wu, S. & Wu, L. 2008. The Impact of Higher Education on Entrepreneurial Intentions of University Students in China. *Journal of Small Business and Enterprise Development*, 15(4): 752-774
- Zimmerer, W. Thomas. and Norman M. Scarborough. 2010. *Essentials of Entrepreneurship and Small business Management*, New Jersey : Prentice-Hall.