

The Effect of Entrepreneurship Education on Entrepreneurial Intention

Fadli¹, Yasmin Chairunisa¹ Muchtar and Inneke Qamariah¹

¹Faculty of Economics and Business, Universitas Sumatera Utara, 9 Dr. Mansur Street, Medan, Indonesia

Keywords: Entrepreneurship Education, Entrepreneurial Intention.

Abstract: Unemployment problem is one of the most common problems in developing countries. Indonesia with population of about 258.7 million possess unemployment rate of 5.61%. Meanwhile, neighboring country like Singapore owns a lower unemployment rate of 2.1%. One way to cope with a high number of unemployment is by creating entrepreneurship. With entrepreneurship, someone will be a job creator not a job seeker, which will reduce the dependency level on employment providers. A joint effort from various parties is needed to build a condition which allows the rapid growth of entrepreneurship. At the same time, university as one of main pillars in generating the successor of the nation is also responsible in increasing the number of entrepreneurships. There are a wide variety of entrepreneurial education compositions formulated by the university to attract the interest of the students, which encourage them to choose entrepreneurship as a career. This research aims to analyze the effect of entrepreneurship education on entrepreneurial intention. Result shows that entrepreneurship education have a positive and significant effect on entrepreneurial intention. In general, in order to increase the entrepreneurial intention, it should focus on the improvement of entrepreneurship education.

1 INTRODUCTION

Unemployment problem is one of the most common problems in developing countries. As well as Indonesia with population of about 258.7 million which possess unemployment rate of 5.61%. Meanwhile, neighboring country like Singapore owns a lower unemployment rate of 2.1%. A high level of unemployment is raising concerns as it can lead to more severe socio-economic problems.

One way to cope with a high number of unemployment is by creating entrepreneurship. With entrepreneurship, someone will be a job creator not a job seeker, which will reduce the dependency level on employment providers. Therefore, a joint effort from various parties is needed to build a condition which allows the rapid growth of entrepreneurship. One of the government's active roles in promoting the growth of entrepreneurship is through Nascent Entrepreneurship Program (Program Wirausaha Pemula) and National Entrepreneurship Movement (Gerakan Kewirausahaan Nasional) since 2013 by the Ministry of Cooperatives and SMEs (Departemen Koperasi dan UKM).

At the same time, university as one of main pillars in generating the successor of the nation is also responsible in increasing the number of entrepreneurships. There are a wide variety of entrepreneurial education compositions formulated by the university to attract the interest of the students, which encourage them to choose entrepreneurship as a career. Izedonmi and Okafor (2010) explored the education of Nigerian students, found a positive effect towards intentions. It was discovered that eventhough joining in the entrepreneurial education, it was not automatically lead to the intentions of entrepreneurial.

In this context, therefore it is vital to investigate the valuable contribution of higher education towards the entrepreneurial intentions of students. Hence, the objective of this paper is to investigate the effect of entrepreneurship education on students' entrepreneurial intentions.

The objective of this research is to analyze the effect of entrepreneurship education on entrepreneurial intention of University students in Universitas Sumatera Utara.

2 LITERATURE REVIEW

2.1 Entrepreneurship Education on Entrepreneurial Intention

Entrepreneurial intention is a cognitive illustration of an objective a person wants to achieve with a greater effort. It includes the development of a plan that someone seeks and utilizes to achieve their goals (Tubbs & Ekeberg, 1991). Entrepreneurial intention has been described as “a conscious state of mind that directs attention (and therefore experience and action) toward a specific object (goal) or pathway to achieve it (means)” (Bird, 1989, p. 8).

In this regard Katz (2003), and Lautenschläger and Haase (2011) disclosed that the popularity of entrepreneurship as part of business education is increasing at university and college level, and it is becoming popular as well around the globe. Last few decades, entrepreneurship has emerged as a widely taught subject to the university graduates.

Spiteri and Maringe (2014) classified four important elements that express the nature of entrepreneurial education in universities in Europe: pedagogy; assessment; content; and role model lecturer. In another study, satisfaction of university students in Indonesia was examined in terms of the content of learning and teaching, methodology of teaching and expected results with the implementation of entrepreneurship education (Abduh, Maritz, & Rushworth, 2012). Vukovic, Kedmenec and Korent (2015) posited four different ideas or stages of entrepreneurship education: entrepreneurial awareness education; education for newly business; entrepreneurial dynamism education; and continue education for entrepreneurs.

Entrepreneurship education is designed to instill the competency, skill, and value needed to recognize the business opportunity, as well as organize and establish a new business (Brown in Izedonmi and Okafor, 2010). The competence obtained by the students is not only limited to the competence to sell product or service as in the mindset of the people who consider entrepreneurs as traders. Based on a research performed by Oguntimehin and Olaniran (2017), entrepreneurship education is a significant contributor to entrepreneurial intention.

Hypothesis 1A: Entrepreneurship Education has a positive and significant effect on Entrepreneurial Intention.

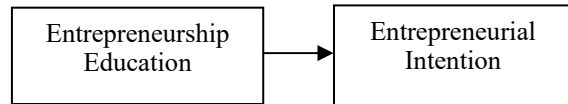


Figure 1: Research Framework.

3 METHOD AND RESULT

The type of research conducted is causal associative (causality). The population in this research is 4279 students from Faculty of Economics and Business, Faculty of Public Health, Faculty of Engineering batch 2015 and 2016 in University of Sumatera Utara that had already received entrepreneurship courses. As these faculties have an entrepreneurship curriculum and the students are willing to be entrepreneurs. Samples are selected by utilizing the simple random sampling. A simple random sample is a subset of a statistical population in which each member of the subset has an equal probability of being chosen.

The dimensions of Entrepreneurship Education are (1) Subject, (2) Education Facilities, (3) Practice, and (4) Lecturers Competence. And the indicators are business management, finance, human resources and innovation, laboratory, books and journals, business plan, observation and product innovation/process, teaching method, and experience.

The dimensions of Entrepreneurial Intention to capture behaviour intention towards starting business are (1) Preparation to develop product or services, (2) Preparation to develop teamwork, (3) Preparation to look for a building or equipment, (4) Business plan, and (5) Financial Investment.

The samples were taken with slovin method by the formula as followed:

$$\begin{aligned}
 N &= \frac{N}{1 + Ne^2} \\
 N &= \frac{4279}{1 + 4279(0,1)^2} \\
 N &= \frac{4279}{1 + 42,79} \\
 N &= \frac{4279}{43,79} = 97,71
 \end{aligned}$$

In this research the number of the samples are rounded up to 100 university students.

Here is the table of distribution of samples of faculties and batches:

Table 1: Sample Based on Proportion of Faculties and Batches.

Faculties	2015	2016	Total
Faculty of Public Health	12	7	19
Faculty of Economics and Business	24	25	49
Faculty of Engineering	15	17	32
Total	51	49	100

Source: Processed Data (2018)

This research used two types of data resources, which are: (1) Distribution of Questionnaires, and (2) Documentations Studies. Simple linear regression analysis is used as data analysis technique to discover the influence of the independent variables which is Entrepreneurship Education to the dependent variable that is Entrepreneurial Intentions in University Students. Also, this research is using descriptive statistical analysis method and depth interview as data analysis techniques.

Table 2: Operational Definition.

Variable	Operational Definition
Entrepreneurship Education	Entrepreneurship education is a program to increase the awareness and understanding of entrepreneurship as a process as well as to increase students' awareness of Entrepreneurship as a career possibility.
Entrepreneurial Intention	Entrepreneurial intention is a cognitive illustration of an objective a person wants to achieve with a greater effort.

Table 3: The Result of Simple Linear Regression Analysis.

No	Variables	Coefficients	t-Values	Significant
1	Constant	5.510	3.300	0.001
2	Entrepreneurship Education	0.217	7.989	0.000
3	$R^2 = 0.394$			
4	(F-Statistic = 63.825)			0.000

It is found the Simple Regression Analysis Model is:

$$Y = 5.510 + 0.217EE + e$$

Table 4.10 shows partially Entrepreneurship Education (Sig. = 0.000 < 0.05) is significantly affecting Entrepreneurial Intention.

The coefficient determination of this research is 0.394, which means that Entrepreneurship Education contributed 39.4% to explain Entrepreneurial Intention. While the remaining of 60.6% is explained by other variables.

Table 4: Summary of Hypothesis Tests.

Hypothesis No.	Statement	Decision
H_{1A}	Entrepreneurship Education has a positive and significant effect on Entrepreneurial Intention.	Supported

Entrepreneurship education have positive and significant impact on entrepreneurial intention among university students. It may explain the improvement of entrepreneurship education will generate the entrepreneurial intention. University students are inspired to be entrepreneur through the best quality of curriculum, lecturer and the availability of laboratory facilities in the faculty. As stated by Wennberg and Berglund (2008) most program of university have tried to increase the awareness of students to focus on develop new ventures. Yet, it remains big question what is specific educations program are most effective to increase entrepreneurial intention. However, Universitas Sumatera Utara has develop strong foundation to instill the entrepreneurial mindset among the students through various entrepreneurial program.

According to Liñán & Chen (2009), entrepreneurial intention has a very important role when deciding to start a business venturing, as evidenced by a significant number of scientific papers dealing with this issue. In order for a person to become an entrepreneur, he/she must first show a certain degree of entrepreneurial intent (Bird, 1988). The existence of entrepreneurial intention is a reliable predictor of entrepreneurial behavior and entrepreneurship (Koe, 2016).

Although we have focused in university education, the entrepreneurial education may not be only related to development process of becoming an entrepreneur or tied to the specifics stages of starting a business. It even has crucial contribution to economic development, spirit to start their own business and many more.

We also found that students engaged in practice base methods of teaching for entrepreneurship programs such as the entrepreneurship week, business consultancy program and student entrepreneurship center have higher intentions to start their own businesses in the future. However, there is no significant difference between students from business program and non-business program in terms of entrepreneurial intention. It is quite surprising since the degree of entrepreneurship education contents are higher for business program students than non-business program.

4 CONCLUSIONS

The conclusion of this research is entrepreneurship education have a positive and significant effect on entrepreneurial intention. In general, in order to increase the entrepreneurial intention, it should focus on the improvement of entrepreneurship education.

ACKNOWLEDGEMENTS

The authors would like to express the gratitude to Universitas Sumatera Utara for the financial support for this research. That support has given us a great opportunity to present this paper in the ICOSTEERR 2018. Moreover, we would like to gratefully acknowledge the contribution of research reviewers, Faculty of Economics and Business, and all the research team members for the completion of this paper.

REFERENCES

- Abduh, M., Maritz, A., & Rushworth, S. (2012). An evaluation of entrepreneurship education in Indonesia: a case study of Bengkulu University. *The International Journal of Organizational Innovation*, 4(4), 21-47.
- Bird, B. (1988). Implementing entrepreneurial ideas: The case for intentions. *Academy of Management Review*, 13, 442-453.
- Bird, B.J. (1989). *Entrepreneurial Behavior*, Scott Foresman and Co., Glenview, IL.
- Caird, S. (1990). What does it mean to be enterprising? *British Journal of Management*, 1(3), 117-145. <https://doi.org/10.1111/j.1467-8551.1990.tb00002.x>.
- Hamidi, D.Y., Wennberg, K. & Berglund, H. (2008). Creativity in entrepreneurship education. *Journal of Small Business and Enterprise Development*, 15(2), 304-320.
- IAC Integral Assets Consulting. (2006). *Youth Entrepreneurship: Theory. Practice and Field Development. A Background Paper Prepared for the W. K. Kellogg Foundation Youth and Education Unit.*
- Iglesias, S. P. P., Jambrino, M. C., Velsco, A. P., & Kokash, H. (2016). Impact of entrepreneurship programmes on university students. *Education + Training*, 58(2), 209-228. <https://doi.org/10.1108/ET-01-2015-0004>
- Izedonmi, P. F. and Okafor, C. 2010. The Effect Of Entrepreneurship Education On Students' Entrepreneurial Intentions. *Global Journal of Management and Business Research*, Vol. 10 Issue 6 (Ver 1.0).
- Katz, J.A. (2003), "The Chronology and Intellectual Trajectory of American Entrepreneurship Education 1876 – 1999", *Journal of Business Venturing*, Vol. 18 No. 2, pp. 283–300.
- Koc, W. L. (2016). The relationship between Individual Entrepreneurial Orientation (IEO) and entrepreneurial intention. *Journal of Global Entrepreneurship Research*, 6(1), 13.
- Lautenschläger, A. and Haase, H. (2011), "The Myth of Entrepreneurship Education: Seven Arguments against Teaching Business Creation at Universities", *Journal of Entrepreneurship Education*, Vol. 14, pp. 147–161.
- Liñán, F., & Chen, Y. W. (2009). Development and Cross-Cultural Application of a Specific Instrument to Measure Entrepreneurial Intention. *Entrepreneurship Theory and Practice*, 33(3), 593-617.
- Oguntimehin, Y. A., and Olaniran, O. O. 2017. The Relationship Between Entrepreneurship Education and Students' Entrepreneurial Intentions in Ogun State-owned Universities, Nigeria. *British Journal of Education*, 5(3), 9-20.
- Spiteri, S., & Maringe, F. (2014). EU entrepreneurial learning: perspectives of university students. *Journal of Enterprising Communities: People and Places in the Global Economy*, 8(1), 51-70. <https://doi.org/10.1108/JEC-07-2013-0023>
- Tubbs, M.E. and Ekeberg, S.E. 1991. The Role of Intentions in Work Motivation: Implications For Goal-Setting Theory and Research, *Academy of Management Review*, 16 (1), 180-199.
- Vukovic, K., Kedmenec, I., & Korent, D. (2015). The Impact of exposure to entrepreneurship education on student entrepreneurial intentions. *Croatian Journal of Education*, 17(4), 1009-1036.
- Wennberg, K. J., and Berglund, H. 2008. Creativity in Entrepreneurship Education. *Journal of Small Business and Enterprise Development*. www.bps.go.id.