Entrepreneurship for Students: The Relationship between Individual Entrepreneurial Orientation and Entrepreneurial Intention

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Abstract
Research on entrepreneurial intention and orientation for students has been done. The objectives of the study are: (1) to compare Individual Entrepreneurial Orientation (IEO) and entrepreneurial intention for two sub-samples according to gender and family background; and (2) to investigate the correlation between IEO and entrepreneurial intention. A hundred and fifty students from two faculties of economics and business were used and divided into male and female group. These groups were again divided into students whose parents are entrepreneur and civil servants. T-test and Pearson correlation were applied to analyze the data. The result showed that there was no significant difference in IEO between male and female students but there was significant difference between those whose parents are entrepreneur and civil servants. There were also significant difference in entrepreneurial intention, both based on gender and family background. Additionally, there was a positive relationship between IEO and entrepreneurial intention. It is recommended that future research should use a sample of students from non-economic and business faculties because entrepreneurship is offered as an elective course for almost all students in higher education.

Keywords: entrepreneurial, intention, orientation, student, family

1. Introduction
Economic development of a nation is very much dependent on the business development in that country. This would demand the emergence of young entrepreneurs to reduce unemployment and overcome poverty problems in order to accelerate economic growth. Therefore the government has been trying to boost the number of entrepreneurs in Indonesia.

The Ministry of Labor and Transmigration notes that up to January 2012 only 1.56 percent of total Indonesian population is entrepreneur, while it should be at least 2 percent to reach high level of competitiveness, as targeted to be materialized in 2014. This number is expected to drive a multiplier effect to national economic development. Although, it is still far from that of other Asian countries, i.e 10 percent in China and Japan, 5 percent in Malaysia and 7 percent in Singapore. Therefore various efforts have been conducted to accelerate the emergence of young entrepreneurs.

One of the efforts has been done through The Ministry of National Education and Culture by directing higher education institution to produce job creator graduates, not job seeker. In Indonesia entrepreneurship has been a compulsory subject for students at Faculty of Economic. However, it was still an external encouragement. The intention of being an entrepreneur should comes from internal factors. One important factor would be the person’s orientation toward entrepreneurship. Frank et al. (2005) showed that education process could have a considerable influence on entrepreneurial orientation, and that the European Unions (EU) called for the promotion of entrepreneurial spirit could be fulfilled in sphere education. Studied by Peltier and Scovotti (2010) showed that there was a considerable amount of marketing students who expressed interest in becoming an entrepreneur and/or small business owner. Students with such interest were found to have many personality characteristics of successful entrepreneurs. Based on those previous studies, there is an interesting field to study about entrepreneurship for university students.

Many entrepreneurial skills have been developed. Most of previous researches studied entrepreneurial orientation at top management or organizational level and linked it to organizational performance. Those studies measured entrepreneurial orientation for those who have been a leader, a manager, or a supervisor (Lumpkin and Dess, 1996; Chow, 2006; Damonte et al., 2008; Fairoz et al., 2010; Bhuian et al., 2010; Saed & Rajmohan 2010; Davis et al., 2010; Su et al., 2011).

Meanwhile, the intention to produce young entrepreneurs was directed to graduates who have been equipped by entrepreneurial skills, and were expected to create job opportunities. When students’ orientation about entrepreneurship are known, then it would be easier to facilitate them during the learning process and to raise their intention to be entrepreneurs.

Entrepreneurship orientation measurement at individual level which is called Individual Entrepreneurship Orientation (IEO) was developed by Bolton and Lane (2012) using students as the samples. This measurement was developed from the previous orientation which consists of three factors namely
inovativeness, risk-taking, and pro-activeness. These factors were valid and reliable to measure individual entrepreneurship orientation level. This was also supported by the later study of Bolton (2012) which used non-students samples.

Various literatures on consumer behavior stated that human attitude and behavior were highly affected by demographic and family (Schifman and Kanuk, 2007; Hawkins and Mothersbaugh, 2013). This also happened in the context of entrepreneurship development among students (Kuratko, 2009). Previous studies also found that gender and family background have correlation with entrepreneurship orientation and intention to be an entrepreneur (Canizares and Garzia, 2010; Zeffane, 2013; Fatoki, 2014), however, the results varied.

Some researchers suggested that future researches in this field should be conducted in different geographic areas with different cultural background, because both of them were expected to contribute in the variation of results. This is logic since the studies were conducted in western countries, like USA. Therefore, the purpose of this study are: (1) to compare students’ IEO according to gender and family background; (2) to compare students’ entreprenurial intention according to gender and family background; and (3) to investigate relationship between students’ IEO and their entreprenurial intention.

The rest of this paper will discuss literature review and hypothesis development, research method, the results and discussion, and finally the conclusion and limitation as well as suggestions for future research.

2. Literature Review and Hypothesis Development

A range of studies about one’s behavior were explained by the attitude theory, particularly theory of planned behavior (Ajzen, 1991) which was extended from theory of reasoned action. Both of them have placed intention to perform a given behavior as the central focus and show that the intention would be a predictor to actual behavior.

Theory of planned behavior (TPB) is a useful framework to understand how attitude, subjective norms, and perceived behavioral control should be combined to determine intention and the behavior. An addition of latent variable of perceived behavioral control has driven this theory to be able to overcome the limitation of theory of reasoned action. Although with some limitation, theory of planned behavior has been proven useful as a framework that can be implemented (Bansal dan Taylor, 2002).

This theory is also considerably adopted to explain one’s intention and behavior to become an entrepreneur (Krueger and Carsrud, 1993; Garcia and Moreno, 2010). According to theory of planned behavior, entrepreneurial could be predicted from one’s attitude toward entrepreneurship, subjective norms, and perceived behavioral control to become an entrepreneur. TPB is also a valuable tool in understanding entrepreneurial intention of rural university students. The majority of students intend to start a business in the future and the entrepreneurial intention questionnaire was found to be a valid instrument to measure the entrepreneurial intention of students in South Africa context (Malebana, 2014).

2.1 Individual Entrepreneurial Orientation

The concept of entrepreneurial orientation is often employed to explain one’s tendency to have an entrepreneurial attitude and behavior. One definition of this concept is stated by Lumpkin dan Dess (1996). An Entrepreneurial Orientation (EO) refers to processes, practices, and decision-making activities that lead to new entry. It involves the intentions and actions of key players functioning in a dynamic generative process aimed at new-venture creation. The key dimensions that characterize an EO include propensity to act autonomously, willingness to innovative and take risks, and tendency to be aggressive toward competitors and proactive relative to marketplace opportunity (Lumpkin and Dess, 1996:136). Innovativeness reflects the tendency to engage in and support new idea generation, novelty, experimentation, and creative proceses, proactiveness refers the propensity to take the initiative to compete aggressively with others, and risk taking is the propensity to commit large amount of resources to uncertain and novel business (Lumpkin and Dess, 1996). When it is related to theory of planned behavior, entrepreneurial orientation could be stated as similar to attitude toward behavior, because it shows entrepreneurial intention that indicate one’s tendency to become an entrepreneur.

The concept of entrepreneurial orientation by Lumpkin and Dess (1996) is also similar to entrepreneurial potential of Krueger and Brazzeal (1994), that is a basic capacity and one’s willingness to become an entrepreneur. An entrepreneurial potential is measured by seven questions including business intention, perceived leadership capabilities, competitiveness, innovativeness, growth needs, self-belief in financial management skills, and disposition to risk taking.

Manager with stronger individual entrepreneurial orientation will have positive impact on organizational performance. Collectively, the three dimensions of Individual Entrepreneurial Orientation (i.e. innovativeness, proactiveness, ab nd risk taking) enable a leader to identify and exploit emerging opportunities in an environment and establish an entrepreneurial strategy leading to firm growth (Davis et al., 2010).
2.2. Entrepreneurial Intention
Since students are still in the phase of learning process, it is necessary to examine how strong their intention to become entrepreneurs. As explained by theory of planned behavior, intention is a strong willingness to become an entrepreneur. The intention could be predicted from the entrepreneurial attitude itself, subjective norms, and perceived behavioral control (Krueger and Carsrud, 1993). This theory has been applied in 12 countries (Engle et al., 2008) and is successful to explain entrepreneurial intention, although its contribution differs among the twelve countries.

2.3 Gender in relation with IEO and Entrepreneurial Intention
Consumers’ behavior literatures stated that different attitude and behavior could be driven by different demographic and psychological characteristics. In relation with entrepreneurship, Shane and Venkataraman (2000) stated that the willingness of entrepreneurs to exploit opportunities is a function of various individual differences. One of demographic characteristics was gender.

Studies that relate entrepreneurial intention with demographic variables, such as gender, showed that men view entrepreneurs was more desirable job compare to women’s (Veciana et al. 2005). Other studies showed that men have higher personal efficacy and higher preference to establish business than women (Zhao et al. 2005; Langowitz & Minniti 2007; Wilson et al. 2007; Henley 2007). Men seemed also significantly more likely to involve in starting business compared to women (Davidsson 2006; Minniti and Nardone, 2007). Canizars and Garcia (2010) also found that entrepreneurial initiative was lower among female students and that women were more likely to view the fear of failure as an obstacle to embark on a business venture. Conversely, Garcia and Moreno (2010) found that there is no significant different in entrepreneurial intention between female and male, which means that there is not sufficient evidence to state that male students is more likely to have higher entrepreneurial intention than female students.

Zeffane (2013) conducted a study about entrepreneurial potential for 503 students in Uni Emirat Arab. According to Zeffane (2013), there were no differences on the overall entrepreneurial potentials between males and females. In other words, the findings showed that youth entrepreneurship is not gender-bias and that both men and women reported similar potencies. Study of Fatoki (2014) also stated similar finding, that there is no difference in entrepreneurial intention in terms of gender and family background.

However, Garcia and Moreno (2010) argued that there was a possibility that the role of environment and culture affect the result, thus it is expected that future research to be conducted in different environment and cultural settings. It is possible that a certain culture expects men to have higher entrepreneurial capability and behavior than women.

Opportunities to become civil servants have been more limited, while the seekers are growing high. So it would be crucial to find job alternatives, like becoming an entrepreneur. Considering that all students, particularly of faculty of economics and business, have taken Entrepreneurship subject that is accompanied by other related subjects, it would be expected that students would possess high entrepreneurial orientation and strong intention to become entrepreneur. Therefore, the following hypothesis is formulated.

**Hypothesis 1:** There are differences between male and female students’ in terms of: (a) Individual Entrepreneurial Orientation; and (b) Entrepreneurial Intention.

2.4 Family Background in relation with IEO and Entrepreneurial Intention
In spite of individual differences, literatures about consumers’ behavior also discuss consumers’ learning (Schifman and Kanuk, 2007; Hawkins et al., 2013; Assael, 2004). Various theories of learning, like classical learning, instrumental learning, and modeling learning theories state that since childhood of age a consumer has experienced a learning process that will influence his/her future attitude and behavior. Other than through learning process, the ability to play role as a consumer is very much affected by socialization process that has been through during lifetime.

Indeed the learning process during one’s study in university level is expected to be able to encourage him/her to become entrepreneur. However, learning process does not only take place on campus, but also in the family setting. Strong entrepreneurial intention could be more easily achieved when supported by conducive family background.

The life-time learning process forms beliefs, values, and norms as a guidance of attitude and behavior. From the perspective of theory of planned behavior, the norms and values are materialized in a concept of subjective norms that could be a predictor of intention to behave. Family background, particularly parents occupation, would affect a child’s life. Parents’ values and norms would directly or indirectly determine attitude, and behavior of the children.

In the social cognititive theory, Bandura (1982) states that parents will be a role model of the children. In terms of entrepreneurial orientation, it is expected that parents as entrepreneurs would become learning model
that is different from parents as civil servants. Children living with entrepreneur parents tend to have more socialization experience regarding risk-taking, innovativeness, and proactiveness. However, a study by Fatoki (2014) in South African found that entrepreneurial intention of students whose parents as entrepreneurs is not different from those from non-entrepreneur family. Indeed, students from entrepreneur family achieve higher score of entrepreneurial intention, but the difference is not significant.

Learning process that takes place in the family tends to strongly bond and form attitude and intention to act. One living in a business environment has more learning experiences about entrepreneurship than other persons living in a non-business environment (especially civil servants). Based on this consideration, the following hypothesis is formulated.

**Hypothesis 2:** There are differences between students whose parents working as entrepreneur and civil servants in terms of: (a) Individual Entrepreneurial Orientation; and (b) Entrepreneurial Intention.

### 2.5 Relationship between Individual Entrepreneurial Orientation and Entrepreneurial Intention

Previous empirical studies generally relates entrepreneurial orientation at organizational level to organizational or business performance (Bhuian et al., 2010; Su et al., 2011). However, latest studies show that entrepreneurial orientation are discussed at individual level and related to individual behavior, such as entrepreneurial intention (Bolton, 2012; Bolton and Lane, 2012).

Despite determined by orientation, entrepreneurial intention is also affected by personal characters. Zhang dan Bruning (2011) found that individual characters, like need for achievement, need for cognition, and internal locus of control positively affect companies’ performance, which is mediated by strategic orientation. The same result is shown by Bhuian et al. (2010) that entrepreneurial orientation has positive relationship with organizational performance. When it is applied to individual level, according theory of planned behavior, organizational performance can be classified as a given behavior which is determined by intention to behave. Thus, it is expected that the higher individual entrepreneurial orientation, the stronger the entrepreneurial intention.

**Hypothesis 3:** There is a positive correlation between entrepreneurial orientation and entrepreneurial intention.

### 3. Methods

#### 3.1 Measurement

In this study, Individual Orientation Entrepreneurship (IEO) is defined as students propensity to risk taking, do innovative activities, and proactive to observe and anticipate the future. IEO scale is adopted from previous studies (Bolton, 2012; Bolton dan Lane, 2012). This scale consists of three factors namely risk taking (3 indicators), innovativeness (4 indicators), and proactiveness (3 indicators).

Entrepreneurial intention is students’ intention to show her/his behavior to be an entrepreneur in the future. This variable is measured by four modified indicators from studies in marketing and consumers’ behavior employing perspective of attitude theory, particularly theory of planned behavior, in which each indicator is measured using five point in Likert Scale.

#### 3.2 Sample design and data collection

Sample consists of 150 students of economics faculty who has taken Entrepreneurship subject. Students come from two university, one is state university (Udayana University) and one is a private university (Ngurah Rai University). Both universities are located in Denpasar city.

Sample is divided into two groups based on gender (male and female) and based on family background, particularly parents’ occupation (entrepreneurs and civil servants). Self administered questionnaires are used to collect data from students in classrooms. Then, t-test and Pearson correlation are used to analyze the data.

### 4. Result

Students’ profile based on gender and family background are shown in Table 1. In line with the research purpose, sample is distributed evenly in terms of gender and parents’ occupation.

<table>
<thead>
<tr>
<th>Parents occupation</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>Civil servants</td>
<td>40</td>
<td>35</td>
</tr>
</tbody>
</table>

#### 4.1 Hypothesis testing

Test of instrument reliability showed that *Cronbach Alpha* coefficient of IEO and entrepreneurial intention is
0.761 and 0.852 respectively. Table 2 depicts the result of IEO and entrepreneurial intention analysis based on gender. The mean score for IEO of male students is higher than those for female students (3.8747 vs 3.8653) but the difference is not statistically significant (t=0.124; p>0.05). Therefore, hypothesis 1a is supported.

For entrepreneurial intention, Table 2 shows that there is statistically difference between male and female (t=-2.212; p<0.05). The mean score for male students is 4.3067 while score for female students is 4.5133 so the entrepreneurial intention for female students is higher than those for male students. This finding means that hypothesis 1b is not supported.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Gender</th>
<th>Means</th>
<th>Std. Dev.</th>
<th>t-test</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IEO</td>
<td>Male</td>
<td>3.8747</td>
<td>0.5536</td>
<td>0.124</td>
<td>0.902</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.8653</td>
<td>0.3454</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intention</td>
<td>Male</td>
<td>4.3067</td>
<td>0.6773</td>
<td>-2.212</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>4.5133</td>
<td>0.4425</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From family background, particularly based on parents’ occupation, the findings are showed in Table 3. In general, students whose parents are entrepreneurs (or running business) show higher mean score than those whose parents are not running business (civil servant). IEO of students from business background is statistically different from those students from non business background (3.9947 vs 3.7453; t=3.438; p<0.05). There is similar finding for entrepreneurial intention. A statistically difference exists between students from business background and those from non business background (4.5567 vs 4.2633; t=3.194; p<0.05). Both findings support hypothesis 2a and 2b.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Parents Occupation</th>
<th>Means</th>
<th>Std. Dev.</th>
<th>t-test</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IEO</td>
<td>Entrepreneur</td>
<td>3.9947</td>
<td>0.3639</td>
<td>3.438</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Civil servant</td>
<td>3.7453</td>
<td>0.5118</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>Entrepreneur</td>
<td>4.5567</td>
<td>0.4513</td>
<td>3.194</td>
<td>0.002</td>
</tr>
<tr>
<td>Intention</td>
<td>Civil servant</td>
<td>4.2633</td>
<td>0.6549</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Finally, Table 4 depicts the relationship between IEO and entrepreneurial intention. The findings show that the relationship is statistically significant (r =0.525; p<0.000), so the hypothesis is supported.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Means</th>
<th>Std. Deviation</th>
<th>Pearson Correlation</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IEO</td>
<td>3.8700</td>
<td>0.45990</td>
<td>0.525</td>
<td>0.000</td>
</tr>
<tr>
<td>Entrepreneurial Intention</td>
<td>4.4100</td>
<td>0.57949</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Discussion
There is no significance difference of IEO between female and male students, but both of them have high mean scores in IEO. This finding is consistent with previous empirical studies (Zeffane, 2013; Fatoki, 2014). It means that both groups of students have relatively strong propensity in innovativeness, risk taking, and proactiveness. Currently, economic growth in most countries is dependent on private investment so governments have to encourage young people, particularly graduate students to be prepared for entrepreneurs. Therefore, universities and other high education institutions have a big responsibility to prepare their students to achieve this goal. In learning process, students have many subjects that could encourage them to raise spirit, competitiveness, motivation, and risk taking. All of these characteristics are similar with three dimensions of IEO that needed by students to become entrepreneurs. The similar mean score and the fact that there is no significance difference in IEO between male and female indicate that the learning process about entrepreneurship are able to generate the three dimensions of students’ IEO.

There is an interesting result for entrepreneurial intention based on gender. Both students show high mean score, but female students have higher level of entrepreneurial intention than those of male students and the difference is significant. This finding can be related with statement by Shane and Venkataraman (2000), that the willingness of entrepreneurs to exploit opportunities is a function of various individual differences. Many previous studies indicate that in general, male shows higher score in anything associated with entrepreneurship than female (Langowitz and Minniti 2007; Wilson et al. 2007; Henley 2007; Canizars and Garcia, 2010). Other studies show no significance difference between the two group of students (Garcia dan Moreno, 2010; Fatoki, 2014), although in current study, the findings is a contrary one.

This finding need to be explored deeply because in most eastern countries like Indonesia particularly in Bali Province, male is more welcomed to run a business than female. However, the phenomena of home business
has attracted female’s interest to start running business. Online business or other home businessess (like beauty salon or tailor) are kinds of interesting business for female, because it can be run from home, thus women are still able to manage family matters well.

This perception may lead female students to perceive entrepreneurship as careers that could be more compatible with themselves. Also, female students perceive they would have more support from people close to them than their male counterparts, and if the family encourages the creation of the firm, this can be reflected in multiple types of support (Cuervo, 2005).

From family background, the results supported hypothesis 2a and 2b. These findings did not support Fatoki (2014) but are consistent with learning theory. All people learn about somethings from their environment, particularly from their family. Parent’s vision, attitude, and behavior direct or indirectly influence vision, attitude, and behavior of their children. Successful parents in running business can be role models for their children to be entrepreneur in the future. Students whose entrepreneur parents could directly learn about business by observing parents’ activities and use parents business as laboratory to form and sharpen their entrepreneurial skills.

The relationship between IEO and entrepreneurial intention is also supported. It means that the higher IEO, the higher entrepreneurial intention for students is. Students which high level of innovativeness, risk taking, and proactiveness show high propensity to become entrepreneur.

This finding is consistent with previous studies (Krueger & Carsrud, 1993; Chow, 2006; Wilson et al., 2007; Bhuian et al., 2010; Su et al., 2011). The perception of entrepreneurship as a self-consistent career was the most significant predictor of intention to become an entrepreneur for both genders (Pillis & Reardon, 2007).

Suggested future works include developing a software package to facilitate the WOZIP data input and conversion processes, exploring the use of WOZIP in the other forms of labour-intensive manufacturing (e.g. flow-line production and work-cell assembly), and attaching a costing framework to determine the specific cost of each resource or to help minimise the aggregate cost of production.

6. Conclusion and Implications

The purpose of this study is to compare students’ IEO and entrepreneurial intention according to gender and parents’ occupation background. The results show that in terms of gender, there is no significant difference of students IEO, but in terms of entrepreneurial intention, female students show higher score than their male counterpart. Meanwhile, from the perspective of parents’ occupation, students from entrepreneur family achieve higher score than non entrepreneur (civil servants) background.

The implication then would be that higher education institution as one of responsible party in entrepreneurship development for young people should provide the same opportunities for students from various background to develop their entrepreneurial potencies. Although the results show that there is a significant difference in terms of entrepreneurial intention according to gender as well as parents’ occupation, mean scores of both samples are relatively high. This means that students have strong intention to be entrepreneurs, regardless of gender and parents’ occupation. This of course provides a positive sign to the expectation of more young people would become entrepreneurs rather than civil servants.

Research Limitations and Future Study

This study only targets students of faculty of economics and business as the samples. In fact, the subject of entrepreneurship has been widely offered to other disciplines. Therefore to obtain consistent results, it is suggested for future research to extend samples from other faculties.

Sample of this study does not separate students who have run business from those who have not when Entrepreneurship subject is taken. A such separation would make it possible to trace the empirical effect of the subject learning process.

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