

# INTERNAL FACTORS AFFECTING ENTREPRENEURIAL INTEREST OF IBM-RC STUDENTS UNIVERSITAS CIPUTRA SURABAYA

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**Abstract-** The number of people who do not have jobs is a in Indonesia, with the continued increase in the number of unemployed, it will weaken the country's economy because more and more people are without work and are unable to meet their daily needs therefore entrepreneurs are needed to create jobs to reduce unemployment. To become an entrepreneur, several factors are needed to foster interest in entrepreneurship, both internal and external factors. The purpose of this study was to determine and analyze the internal factors that influence the entrepreneurial intention of International Business Management-Regular Class students at Universitas Ciputra Surabaya. The method used in this study is a quantitative method by distributing online questionnaires. The sample in this study were 97 IBM-RC students Universitas Ciputra Surabaya. The results of this study indicate that personality, self-efficacy, entrepreneurial motivation and entrepreneurship attitude are internal factors that influence the entrepreneurial intention of IBM-RC students Universitas Ciputra Surabaya, while risk taking is not a factor that affects the entrepreneurial intention of IBM-RC students Universitas Ciputra Surabaya.

**Keywords:** Entrepreneurial motivation, Entrepreneurship attitude, Personality, Risk taking, Self-efficacy and Entrepreneurial intention.

## 1. Introduction

Universitas Ciputra Surabaya is one of the many institutions that support entrepreneurship learning. Of the various study programs available, the study program that gets the most entrepreneurship curriculum and runs a business during the four years of lectures in International Business Management (IBM). The phenomenon that occurred among IBM-RC students was a decrease in student entrepreneurial interest where initially students were enthusiastic about entrepreneurship there was a slight decrease in their enthusiasm for entrepreneurship. The number of student business breakups that continue to increase over time can indicate that there is a decrease in student entrepreneurial interest and tends to experience internal conflicts. Pre-survey findings can be concluded that there is a decrease in student interest in running their business and internal student factors are more influential in the formation of entrepreneurial interest when compared to the encouragement of external factors. Researchers took the 5 highest factors that influence the entrepreneurial interest of IBM-RC students, namely personality, self-efficacy, risk-taking, entrepreneurship motivation, and entrepreneurship attitude. In addition, the reason this study was conducted was that previous research found that personality negatively affects the entrepreneurial interest of

IBM-RC students of Universitas Ciputra Surabaya class of 2017, where personality encouragement should be able to foster one's entrepreneurial interest.

## **2. Literature Review**

### **2.1 Previous Research**

Chalik & Rahayu (2018) this study aims to find factors that influence the entrepreneurial interest of UISU accounting study program students. The results of this study are factors of entrepreneurship education, personality and family environment affect the interest in entrepreneurship.

Bilgiseven & Kasımoğlu (2019) this study aims to find factors that influence entrepreneurial interest. The results of this study are emotional intelligence, self-efficacy, risk taking propensity, and entrepreneurial attitude are factors in fostering entrepreneurial interest. The relationship of this research is the use of factors in the form of self-efficacy, risk taking and entrepreneurial attitude

Fragoso et al (2020) this study aims to assess whether factors of personality, training, entrepreneurial education, self-efficacy, entrepreneurial attitude, social recognition and country of origin affect entrepreneurial interest. The results of this study are personality, self-efficacy and entrepreneurial attitude have a strong effect in fostering entrepreneurial interest while social recognition and country of origin do not have a strong effect in fostering entrepreneurial interest.

Nurmaliza et al (2018) this study aims to analyze the factors that influence students' entrepreneurial interest in SMK. The results of this study are entrepreneurship education, family environment and personality have a positive and significant influence on the growth of entrepreneurial interest.

### **2.2 Theoretical Review**

#### **2.2.1 Luthje and Franke's Model**

The grand theory in this study is Luthje and Franke's model (LFM). The LFM model combines internal and external factors in fostering interest in entrepreneurship. In the LFM model, external factors are considered important "gap fillers" in the relationship between an individual's personality and intention in entrepreneurship (Luthje and Franke, 2003).

#### **2.2.2 Entrepreneurial Interest**

Saraih et al (2018) stated that creating entrepreneurial interest is a deliberate and conscious but time-consuming action, mature concepts, and high cognitive processes.

#### **2.2.3 Personality**

Personality can guide in thinking patterns, patterns of acting, and how to perceive a situation (Taşkın et al., 2018). Understanding personality traits will make it easier for someone to influence their entrepreneurial interest (Taşkın et al., 2018).

#### **2.2.4 Self-efficacy**

Individuals who can achieve the desired results can be concluded to have self-efficacy (Moraes et al., 2018). According to Hutasuht (2018) there are four sources of self-efficacy formation: (1) experience in achieving success, (2) experience of others, (3) praise and appreciation, and (4) psychological and affective state.

#### **2.2.5 Risk Taking**

Risk-taking is the courage of individuals in making a decision where the decision is likely to have an undesirable impact and the younger generation tends to be brave in taking risks compared to adults (Bourdage et al., 2020).

## 2.2.6 Entrepreneurial Motivation

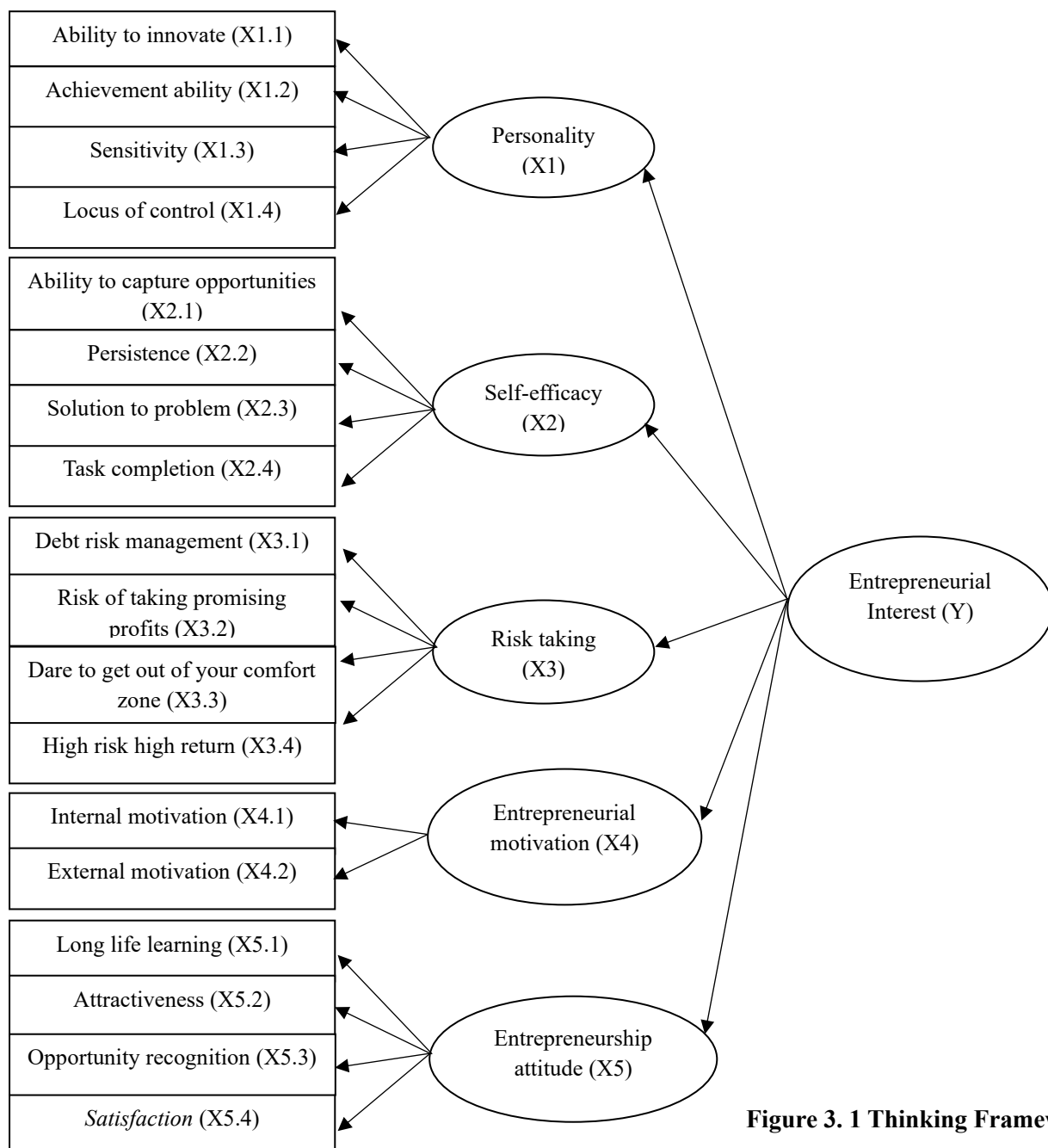
Entrepreneurship motivation is an individual's willingness to organize, control, and change ideas independently and quickly besides that people who have high motivation tend to become entrepreneurs and an individual's desire to start or stay in a business depends on his motivation (Shah et al., 2018).

## 2.2.7 Entrepreneurship Attitude

According to Sihombing et al., (2018), attitude is the tendency of individuals to behave well or unkindly towards a situation while entrepreneurship attitude is the tendency to act effectively against the risks that will be faced in running entrepreneurship.

## 3. Research Framework

### 3.1 Thinking Framework



**Figure 3. 1 Thinking Framework**

Source: Data processed by the author (2023)

### 3.2 Hypothesis

**H1:** Personality is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya

**H2:** Self-efficacy is a factor of entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya

**H3:** Risk-taking is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya

**H4:** Entrepreneurial motivation is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya

**H5:** Entrepreneurship attitude is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya

## 4. Research Methods

### 4.1 Research Approach

The type of research that will be used in this study is quantitative. The number of samples in this study was 97 respondents taken from IBM-RC students of Universitas Ciputra Surabaya who were male, had received entrepreneurship learning, were running a real business, and had never broken a business during college. The distribution of questionnaires will be done through *Google form* and measured by a Likert scale.

### 4.2 Operational Definition of Research Variables

**Table 4.1 Operational Definition of Research Variables**

Variable	Conceptual Definition	Indicators	Item Questionnaire Questions	Source
Personality (X1)	According to Taşkın et al (2018) personality can guide in thinking patterns, patterns of acting and how to perceive a situation.	According to Taşkın et al (2018) personality has 4 indicators, namely: 1. Abilities Innovate 2. Ability Excel 3. Sensitivity 4. Locus of Control	1. Other people often ask me to carry out activities that have creativity 2. I try to work optimally in my work 3. I often think about business opportunities 4. I can solve the problems I face	Taşkın et al (2018)
Self-efficacy (X2)	According to Moraes et al., (2018) self-efficacy is a person's drive to achieve what he wants.	According to Moraes et al (2018) self-efficacy has 4 indicators, namely: 1. Have the ability to see opportunities 2. Have persistence the high 3. Has problem solving the high 4. Ability to complete tasks v and on time	1. I feel I have the ability to see business opportunities 2. I feel I have high persistence 3. I often find solutions to the problems I face 4. I do tasks well and complete them on time	Moraes et al (2018)
Risk taking (X3)	According to Moraes et al (2018) risk taking is a person's ability to deal with various considerations, make lists and see what things can affect the final results and can decide the sustainability of the business being run.	According to Moraes et al (2018) risk taking has 4 indicators, namely: 1. Debt risk management 2. Risk of taking promising profits 3. Dare to get out of the comfort zone 4. High risk high return	1. I dare to apply for debt to enlarge the existing business 2. I dare to take risks if I see that I will receive a big profit or profit 3. I dare to make decisions outside my comfort zone 4. I believe getting involved in a high-risk situation will benefit my business	Moraes et al (2018)

Entrepreneurial motivation (X4)	According to Alberto et al (2019) entrepreneurial motivation is related to the drive that makes someone interested or has the intention to run entrepreneurship, besides that there are 2 motivational driving factors, namely internal and external motivation	According to Alberto et al (2019) entrepreneurial motivation has 2 indicators, namely: 1. Internal motivation 2. External motivation	1. I am motivated to be an entrepreneur because I love business activities 2. I am motivated to be an entrepreneur to have income	Alberto et al (2019)
Entrepreneurship attitude (X5)	According to Fragoso et al (2020) attitude is a reaction to the assessment of a phenomenon that is liked or disliked, an entrepreneurial intention can occur if someone behaves positively towards entrepreneurship.	According to Fragoso et al (2020) entrepreneurship attitude has 4 indicators, namely: 1. Long life learning 2. Attractiveness 3. Opportunity recognition 4. Satisfaction	1. I want to learn and seek experience before starting a business 2. I think being an entrepreneur is something interesting 3. If I have the opportunity and resources, I want to be an entrepreneur 4. I think being an entrepreneur can give me satisfaction	Fragoso et al (2020)

Source: Data processed by the author (2023)

### 4.3 Data Analysis and Hypothesis Testing Methods

The data analysis method used in this study is confirmatory factor analysis. Factor analysis in this study using the SMARTPLS 3.0 application.

## 5. Result and Discussion

### 5.1 Descriptive Characteristics of Respondents

Respondents aged 21 years became the most respondents in this study, namely 42 respondents with a percentage of 43.30%. Respondents from the class of 2018 were 54 respondents with a percentage of 55.68%.

### 5.2 Descriptive Research Variables

The average Personality variable (X1) is 4.284. The average variable Self-efficacy (X2) is 4.129. The average variable Risk Taking (X3) is 3.711. The average variable Entrepreneurial Motivation (X4) is 4.608. The average variable Entrepreneurship Attitude (X5) is 3.711.

### 5.2.1 Model Repair Test

Figure 5.1 Initial Analysis Model

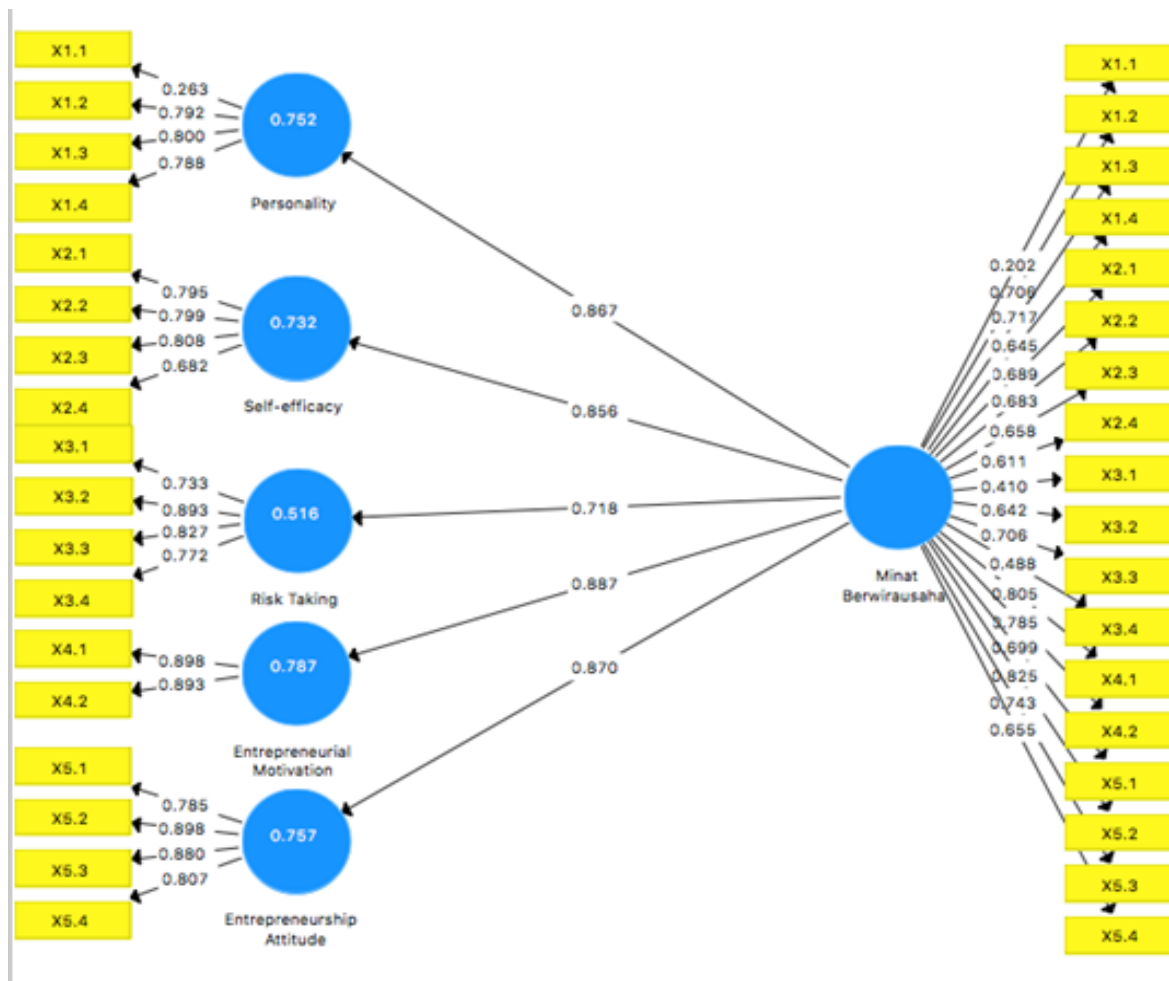


Figure 5.1 Initial Analysis Model

Source: Data processed by the author (2023)

According to Abdillah and Jogiyanto (2015) in Effendy (2018), the evaluation of the measurement model is seen if the loading factor value is below 0.70, then the indicator must be eliminated on the dimensional latent variable and if all loading factors are below 0.70 but the AVE of the dependent variable is still below 0.50, a reduction process must be carried out on the Y indicator by looking at the smallest value until the AVE value is above 0.05. In this study, the eliminated indicators were X1.1 (ability to innovate) and X2.4 (completing tasks well and on time) because the loading factor value was below 0.70.

## 5.2.2 Final Analysis Model

Figure 5.2 Final Analysis Model

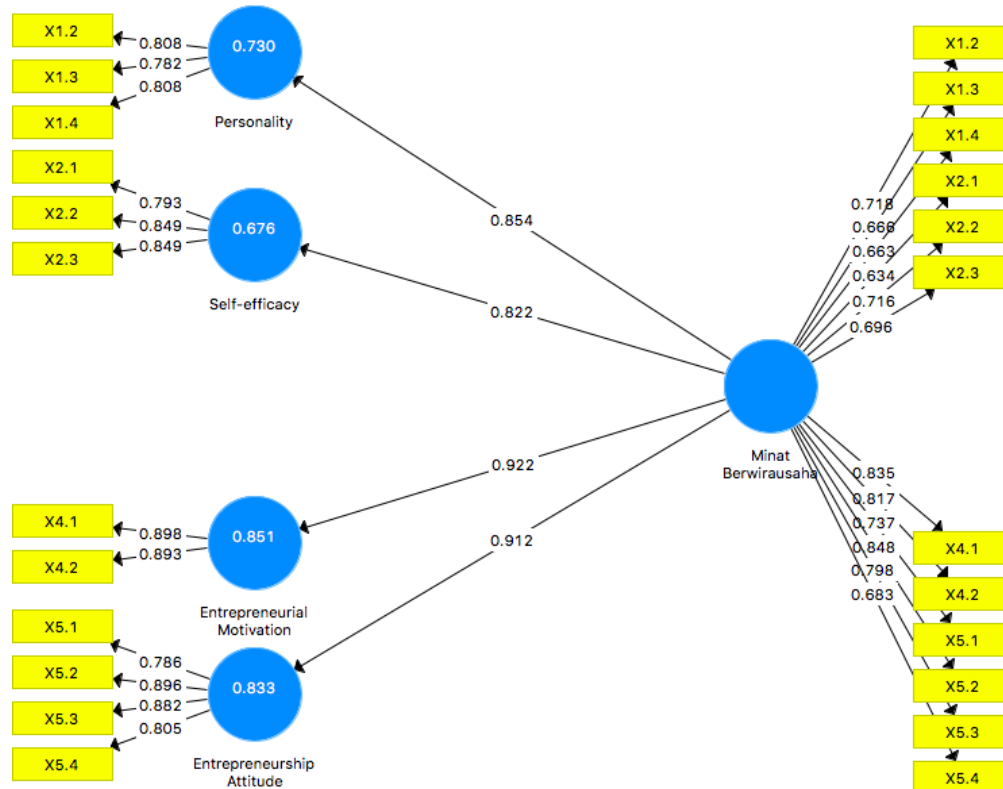


Figure 5.2 Final Analysis Model

Source: Data processed by the author (2023)

After eliminating these two indicators, the AVE. value of entrepreneurial interest is still below 0.50, so researchers must eliminate all indicators and risk-taking variables so that the AVE value of entrepreneurial interest can be above 0.50.

## 5.2.3 Validity Average Variance Extracted Test

Table 5.1 Validity Average Variance Extracted Result Test

Variable	Value	Description
Personality (X1)	0,802	Valid
Self-efficacy (X2)	0,712	Valid
Entrepreneurial Motivation (X3)	0,544	Valid
Entrepreneurship Attitude (X4)	0,639	Valid
Entrepreneurial Interest (Y)	0,690	Valid

Source: Data processed by the author (2023)

According to Abdillah and Jogiyanto (2015) in Effendy (2018), the minimum value for the average variance extracted validity test is above 0.50. From Table 5.1 it can be seen that all variables have values above 0.50, it can be concluded that all variables in this study are valid.

### 5.2.3 Reliability Cronbach Alpha Test

**Table 5.2 Reliability Cronbach Alpha Result Test**

Variable	Value	Description
Personality (X1)	0,718	Valid
Self-efficacy (X2)	0,775	Valid
Entrepreneurial Motivation (X3)	0,754	Valid
Entrepreneurship Attitude (X4)	0,864	Valid
Entrepreneurial Interest (Y)	0,922	Valid

Source: Data processed by the author (2023)

According to Abdillah and Jogiyanto (2015) in Effendy (2018), the recommended value for the composite reliability test is above 0.70. Based on Table 5.13 it can be seen that all variables have values above 0.70, so the variables in this study can be said to be reliable.

### 5.2.4 R Square (Coefficient of Determination)

**Table 5. 3 R Square**

Variable	R Square
Personality (X1)	0,730
Self-efficacy (X2)	0,676
Entrepreneurial Motivation (X4)	0,851
Entrepreneurship Attitude (X5)	0,833

Source: Data processed by the author (2023)

The variable of personality affects entrepreneurial interest by 85.1%. The variable entrepreneurship attitude affects entrepreneurial interest by 83.3%. Personality variables affect interest in entrepreneurship by 73%. The self-efficacy variable affects entrepreneurial interest by 67.6%.

## 5.3 Hypothesis Test

Hypothesis testing on *outer loading* is done by looking at the value of T-statistics after doing the *bootstrap* method. According to Abdillah and Jogiyanto (2015) in Effendy (2018), the hypothesis is accepted if the variable has a value above 1.96. Table 5.14 indicates the T-statistic value of each variable.

### 5.3.1 First Order Construct

**Table 5. First Order Construct Test Result**

Indicator	T-Statistics	Result
X1.2 <- Personality	11,083	accepted
X1.3 <- Personality	9,885	accepted
X1.4 <- Personality	11,292	accepted
X2.1 <- Self-efficacy	13,182	accepted
X2.2 <- Self-efficacy	23,043	accepted
X2.3 <- Self-efficacy	20,911	accepted
X4.1 <- Entrepreneurial Motivation	24,785	accepted
X4.2 <- Entrepreneurial Motivation	19,081	accepted
X5.1 <- Entrepreneurship Attitude	8,099	accepted
X5.2 <- Entrepreneurship Attitude	23,308	accepted
X5.3 <- Entrepreneurship Attitude	22,431	accepted



X5.4 <- Entrepreneurship Attitude	9,434	accepted
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Source: Data processed by the author (2023)

Based on Table 5.15 it can be seen that all indicators have values above 1.96 with respect to dimensional latent variables, therefore all indicators are accepted.

### 5.3.2 Second Order Construct

**Table 5. 16 Inner Model T-statistics values**

Variable	Value	Information
Personality (X1)	10,626	Hypothesis accepted
Self-efficacy (X2)	13,777	Hypothesis accepted
Entrepreneurial Motivation (X3)	29,478	Hypothesis accepted
Entrepreneurship Attitude (X4)	25,181	Hypothesis accepted

Source: Data processed by the author (2023)

The variables in this study have a T-Statistics value above 1.96, meaning that the research hypothesis in the variables of personality, self-efficacy, entrepreneurial motivation, and entrepreneurship attitude is accepted and affects entrepreneurial interest.

## 5.4 Discussion

### 5.4.1 Risk Taking

In entrepreneurship, someone must be brave in risk-taking because of the many uncertainties in running a business. In this study, the risk-taking variable is eliminated because it has a loading factor value below 0.70 and also has no remaining indicators. 4 indicators are used in variable risk-taking Students dare to apply for debt to enlarge existing businesses, students dare to take risks if they see large business profits, students dare to make decisions outside their comfort zone and students believe that high risk is a high return.

### 5.4.2 Personality

Based on the results of the t test, it can be concluded that the hypothesis of this study, namely personality, is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya accepted. In this study, personality has four indicators, namely the ability to innovate, the ability to achieve, sensitivity, and locus of control. The results of this study eliminated one of the personality indicators, namely the ability to innovate because it has a loading factor value below 0.07. This shows that IBM-RC students of Universitas Ciputra Surabaya still lack the ability in business creativity and tend to create a business with existing trends.

### 5.4.3 Self-efficacy

Based on the results of the t test, it can be concluded that the hypothesis of this study, namely self-efficacy, is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya accepted. In this study, self-efficacy has 4 indicators, namely having the ability to grasp opportunities, having high persistence, having high problem-solving, and the ability to complete tasks well and on time. The results of this study eliminated one of the indicators of self-efficacy, namely the ability to complete tasks well and on time because it has a loading factor value below 0.07. This shows that IBM-RC Universitas Ciputra students are still lacking in terms of discipline because they are not able to complete tasks properly and on time.

### **5.4.5 Entrepreneurial Motivation**

Based on the results of the t test, it can be concluded that the hypothesis of this study, namely entrepreneurial motivation, is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya accepted. In this study, entrepreneurial motivation has 2 indicators, namely internal motivation and external motivation.

### **5.4.6 Entrepreneurship Attitude**

Based on the results of the t-test test, it can be concluded that the hypothesis of this study, namely entrepreneurship attitude, is a factor of the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya accepted. In this study entrepreneurship attitude has 4 indicators, namely long-life learning, attractiveness, opportunity recognition, and satisfaction.

## **6. Conclusion and Suggestion**

### **6.1 Conclusion**

1. The first hypothesis is that personality is a factor of IBM-RC entrepreneurial interest at Universitas Ciputra Surabaya is accepted, which means that personality is an internal factor that influences the entrepreneurial interest of IBM-RC Universitas Ciputra Surabaya students.
2. The second hypothesis is that self-efficacy is a factor of IBM-RC entrepreneurial interest at Universitas Ciputra Surabaya is accepted, which means that self-efficacy is an internal factor that affects the entrepreneurial interest of IBM-RC students of Universitas Ciputra Surabaya.
3. The third hypothesis, namely that risk-taking is a factor of IBM-RC entrepreneurial interest at Universitas Ciputra Surabaya is rejected, which means that risk-taking is not an internal factor that affects the entrepreneurial interest of IBM-RC Universitas Ciputra Surabaya students.
4. The fourth hypothesis is that entrepreneurial motivation is a factor of IBM-RC entrepreneurial interest at Universitas Ciputra Surabaya, which means entrepreneurial motivation is an internal factor that influences the entrepreneurial interest of IBM-RC Universitas Ciputra Surabaya students.
5. The fifth hypothesis is that entrepreneurship attitude is a factor of IBM-RC entrepreneurial interest in Universitas Ciputra Surabaya is accepted, which means entrepreneurship attitude is an internal factor that affects the entrepreneurial interest of IBM-RC Universitas Ciputra Surabaya students.

### **6.2 Suggestion**

#### **For Universitas Ciputra Surabaya**

1. For students' personalities to influence entrepreneurial interest, Universitas Ciputra Surabaya can provide regular case studies to students, opening up great opportunities for students to actively participate in business competitions.
2. For students' self-efficacy to affect entrepreneurial interest, Universitas Ciputra Surabaya can provide firm deadlines for collecting assignments such as the implementation of cutting grades per minute if students are late in submitting assignments.
3. For entrepreneurial motivation to influence entrepreneurial interest, Universitas Ciputra Surabaya can provide interesting challenges such as if the business turnover of good students will be given awards not only money but will be covered by the media.
4. For entrepreneurship attitude to influence entrepreneurial interest, Universitas Ciputra Surabaya can provide additional elective course classes, for example students are interested in trading business, the university can provide classes on trading and classes in other business lines.

#### **For the Next Researcher**

1. In future research, research can use quantitative descriptive methods to produce more in-depth answers.
2. In future studies, researchers can consider using different populations so that they can compare internal factors that affect entrepreneurial interest.
3. future research, researchers can use other independent variables that influence entrepreneurial interest such as subjective norms, prior experience, freedom and self-control, and other variables.

4. In future studies, researchers can use other indicators that have not been used in this study in measuring the level of influence of entrepreneurial interest on independent variables of personality, self-efficacy, entrepreneurial motivation, and entrepreneurship attitude.

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