

The Effect of Personal Qualities, Family Environment, Attitudes, Subjective Norms and Self-Efficacy on Entrepreneurial Intentions

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ABSTRACT

The purpose of this study was to determine the effect of personal qualities, family environment, attitudes, subjective norms and self-efficacy on entrepreneurial intentions in students of the Faculty of Economics in West Jakarta. The sample used in this study were 150 respondents who were students of the Faculty of Economics in several private universities in West Jakarta, selected using purposive sampling technique. The analysis in this study uses the Smart Partial Least Square (PLS) software version 3. The results show that personal qualities, attitudes, subjective norms and self-efficacy affect entrepreneurial intentions, while family environment has no effect on entrepreneurial intentions.

Keywords: *Personal Qualities, Family Environment, Attitude, Subjective Norm, Self Efficacy, Entrepreneurial Intention.*

1. INTRODUCTION

1.1. Background

Unemployment is a rampant problem in developing countries, including Indonesia. Every governmental period change in Indonesia will always result in these problems. High population growth can worsen the economic situation in a country and leads to job applicants having to resort to non viable or inappropriate job, even unemployment. A healthy economy will depend on the growth of entrepreneurs in Indonesia [1]. According to the Central Statistics Agency (2020) the open unemployment rate reached 7.07% of the 138.22 million workforces, which means there were 9.77 million openly unemployed people. The increase in the workforce and the unemployed encourage the younger generation to become entrepreneurs. The increasing population needs more jobs, this is the basis for learning and having the intention to become entrepreneur so that after graduation one can become an entrepreneur who provides job opportunities and can also help to reduce the unemployment rate in Indonesia [2]. Besides being able to help overcome the problem of unemployment, entrepreneurship contributes to the socio-economic development of developed and developing countries [3]. To grow and encourage entrepreneurial intentions in society, one must know and understand the factors that will lead one to become an entrepreneur, despite scholars of this decade having limited thoughts about entrepreneurship [4].

Entrepreneurial intention refers to a person's intention to become self-employed by building their own business or by buying an established business [5].

2. LITERATURE REVIEW AND HYPOTESIS

2.1. Personal Qualities

According to [6] personal quality is defined as a skill possessed by a person in managing themselves in order to be able to achieve personal qualities that are beneficial to themselves, others and also their environment, including family, work environment, and society. Personal Quality is the extent to which a person can express a positive personal attribute, practice human relations well, and demonstrate superior work performance which is the foundation of organizational quality [7].

2.2. Family Environment

According to [8] the notion of the environment is a collection of all conditions and influences from outside on the life and development of an organization. Family is mother and father with their children; household members who are dependents [9]. The family also lays the foundation for the preparation of children so that in the future they can become effective workers [10].

2.3. Attitude

Attitude is an evaluation of positive or negative beliefs and feelings of a person when they have to perform certain behaviors [11]. In attitude towards behavior, individuals evaluate or judge something that is seen as positive or negative, as well as favorable or unfavorable. Attitude towards behavior is an overall assessment or evaluation of a person in performing a behavior [12].

2.4. Subjective Norm

Subjective Norm is a person's view or feeling about the beliefs of people in their life that will affect the intention to do or not to do certain behaviors that are considered, or a person's perception of social pressure to do or not do certain behaviors [12]. Subjective norms are individual beliefs to comply with the directions or suggestions of those around them to participate in entrepreneurial activities [13].

2.5. Self Efficacy

[14] define self-efficacy as a person's belief in their abilities to complete a job. Therefore, a person's motivational state will be based more on what they will believe than on what is objectively true. Self-efficacy is the feeling of how difficult or easy to realize a certain behavior [12]. Self-efficacy is a person's belief in their ability to deal with and solve problems, as well as belief in being able to organize and complete a job in order to achieve a certain level of performance [15].

2.6. Entrepreneurial Intention

Entrepreneurial intention is the ability to have the courage to meet the needs of life and also to solve life's problems, improve or create a new business through the strengths that exist within oneself [16]. Entrepreneurial intention is the process of searching for information to achieve a business goal [17]. Entrepreneurial intention is an individual's desire and plan to be involved in the creation of a new economic activity [18].

2.7. The Relationship between Personal Quality and Entrepreneurial Intention

According to [19], personal qualities have a positive effect on entrepreneurial intentions. A person with strong personality qualities and self-confidence has a vision of future success as an independent person. Therefore, they think creatively and show innovative behavior so that the intention to entrepreneurship emerges. In addition, they will take risks to gain large profits in the future, increasing their level of locus of control and need for achievement. These people do not work under supervision but start their own business. According to [20] personal quality has a significant influence on

entrepreneurial intentions. With good personal qualities a person can benefit themselves and also many people. Based on this description, the research hypothesis (H1) is:

H1: Personal qualities have a significant effect on entrepreneurial intentions.

2.8. The Relationship between Family Environment and Entrepreneurial Intentions

[21] shows that the environment can have a positive and significant effect on entrepreneurial intentions. These results were also found by [22] that the environment will have a positive and significant effect on entrepreneurial intentions. In an entrepreneur family environment, entrepreneurial intentions will grow. The student environment can also contribute through taking entrepreneurship courses, entrepreneurship internships and more [23].

Based on this description, the research hypothesis (H2) is:

H2: Family environment has a significant effect on entrepreneurial intentions.

2.9. The Relationship between Attitude and Entrepreneurial Intentions

Attitudes have a very positive and significant effect on entrepreneurial intentions [24]. In the study [25] proved that entrepreneurial intentions can be influenced by one's attitude. People who have a positive attitude will be able to grow entrepreneurial intentions and also measures a person's readiness to do entrepreneurship [26]. When someone is faced with a business opportunity, attitude becomes influential in deciding to take this opportunity and start a business or entrepreneurship [27].

Based on this description, the research hypothesis (H3) is:

H3: Attitude has a significant effect on entrepreneurial intentions.

2.10. The Relationship between Subjective Norms and Entrepreneurial Intentions

[28] explains that subjective norms have a significant effect on entrepreneurial intentions. This result is supported by [29] that subjective norms have a positive effect on entrepreneurial intentions. In subjective norms, someone who gets support from friends and family will have a high entrepreneurial intention, compared to someone who does not get support from family, friends, and people around them [30].

Based on this description, the research hypothesis (H4) is:

H4: Subjective norms have a significant effect on entrepreneurial intentions.

2.11. The Relationship between Self-Efficacy and Entrepreneurial Intentions

[31] explains that self-efficacy has a positive and significant effect on entrepreneurial intentions. These results were also found by [32] who stated that self-efficacy has been shown to have a positive effect on student intentions. Self-efficacy influences people to make choices. Factors that influence a behavior begin from the belief that they have confidence to be able to achieve the expected target. Someone who excels at realizing a person's behavior will have a great intention in carrying out a business activity [33].

Based on this description, the research hypothesis (H5) is:

H5: Self-efficacy has a significant effect on entrepreneurial intentions

3. RESEARCH METHODOLOGY

The research design used in this study is quantitative descriptive method. The population of this study were students of the Faculty of Economics and Business from

Universitas Tarumanagara, Faculty of Economics of Universitas Bina Nusantara, Universitas Kristen Krida Wacana, Universitas Podomoro, Universitas Trisakti, Universitas Esa Unggul, and Universitas Mercu Buana. In this research, non-probability sampling technique and purposive sampling method were used. 150 respondents were involved as the sample.

4. RESULT AND DISCUSSION

Convergence validity is usually used to measure a correlation or also the size of a correlation between constructs and latent variables. A convergence validity can be expressed using the results of the outer loadings and Average Variance Extracted (AVE) values. In an outer loading, a good indicator is when the value of the outer loading factor is more than 0.7. In the scale development stage with a value of 0.5 to 0.6 can still be included in the loading factor. Then, in Average Variance Extracted (AVE), where an indicator is stated as $AVE \geq 0,5$ [34].

4.1. Convergent Validity Test

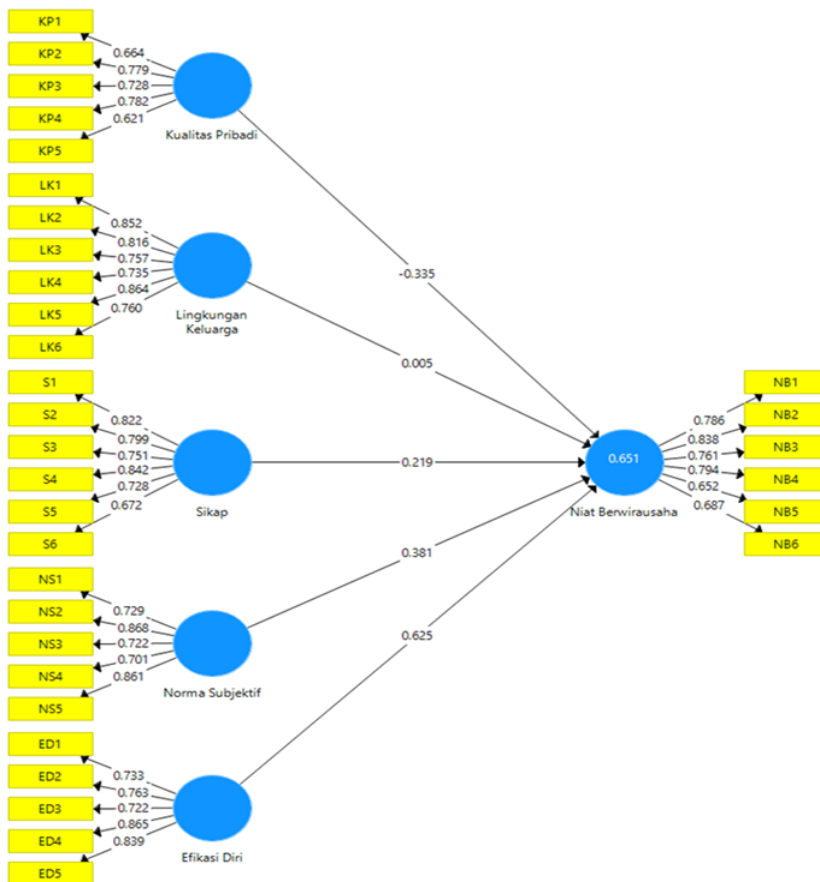


Figure 1. Result of Convergent Validity Test

4.2. Reliability Test

The reliability test in this study was carried out by looking at the value of Cronbach's Alpha and Composite Reliability. For Cronbach's Alpha it must be greater than

0.6 and Composite Reliability must be greater than 0.7 for the indicator can be declared successful for measuring variables consistently [35].

4.2.1. The Results of Cronbach's Alpha and Composite Reliability Test

Table 1 The Result of Reliability test of 150 Respondents

Matrix	Cronbach's Alpa	Composite Reliability	Reliable/Unreliable
Personal Quality	0.770	0.840	Reliable
Family environment	0.888	0.913	Reliable
Attitude	0.864	0.898	Reliable
Subjective Norms	0.843	0.885	Reliable
Self Efficacy	0.845	0.890	Reliable
Entrepreneurial Intention	0.848	0.888	Reliable

Source: Data processing using *SmartPLS 3.0*

4.2.2. Coefficient of Determination Test (Adjusted R²)

Table 2 The Result of Coefficient of Determination Test (Adjusted R²)

Variable	R-Square Adjusted
Entrepreneurial Intention	0.639

Source: Data processing using *SmartPLS 3.0*

4.2.3. F-Square (f²) Test

Table 3 F-Square (F²) Test Result

Variable	F-Square
Personal Quality -> Entrepreneurial Intention	0.159
Family environment -> Entrepreneurial Intention	0.000
Attitude -> Entrepreneurial Intention	0.063
Subjective Norms -> Entrepreneurial Intention	0.164
Self Efficacy -> Entrepreneurial Intention	0.523

Source: Data processing using *SmartPLS 3.0*

The results of the F-Square values are as follows: Personal Quality towards Entrepreneurial Intentions has a moderate relationship because it has a value of 0.159, Family Environment to Entrepreneurial Intentions has no relationship because it has a value of 0.000, Attitudes towards Entrepreneurial Intentions has a weak relationship

because it has a value of 0.063, Subjective Norm to Entrepreneurial Intention has a moderate relationship because it has a value of 0.164, Self-Efficacy to Entrepreneurial Intention has a strong relationship because it has a value of 0.523.

4.2.4. Q-Square (Q^2) Test

Table 4 The Result of Q-Square (Q^2) Test

Variable	R-Square Adjusted
Entrepreneurial Intention	0.639

Source: Data processing using *SmartPLS 3.0*

4.2.5. Hypothesis Test (Path Coefficients)

Table 5 The Result of Hypothesis Test (Path Coefficients)

Variable	T-Statistics	P-Values
Personal Quality -> Entrepreneurial Intention	4.238	0.000
Family environment -> Entrepreneurial Intention	0.055	0.956
Attitude -> Entrepreneurial Intention	2.973	0.003
Subjective Norms -> Entrepreneurial Intention	4.467	0.000
Self Efficacy -> Entrepreneurial Intention	7.776	0.000

Source: Data processing using *SmartPLS 3*.

Based on the results of the path coefficient test, it is shown that the T-Statistic value of personal quality is greater than 1.96 or P-Values is smaller than 0.05, so that hypothesis 1 is declared acceptable. The family environment shows a T-Statistic value that is less than 1.96 or a P-Values greater than 0.5, therefore family environment has no significant effect on entrepreneurial intentions in economics faculty students in West Jakarta. This means that H2 is rejected. Attitudes show a T-Statistic value greater than 1.96 or P-Values less than 0.05, meaning that attitude has significant influence towards entrepreneurial intentions in students of the Faculty of Economics in West Jakarta, and H3 is accepted. Subjective norm shows the T-Statistic value is greater than 1.96 or P-Values is smaller than 0.05, indicating that subjective norms have a significant influence on entrepreneurial intentions in students of the Faculty of Economics in West Jakarta, H4 is accepted. Self-efficacy shows a T-Statistic value greater than 1.96 or P-Values less than 0.05, meaning that self-efficacy has a significant effect on entrepreneurial intentions among students of the Faculty of Economics in West Jakarta, and H5 is accepted.

5. MANAGERIAL IMPLICATION

Based on the results of the path coefficient test, H1 is accepted. This proves that this research is in line with previous research conducted by [20], where Personal Quality has a significant effect on Entrepreneurial Intentions. Personal Quality is an important factor for Entrepreneurial Intentions, because someone with a strong and confident personality has a vision of future success as an independent person, thereby creating creative ways of thinking and showing innovative behavior so that the intention to entrepreneurship emerges [19]. Personal qualities can affect entrepreneurial intentions when someone has a cheerful,

confident, and responsible soul in running a business. Furthermore, H2 was declared rejected, thus these results prove that this study is in line with research from [36], where it is stated that the Family Environment has no significant effect on entrepreneurial intentions.

However, this result is not in line with research by [23] which states that the family environment has a significant positive effect on entrepreneurial intentions. The family environment in this study does not have a significant influence, where it is possible that parents may not have entrepreneurial backgrounds, so that the family environment has no influence, or limited experience regarding entrepreneurship.

In H3, the test results are accepted, where Attitude has a significant influence towards Entrepreneurial Intentions in Students of the Faculty of Economics in West Jakarta. This proves that the previous research conducted by [37] is in accordance with the results of this study which states that attitudes have a significant influence on students' entrepreneurial intentions. Attitude influence is important to entrepreneurial intentions, because when someone is faced with a business opportunity, attitude becomes an important influence in deciding to take an opportunity and to start a business [27]. Attitude is an internal factor in influencing the entrepreneurial spirit. Someone who has a positive attitude will foster entrepreneurial intentions.

H4 is accepted. Subjective Norms have a significant influence on Entrepreneurial Intentions. This proves that the previous research conducted by [37] is in accordance with the results of this study which states that Subjective Norms have a significant influence on students' entrepreneurial intentions. The influence of subjective norms is important on entrepreneurial intentions, because someone whom is supported by family and friends will have a high entrepreneurial intention, compared to someone who does not get support from family, friends, and people around them [30]. Regarding the influence of subjective norms on entrepreneurial intentions, for

someone with the trust and support of the people in his life, it will have an effect on entrepreneurship activities. Finally, H5 is accepted, that self-efficacy has a significant influence on Entrepreneurial Intentions in Economics Faculty Students in West Jakarta. This proves that this study is in line with previous research conducted by [37] which stated that self-efficacy has a significant influence on students' entrepreneurial intentions. The effect of self-efficacy is important on entrepreneurial intentions, because someone who has little difficulty in realizing a behavior will have a great intention in carrying out a business activity [38]. Someone who has trust and confidence in their abilities to achieve an entrepreneurial goal can therefore lead to entrepreneurial intentions.

6. CONCLUSION

Based on the test results, it can be concluded that personal qualities, attitudes, subjective norms and self-efficacy have a significant effect on entrepreneurial intentions, while family environment has no significant effect on entrepreneurial intentions. Variables with significant effect are in line with previous studies. Meanwhile, it is not the case for the family environment variable.

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