

## STUDENTS' ENTREPRENEURSHIP INTENTION AT TEUKU UMAR UNIVERSITY IN AGRO-INDUSTRY SECTOR

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### Abstrak

Tujuan dari penelitian ini adalah untuk mengetahui pengaruh berbagai faktor, seperti karakteristik individu (sosio-demografi), faktor kontekstual, norma subjektif, dan sikap terhadap niat berwirausaha mahasiswa khususnya di sektor agro-industri. Penelitian ini dilakukan pada 400 mahasiswa Universitas Teuku Umar dengan teknik pengambilan sampel kluster. Data sampel dianalisis secara statistik menggunakan Confirmatory Factor Analysis (CFA) dan Structural Equation Modeling-Partial Least Square (SEM-PLS) dengan metode second-order. Hasil penelitian menunjukkan bahwa dukungan lingkungan dan sikap berpengaruh signifikan terhadap niat berwirausaha. Namun, dukungan pendidikan dan norma subjektif tidak menunjukkan pengaruh yang signifikan terhadap niat berwirausaha. Banyak wirausahawan yang tidak memiliki jenjang pendidikan yang tinggi, sehingga setiap orang memiliki kesempatan untuk memulai usaha. Selain itu niat seseorang untuk memulai usaha berawal dari dirinya sendiri, jika tidak ada niat dari dirinya sendiri maka niat untuk memulai usaha akan sangat sulit terwujud.

**Kata kunci:** *Niat Berwirausaha, Agro-Industri, Dukungan Lingkungan, SEM-PLS (Structural Equation Modeling-Partial Least Square)*

### Abstract

*The purpose of this study was to determine the effect of various factors, such as individual characteristics (socio-demography), contextual factors, subjective norm and attitude toward students' entrepreneurship intention. This study was conducted on 400 students in Teuku Umar University with cluster sampling technique. The sample data were statistically analyzed using Confirmatory Factor Analysis (CFA) and structural Equation Modeling-Partial Least Square (SEM-PLS) with second-order method. The result shows that environment support and attitude was significantly effect on entrepreneurship intention, but education support subjective norm do not show significant effect toward entrepreneurship intention. Many entrepreneurs do not have a high level of education, so everyone has the opportunity to start a business. In addition, a person's intention to start a business starts from himself, if there is no intention from himself, the intention to start a business will be very difficult to realize.*

**Keywords:** *Entrepreneurial Intention, Agro-Industry, Environmental Support, SEM-PLS (Structural Equation Modeling-Partial Least Square)*

## INTRODUCTION

The Development of entrepreneurship and entrepreneurial culture is now regarded as the ultimate strategic policy in front of various

countries (Kazemi & Madandar, 2012). In addition, developing the capacity of entrepreneurial has particular importance to create innovations stabilized comparative advantage in economics of

the world, the general translation of the word “entrepreneurship” has drawn particular attention to aspects of job and business creation (Drennan, Kennedy, & Renfrow, 2004). The high unemployment rate in most of the world’s economies and it has been argued that the contextual factors associated with educational support, informal and structural networks have greatly contributed to entrepreneurship intention. The idea of having a personal business has become a serious debate globally between the government and young graduates (Akinbola, Ogunnaike, & Amaihian, 2013).

Indonesia is one of the countries currently facing the problem of limited employment opportunities for university graduates with increasing number of intellectual unemployment. Based on data from BPS (the state statistical institutions in Indonesia) in February 2024, the unemployment rate in Indonesia reaches 7.02 million people (4.82% of the total population), 6.22% of that amount (about 436 thousand) is a scholar. As one of the provinces in Indonesia that produces quite a lot of educated students, Aceh has a high level of unemployment. Based on data from BPS in August 2024, the unemployment rate in Aceh was 5.75% out of 5.093 million populations in Aceh.

As one of the universities in Aceh that focuses on core values in the agro and marine sectors, Teuku Umar University currently has an active student population of 8,542 active students, consisting of 6 Faculties and 24 study programs. In 2024, Teuku Umar University (UTU)

graduated 497 students in the 17th commencement ceremony and 611 students in the 18th commencement ceremony, bringing the total number of graduates to 1,108. This number represents a large number as prospective educated workers who would be unemployed if not absorbed in the workforce.

Furthermore, dealing with competition of the business world either now or in the future that relies more on knowledge and intellectual capital, in order to be competitive, the development of young entrepreneurs needs to be directed to a group of educated young people (Suharti & Sirine, 2011). To encourage the students’ enthusiasm for entrepreneurship, universities need to apply concrete entrepreneurial learning patterns based on empirical inputs to equip students with meaningful knowledge (Wu & Wu, 2008).

Hisrich & Peters (2002) stated that very few students will start a business soon after graduation and they do not consider entrepreneurship as a career. This problem can cause serious problems for the society, which remembering that starting a new business is very important for the economy. Therefore, it is necessary to fill the gap by investigating the entrepreneurship intentions of university students, especially in light of contextual factors such as access to entrepreneurial education and informal networks of family and friends who can help start a business (Akinbola et al., 2013). The encouragement of the social environment such as the motivation of close friends, family and the

people who are important can also affect students entrepreneurship intention (Baughn et al., 2006).

In addition to this, the influence of individual attitudes toward entrepreneurship intentions also affects students to become entrepreneur. The influence of attitudes (individual) on entrepreneurship intentions has been researched by many researchers by using the elements of the attitude contained in Theory of Planned Behavior (TPB) from Ajzen (1991). Therefore, the purpose of this study is to determine the effect of various factors, such as individual characteristics (socio-demography), contextual factors, subjective norm and attitude toward student entrepreneurship intentions especially in agro-industry sectors. This study also expected to help universities and faculty develop appropriate educational programs in promoting entrepreneurship.

## METHOD

### Research Design

This study are included in the type of descriptive-quantitative research using survey method. The samples was taken on students who will finish their study at Teuku Umar University that are eligible. The population is 8.542 students (<https://utu.ac.id/>). Then, using the Slovin formula with a margin of error of 5%, the number of samples obtained is 400 students with the technique used is cluster sampling. In obtaining the questionnaire data, the questionnaire was

prepared using a The data analysis techniques used in this study is quantitative analysis using SEM-PLS with SmartPLS 4 & SPSS 22 for descriptive analysis.

$$n = \frac{N}{N+1(e^2)} \dots\dots\dots (1)$$

$$n = \frac{8.542}{8.542 + 1(0.05^2)} = \frac{8.542}{22.355} = 382.10 \text{ (400)}$$

Table 1. Sources of Adapted Constructs

Constructs	Dimen sions	Item s	Sources
Education Support (ES)		6	(Akinbol a et al., 2013)
Environmental Support (EnS)		4	(Gurbuz & Aykol, 2008; Verheul et al., 2006)
Subjective Norm (SN)		4	(Ariff et al., 2010; Autio et al., 2001)
Attitude (AT)	Autonomy / Authority (AA)	6	(Ajzen and Fishbein , 1985; Gurbuz & Aykol, 2008; Kolverei d, 1997)
	Economic Challenge (EC)	7	
	Self-Realization (SR)	4	
	Perceived Confidence (PC)	3	
	Security and Workload (SW)	5	
	Avoid Responsibility (AR)	3	
	Social Career (SC)	4	(Gerry et al., 2008)
Entrepreneurs hip Intention (EI)		3	

This study utilized a questionnaire as the primary data collection instrument, which involves distributing a systematically structured set of questions or statements to respondents for

completion. Information was gathered through the distribution of questionnaires regarding education support, environmental support, subjective norm, and attitude as independent variables, entrepreneurship intention as the dependent variable, and socio-demography as the moderating variable. The measurement scale used for the variables was a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

## DISCUSSION RESULT

### Demographics

The sample consisted of 400 university students. From the students, 50% is male and 50% female. For both of students, 25% male and 25% female from exact and 25% male and 25% female from non-exact. 17.4% male and 16.1% female students, have family with entrepreneur background and 32.6% male and 33.9% were not. 35.3% male and 40% female are just a student and 14,7% male and 10% female are worker-students. 38.9% male and 36.1% female and 13.9% female were not. The number of non-exact students who interesting to become an entrepreneur was higher than exact students and that happen on both male and female.

Table 2. Characteristic of Respondents.

Description	Exact		Non-exact				Total		
	Male		Female		Male			Female	
	r	%	r	%	r	%		r	%
	Gender								
Male/	1		1		1		1		400
Femal	0	2	0	25	0	25	0	25	
e	0	5	0	0	0	0	0	0	

Family Background								
Entrepreneur	1	4.	2	5.	2	5.	2	6.
	7	3	1	3	2	5	7	8
Not Entrepreneur	8	2	7	19	7	19	7	18
	3	0.	9	.8	8	.5	3	.3
		8						400
Student Status								
Student	7	1	8	20	6	17	8	20
	7	9.	1	.3	9	.3	3	.8
		3						400
Worker-student	2	5.	1	4.	3	7.	1	4.
	3	8	9	8	1	8	7	3
Interest to be Entrepreneur								
Yes	8	2	9	22	9	23	8	22
	9	2.	0	.5	3	.3	8	.0
		3						400
No	1	2.	1	2.	7	1.	1	3.
	1	8	0	5		8	2	0

### Inner Model Analysis

In this study, we used the second-order method to analyze CFA in the inner model for multidimensional variables, especially for variable of attitude that have 7 (seven) dimensions. First, based on the results of the first-order analysis for all items in each variable and dimensions there are several items with outer loading that meet and do not meet the criteria. Furthermore, for the second-order analysis, each dimension used in the variable of attitude shows the value of loading factors that meet the criteria to be analyzed in the structural model (table 4). Based on the results of the CFA analysis, all items and dimensions for each variable indicate the outer loading value that meets the criteria (Accept for A4), all values  $\geq 0,5$  (Table 3).

Table 3. Outer Loading (First Order)

Indikator	Loading
A1 <- Authority	0.711
A2 <- Authority	0.783
A3 <- Authority	0.740
A4 <- Authority	0.431
A5 <- Authority	0.710
A6 <- Authority	0.805
AR1 <- Avoid Responsibility	0.552
AR2 <- Avoid Responsibility	0.644
AR3 <- Avoid Responsibility	0.910
AS1 <- Academic Support	0.667
AS2 <- Academic Support	0.794
AS3 <- Academic Support	0.751
AS4 <- Academic Support	0.710
AS5 <- Academic Support	0.676
AS6 <- Academic Support	0.685
EC1 <- Economic Challenge	0.678
EC2 <- Economic Challenge	0.778
EC3 <- Economic Challenge	0.592
EC4 <- Economic Challenge	0.668
EC5 <- Economic Challenge	0.690
EC6 <- Economic Challenge	0.738
EC7 <- Economic Challenge	0.652
EI1 <- Entrepreneurial Intention	0.813
EI2 <- Entrepreneurial Intention	0.743
EI3 <- Entrepreneurial Intention	0.738
ES1 <- Environmental Support	0.829
ES2 <- Environmental Support	0.705
ES3 <- Environmental Support	0.728
ES4 <- Environmental Support	0.823
PC1 <- Percieved Confidence	0.771
PC2 <- Percieved Confidence	0.865
PC3 <- Percieved Confidence	0.869
SC1 <- Social Career	0.509
SC2 <- Social Career	0.738
SC3 <- Social Career	0.726
SC4 <- Social Career	0.741
SN1 <- Subjective Norm	0.583
SN2 <- Subjective Norm	0.669
SN3 <- Subjective Norm	0.853
SN4 <- Subjective Norm	0.844
SR1 <- Self Relization	0.715
SR2 <- Self Relization	0.833
SR3 <- Self Relization	0.663
SR4 <- Self Relization	0.835
SW1 <- Security Workload	0.567
SW2 <- Security Workload	0.784
SW3 <- Security Workload	0.585
SW4 <- Security Workload	0.849
SW5 <- Security Workload	0.804

Table 4. Outer Loading (Second Order)

Indicators	Loading
Attitude -> Authority	0.881
Attitude -> Avoid Responsibility	0.595
Attitude -> Economic Challenge	0.920
Attitude -> Percieved Confidence	0.651
Attitude -> Security Workload	0.852
Attitude -> Self Relization	0.827
Attitude -> Social Career	0.848

Next, we test validity with Average Variance Extracted (AVE) and Reliability with Cronbach Alpha ( $\alpha$ ) and Composite Reliability (CR). The

overall results show that the value meets the specified requirements for each value, for AVE almost all values  $\geq 0.5$  except for education support and entrepreneurship intention, this value is still acceptable because it is close to 0.5. Then, overall value of Cronbach Alpha ( $\alpha$ )  $\geq 0.6$  and Composite Reliability  $\geq 0.7$  (Table 5). Therefore, with these overall results, the structural model can be constructed for hypothesis testing.

Table 5. Validity and Reliability

Variable and Dimension	AVE	$\alpha$	CR
Education Support	0.511	0.810	0.816
Environment Support	0.556	0.938	0.946
Subjective Norm	0.563	0.805	0.808
Autonomy/Authority	0.515	0.515	0.656
Economic Challenge	0.572	0.812	0.817
Self-Realization	0.586	0.646	0.648
Perceived Confidence	0.598	0.802	0.904
Security and Workload	0.699	0.788	0.821
Avoid Responsibility	0.529	0.770	0.803
Social Career	0.585	0.762	0.786
Entrepreneurship Intention	0.570	0.622	0.648

## Outer Model Analysis and Hypothesis Test

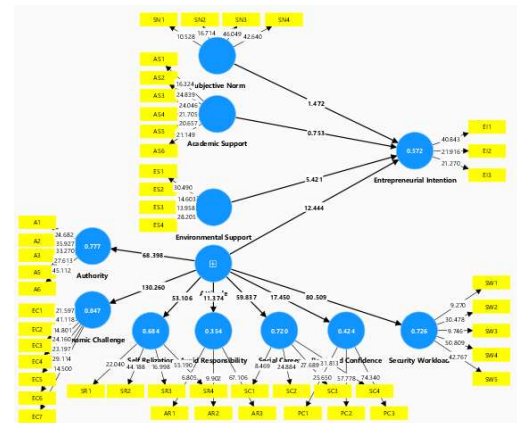
After fulfilling the outer loading and multidimensionality test on each latent variable by using Confirmatory Factor Analysis (CFA) and has fulfilled assumption of validity and reliability next we will testing the outer model. After constructing the outer model, it will be evaluated to test the suitability model of the outer model to see whether the model is acceptable or must be modified. After evaluation, the model is considered as the final model of the outer model with the value of SRMR = 0.056.

After analyzing the outer model, the next step is to test the hypothesis that has been set. Based on the results of the outer model in Table

6, the results show that some variables were significant with tvalue greater than ttable = 1,966 (n=400) and some variables were not significant. First, the direct effect of Academic support toward entrepreneurship intention ( $\beta = 0,035$ ; tvalue = 0,753) is not significant, with this result then hypothesis H1 in this study is not accepted. Second, the direct effect of environmental support toward entrepreneurship intention ( $\beta = 0,251$ ; tvalue = 5.421) is positive significant, with this result then hypothesis H2 in this study is accepted. Third, the direct effect of subjective norm toward entrepreneurship intention ( $\beta = -0,079$ ; tvalue = 1,472) is not significant, with this result then hypothesis H3 in this study is not accepted. Fourth, the direct effect of attitude toward entrepreneurship intention ( $\beta = 0,659$ ; tvalue = 12,444) is positive significant, with this result then hypothesis H4 in this study was accepted.

Table 6. Outer Model Result

Variables	Dire ct Effe ct	STD EV	T statisti cs	P
Academic Support -> Entrepreneurial Intention	0.035	0.046	0.753	0.451
Environmental Support -> Entrepreneurial Intention	0.251	0.046	5.421	0.000
Subjective Norm -> Entrepreneurial Intention	-0.079	0.054	1.472	0.141
Attitude -> Entrepreneurial Intention	0.659	0.053	12.444	0.000



Gambar 1. Analisis Outer Model SEM-PLS

From the results of the tests that have been conducted, it can be seen that each variable has a significant and positive effect except for educational support and subjective norms. These results provide implications, in entrepreneurship, education does not play an important role in fostering students' entrepreneurial intentions, many of the entrepreneurs are people who do not have a high level of education, so that everyone has the opportunity to start a business. Educational support, especially entrepreneurship, is not very important for most of our respondents. When asked about what skills must be possessed when starting a business, most of them chose the answer about experience. Because experience is something that cannot be taught but must be obtained. Education will only be an additional provision for students in understanding entrepreneurship, so then we conclude that education is not a big problem. These results are in line with research by (Mack & Pützschel, 2014; Utami & Istiqaroh, 2014).

Furthermore, in our research case subjective norms have no influence on students'

intention to become entrepreneurs. This finding is quite surprising because basically support from family and close friends on social networks also have an important role in fostering intention and starting a business, because without support from those closest to them it will have an impact on students' enthusiasm in running their business. However, based on these results it can be concluded that the desire of these students to become entrepreneurs, especially in the Agro-Industry sector, must start from their own intentions.

Overall, environmental support and students' attitudes determine their intention to become entrepreneurs. These results imply that, environmental support is considered important in starting a new business, because without strong information and relationships, the business will have difficulty developing. In addition, in starting a new business, prospective entrepreneurs must have contact with entrepreneurs in their environment, all people and organizations that help entrepreneurs directly with their knowledge and / or time can be important social capital in building a business. And all of these things go back to the attitude of students, if the attitude shown is positive and really shows a high attitude and desire in entrepreneurship, then the intention to start a business will be achieved.

## CONCLUSION

From the results of the research that has been conducted using partial least square technique analysis, it can be concluded that

education and subjective norms in the context of entrepreneurship play a less important role in fostering entrepreneurial interest in students. Many entrepreneurs do not have a higher level of education, so everyone has the opportunity to start a business. In addition, a person's intention to start a business starts from themselves, if there is no intention from themselves, then the intention to start a business will be very difficult.

Like any other studies, this study also has some limitation. First, based on framework TPB we are not use the variable 'perceived behavioral control' because this study only learns entrepreneurship intentions and do not reach entrepreneurial behavior. For future studies are expected to add these variables or other variable to the research that will be conducted. Second, this study is only done at one university, so it is expected for the future studies would be able to conduct the research at more than one university and the results can be compared.

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