

UNDERSTANDING MOTIVATIONAL FACTORS AFFECTING ENTREPRENEURIAL DECISION : A COMPARISON BETWEEN BANDUNG STUDENT ENTREPRENEURS AND STUDENT NON ENTREPRENEURS (CASE STUDY FOR BANDUNG INSTITUTE OF TECHNOLOGY STUDENT)

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Abstract. Today's students are tomorrow's potential entrepreneurs. This paper is focused on identify motivational factors that affecting bandung students motivation in becoming an entrepreneur. The objective of the research was to analyse the different motivational factors affecting entrepreneurial and working decision in order to find the proper way to increase the number of student entrepreneur. Data was collected using a self administered questionnaire that was distributed through online survey. The population was student from all faculty in Bandung Institute of Technology. The finding of this study show that there is a gap between student entrepreneurs and non entrepreneurs, it is economic core, and both student show a high motivation in individual core. The results is there is a significant different motivation between student entrepreneurs and student non entrepreneurs. Non-financial and financial support should be improved to university student in Indonesia in order to increase the number of student entrepreneurs.

Keyword : Entrepreneurial Decision, Motivational Factors, Indonesian student.

Introduction

The number of university student in Indonesia is increasing steadily over the years. Also the number of unemployed graduated student was founded as the highest portion of increased over the year in the total open unemployment in Indonesia. (BPS, 2014). The solution for unemployment, in which most of the unemployment are well educated, is changing their mindset from job-seeker mindset into entrepreneur mindset. From an educational perspective, knowing the motivational factors that drive people to enter into entrepreneurial activity is worth doing as it can provide valuable information for every department that want to increase the number of student entrepreneur in Indonesia. In this respect, it is also worth to examine to what motivation that directly affects the students decisions to create their own business through the mediating role of self-efficacy beliefs. Knowing the motivational factors that drive people into entrepreneurial activity is important as it can provide valuable information for government or any institution to devise proper programme and methods to be used in boosting youth entrepreneur. In this direction, it hopefully result in a higher number of students following an entrepreneurial career when finishing their studies as they represent the potential entrepreneurs.

The objective of this study are to identify the motivational factor that most lead students to become entrepreneurs and to know the difference or similliar motives between student entrepreneur and student non entrepreneurs.

Hypothesis

Ho : There is a difference motives between student entrepreneurs and student non entrepreneurs

H1 : There is no difference motives between student entrepreneurs and student non entrepreneurs.

Literature Review

Motivation with enthusiasm and energy really move us forward in life. The term motivation refers to factors that activate, direct, and sustain goal-directed behavior. Motives are the reason of behavior - the needs or wants that drive behavior and explain what we do. We don't actually observe a motive; rather, we infer that one exists based on the behavior we observe. There is a significant relationship between Entrepreneur and Motivation. Motivational factors of entrepreneurs are generic. The results showed that there was a lack of motives concerned with sustainable development of enterprise in a long run (Stefanovic, Prokic, & Rankovic, 2010). We found that the entrepreneur who has higher level of motivation and welfare free has better Business Performance (Lijun, Chieh, Wanchun, Hongjuan, & Sengui, 2014).

Entrepreneurship is one of the career options for youths and graduates. Even when student have not been graduated yet, some of them already have started their own business. Nowadays, entrepreneurship are familiar among students in Indonesia. Many of the successful entrepreneurs of today started their businesses on the university campus. These entrepreneurs turned their passions into businesses while earning their degrees. Successful business ventures are coming out of universities constantly.

Based on the research about Analysis of Entrepreneurs Motivation to Start Business, there are differences motive in being entrepreneurs in every country. One of the study about African Student entrepreneurs indicate that the major reason why students start small business on campus is to solve some financial challenges. (Fatoki, 2014). The family hardship, parents' injury or death often compelled the entrepreneurs and the strong desire to be self-reliant and to be contributor towards family welfare triggered the entrepreneurs to start their business (Babu & Rathnakumari, 2013). Other reason for people to being an entrepreneur and start running a business is because of their social needs. For some people, having an access to power and influence over others is important. They need it from the job they plan to have. Also to attain high social status and to earn the respect of people. Other research show that some entrepreneurs choose to starting their business because they could be independent in extend their idea and creativity. The primary reasons for starting a business are to increase income, to obtain job security, and to secure independence. (Benjamin J W Mart, 2003). The urge to explore inner talents and the desire to do something creative plays an important part in influencing their decision. As found in the research of Entrepreneurial Intentions among University Students in Canada, work attitudes play an important role for students to start a business. According to the findings, attitudes are influenced by the need for competence, an intrinsically motivated factor. This seems to suggest that the more satisfied students become in their needs for learning and acquiring abilities and skills, the better their work attitudes and, in turn, the better their intentions to new venture creation. (Izquierdo, 2013)

Most research headline the individuality and selfhood. There are strong relation between individual desire and education to students' willingness to become an entrepreneur, As (Pangestu, Nicky, Fuston, & Kumar, 2014) said that, focus more on their entrepreneurial education by providing supportive environment and good mentoring from the lecturers could increase the students that having high willingness to become an entrepreneur. Other studies about Students motivation in being entrepreneurs in Kyrgyzstan and Georgia, state that they were motivated by the aspiration for larger financial gain and wealth. (Aziza, Friedman, Bopieva, & Kelesd, 2013). Their aspiration lead them to being independent in their personal life. Like the research of women entrepreneur

motivation in Malaysia, lead us to point out that being motivated to be independent in their personal and professional life is an important things to be done. (Kalyani & Kumar, 2011). Another reason for Students in being entrepreneur is they belief that entrepreneur is a lifestyle. According to the study of a cultural perception of student entrepreneurs, US student entrepreneurs are less reliance on government, more willing to put in time, and an enntrepreneurs should be inventors. They tend to make entrepreneur as their lifestyle. Also some student make entrepreneur as their dreams. The UiTM Melaka students, based on the research of Motivations toward Entrepreneurship among Final Year Student, stated that they wanted to start business someday as their intention can be related with high motivation in order to realize their dream to be entrepreneurs. (Mustapha, Mohamad, & Azer).

Research Framework - There are different motivation that lead students to become entrepreneurs, based on the economic growth in every country. This research aim to know the main motivation that lead Indonesian Students in being entrepreneurs. Then after knowing Indonesian student motivation among entrepreneurial decision, to know how to increase the number of student entrepreneur.

Research Framework that will be used on this research are based on the research of Malaysian Motivational Factors Affecting Entrepreneurial Decision. The research framework are cummulated from few entrepreneurship models, such as Model of Career Development, Emergence of Entrepreneurship, Model of Entrepreneurial Event Shapero, Heuristic Model of Entrepreneurial Foundation, Model of New Venture Initiation, The basic IntentionsBased Process Model of Entrepreneurial Behavior used to explain the intention on becoming an entrepreneur. (Raman, R.N., & Jayasingam, 2008).

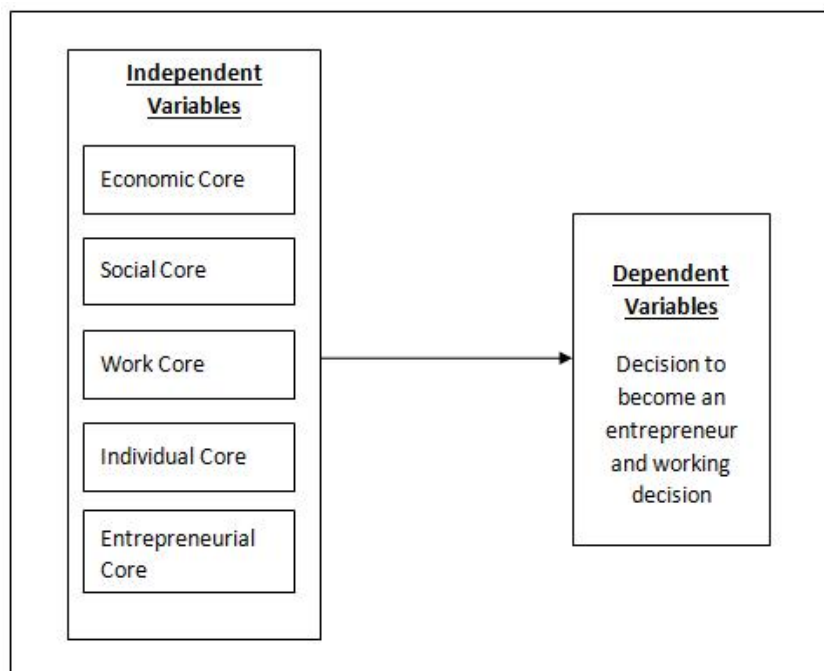


Figure 2.1. Research Framework

Methodology

The methodologies used in this study are given as follows:

Data Collection - The purpose behind this quantitative study is to explore and compare the five main factors (Work, Social, Entrepreneurial, Economic and Individual) that motivates and influence student to come out of their comfort zone and start their own business. Also to find out the difference motive between student entrepreneur and student non entrepreneur. The research employed a sample survey. The sample survey will carried out by distributing a questionnaire. Data was collected from over 200 student from Bandung Institute of Technology, which includes 100 student entrepreneur and student non entrepreneur from all faculty in campus. The subpopulation that claimed to be entrepreneurs were students that running in all sectors of business. On the other hand, the subpopulation of student who are non entrepreneurs were specifically focused on Bandung Institute of Technology student whose came from all faculty.

There we over 25 questions in each survey and interview having all factors mentioned. Due to the nature of study which is more of a fact finding, qualitative method has been applied by using software by using SPSS 19, Independent t-test on the basis of hypothesis. Respondents were surveyed using a two-part structured questionnaire. Part 1 measured demographic variables such as Gender, Family business background, Internship Experience, and Job Planning. Part 2 measured the motivational factors which were classified into as the economic core, social core, work core, individual core, and entrepreneurial Core.

Results and Discussion

Validity & Realibility Test - To ensure that the assessment measures what it is intended to measure, the validity test was well done. The assessment intends to measure motivation that most lead student in become an entrepreneur and motivation that most lead student non entrepreneurs in working decision. The results is the concepts are completely related, and the assesment is valid for both student entrepreneurs and student non entrepreneurs. After pass the validity test, to ensure the data will consistently measure what it is intended to measure over time, the realibility test also applied. Scale reliability of the instruments used in this research was tested using SPSS 19.0. All values in the inter-item correlation matrices were positive values, indicating that the items are measuring the same underlying characteristic and confirming the internal consistency of the scales. Cronbach alphas suggest a strong relationship amongst the items in each scale for each variable at both Time one and Time two. The results is all motivation for both student entreprepreneur and student non entrepreneur, for all Economic Core, Social Core, Work Core, Individual Core, and Entrepreneurial Core, had Cronbach's alpha reliabilities of above 0.7, which is considered to be good.

The results for student entrepreneur completely different with student non entrepreneur. For student non entrepreneur, economic core was the main reason for them to get a job, followed by individual core. The work core, entrepreneur core, and social core were relatively equal between student entrepreneur and student non entrepreneur.

Statistical Analysis - T-test for independent samples was used to answer the Hypothesis. Also to know the differences compared to the results from the point of view of student entrepreneur and student non entrepreneur. There were found significant differences between student entrepreneur and student non entrepreneur in several motivation described from table 4.2.5. Results pointed that between these motivation were great and significant differences between groups, and that the differences between the mean values of the characteristics of the groups were statically significant.

To test the model as a whole by using the Independent T-Test, five independent variables were included: Economic core, Social Core, Work Core, Individual Core, Entrepreneurial Core, the latter representing the dependent latent variable. Table 4.1 presents a summary of the fit indexes for the hypothesized model.

Table 4.1 Independent t-test

Equal Variances Assumes	Levene's Test for Equality of Variance		t-test for Equality of Means						
								99% Confidence	
	F	Sig	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Economic Core	7,091	0,024	2,305	10	0,044	0,4800	0,2082	1,1400	0,1800
Social Core	0,862	0,375	1,560	10	0,150	0,107	0,068	0,323	0,110
Work Core	0,174	0,685	0,371	10	0,718	0,0433	0,11678	0,413	0,3268
Individual Core	0	0,988	0,027	10	0,979	0,0067	0,2424	0,775	0,7617
Entrepreneurial Core	0,232	0,641	2,169	10	0,055	0,2716	0,1252	0,1252	0,6683

The results show that sig (2-tailed) of all variable are bigger than 0,01. So, the Ho could be accepted and means that there is a significant difference between two independent variables, Student Entrepreneur and Student non Entrepreneur. In relation to the motivational factors, results of T- test of independent samples show that between student entrepreneur and student non entrepreneur there were significant differences motivational factors between groups, so that the mean values of the characteristics of the groups were different. The p-value was greater than 0.01 and, therefore, the difference between the two means is statistically significantly different from zero at the 1% level of significance. In Economic Core, there was the highest difference motivational factor between student entrepreneur and student non entrepreneur.

Table 4.2 Mean and Standard Deviation table for results of motivation factor

Variable	Student Entrepreneur		Student non Entrepreneur	
	Mean	Std. Deviation	Mean	Std. Deviation
Economic Core	3,84	0,4723	4,3217	0,1926
Social Core	3,85	0,0730	3,9950	0,1507
Work Core	4,07	0,21172	4,1200	0,1923
Individual Core	4,2800	0,43437	4,2867	0,40500
Entrepreneurial Core	4,263	0,1939	3,9917	0,2376

Table 4.2 shows that both student entrepreneurs and non entrepreneurs differ significantly on all motivational factors. Economic core was founded as the most different motive between student entrepreneur and student non entrepreneur. While individual core founded as the motivation that have the lowest significant difference (mean difference is only 0,006).

As indicated, the hypothesized model proposed that the highest motive for student entrepreneurs in starting their business is Individual Core. Many personal reasons were mentioned as the motive for these students in starting their business. Most of the student entrepreneurs state that being independent is important. They need to be independent in everything they do. They tend to have an independence in their financial condition and life aspiration. Also they need an independence to fulfill the needed of self development. This is appropriate to the study of The intentions of Chinese undergraduate students towards entrepreneurship as a career choice. Chinese students are pulled towards an entrepreneurial career out of subjective (intrinsic) career success factors including the desire for self- fulfillment, to do what they want to do, to be independent and to turn their ideas and visions into reality. (Krause, 2008).

Many research for student entrepreneur motivation also found that student needs for independent is quiet high. Such as Factors Affecting Entrepreneurial Intention of the Students of Vietnam National University (Khuong & An, 2015), University student motivation of entrepreneur in rural South African University (Malebana, 2014), and Chinese student Entrepreneur Motivation in China (Krause, 2008). It shows the same results for student entrepreneur in Indonesia.

The finding of this study show that Economic Core was found as the highest motive for student non entrepreneurs among working decision. Many economic reasons, such as need money to fulfill daily needed, saving money for future business, the need of a stable financial condition, the obligation to assist family economic needs, and the need for money to be happy were mentioned as the reasons for student to decide theirselves to be a worker and not starting any business now. Their need of money motivates them to work after graduation.

The desire to earn money is the strongest motivation for student non entrepreneurs. Most student decide to work in order to survive and gain wealth. Additionally, when an individual needs to earn money to survive, he or she would not prioritized their own goal and life aspiration. The desire to find solutions to their financial problems is the primary motive.

Differ from the study of Student Entrepreneurs Motivations on University Campus in South Africa that indicated the major reason why students start small business on the campus is to solve some financial challenges (Fatoki, 2014), Indonesian student never made entrepreneurship as their option to solve some financial problems. That is why the distance for economic core was founded as the highest motive between student entrepreneur and student non entrepreneur. Most entrepreneur student already have a financial secure.

Conclusion and Recommendation

Student entrepreneurs in Indonesia were more centred on individual motives to start a business—the desire to be independent. Most important motivations factors for them in entrepreneurship are: to start business for the independent in making own decisions; increase income and maintain personal freedom which is similar to the Canada, USA, Latvia, and Mexico entrepreneurs view.

There are statistically significant differences motivation between Bandung Student entrepreneur and Bandung student non entrepreneur. For student non entrepreneur, Economic Core was found as the highest motivation that motivate them to be a worker. Many economic reasons, such as need money to fulfill daily needed, saving money for future business, the need of a stable financial condition, the obligation to assist family economic needs, and the need for money to be happy were mentioned as the reasons for student to decide theirselves to be a worker and not starting any business now. While student entrepreneur show a high motivation in individual motives.

The highest unemployment for 2014 are youth unemployment. Most of the youth unemployment are university graduate who seek for job after graduating from university. Most of them seek job to solve some financial problem and get a financial stability from their income. The fact is, for most university graduate unemployment, being entrepreneur has never been a choice for solving financial problem. Most of them prefer to establish a stable financial condition and gaining wealth first, then starting their own business.

This study has found several implications for government, universities and departments concerned with encouraging graduate entrepreneurship in order to decrease university graduate unemployed. The highest unemployment for 2014 are youth unemployment. Most of the youth unemployment are university graduate who seek for job after graduating from university. Most of them seek job to solve some financial problem and get a financial stability from their income. The fact is, for most of university graduate unemployment, being entrepreneur has never been a choice for solving financial problem. Most of them prefer to establish a stable financial condition and gaining wealth first, then starting their own business.

The gap between student entrepreneurs and non entrepreneurs are economic core (the mean difference is 0,4817), and both student show a high motivation and low difference in individual core (the mean difference is only 0,006). Non-financial and financial support should be improved to university student entrepreneurs in Indonesia in order to increase student entrepreneurs. Besides financial support, university, government, or any other department that want to increase the number of student entrepreneur, should aware about the student needs for independent. Such as their independence to extend their idea, life aspiration, financial independence. Also seek a way for student to see a chance for them to fix financial problem by being an entrepreneur is important.

University should concern about this issues because it has the closest relationship with students life. It is suggested that university should provide an entrepreneur programme for student. One of the option is for the university to build a department to facilitate student who own an idea for business. Using this department, university should give an easy loan and facilitator to guide and lead students. Introducing several successful local entrepreneurs also a good idea. These individuals will be helpful in soliciting support and advice from the rest of the business community. For this programme, government and other department such as bank could take a role and have a partnership.

This study was conducted only for students of Bandung Institute of Technology. To generalize the results, studies need to be conducted on a larger sample involving other universities. In addition to the students from Bandung area, further research can expanded including samples of students from other cities. Therefore, it can represent the characteristics of Indonesian students. The limitation is about the issue of subjectivity since the instruments were mainly developed by accumulating many students entrepreneurial motivation from different country based on the previous researches. Ambiguity could happend because people perceptions may differ from one person to another. In addition, self-reported measures can be a source of common method variance as well as the tendency to agree with items independent of content.

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