

## Internal locus of control and entrepreneurial intention: A study on vocational high school students

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### ABSTRACT

Internal locus of control is one of the factors related to vocational high school students' entrepreneurial intention. This study aimed to empirically test the relationship between internal locus of control and entrepreneurial intention on vocational high school students. The population in this study was all students of class XII at Vocational High School 5 Yogyakarta as many as 392 students and research participants in total was 171 students. The sampling technique used was cluster random sampling. Data collection was conducted by using the scale of entrepreneurial intention and internal locus of control scale. Data analysis was done using product moment analysis technique. The results of data analysis showed a significant positive relationship between internal locus of control with entrepreneurial intention, with a significance level ( $p$ ) of 0.030. Internal locus of control contributed 2.1 percent to entrepreneurial intention so that the remaining 97.9 percent was influenced by other variables. It could be concluded from this study that students' internal locus of control can predict student's entrepreneurship intention.

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## 1. INTRODUCTION

Entrepreneurship has become very important in modern times, both for survival and sustainability of the society [1]. Entrepreneurship comes with the hope of becoming an economic competition in the global market and providing job opportunities. Entrepreneurship could generate higher profits and meaningful careers [2]. A study found that the development of entrepreneurship has succeeded in increasing the overall welfare of the nation [3]. The benefits resulting from entrepreneurship can contribute to economic development by increasing the quality of life, offering new jobs, promoting sector productivity, increasing economic growth, facilitating social mobility, and so on [4].

One of the first steps to start entrepreneurship is to have entrepreneurial intention. The entrepreneurial intention represents an individual's commitment to start a business [5]. Entrepreneurial intention can influence the emergence of entrepreneurial behavior in the future [6]. Individuals with entrepreneurial intention believe that they can successfully start new businesses [7]. Entrepreneurial intention is the intention of individuals to start their businesses [8]. Entrepreneurial intention is described as the awareness and belief that individuals use to start new businesses in the near future [9]. It is a conscious state of mind based on experience that directs attention to starting an independent business [10]. Commitment to start a new business and a tendency to act as the leading force allow individuals to create new businesses

[11]. Entrepreneurial intention can also be described as an individual's state of mind to start a new business or create innovations in an existing organization [12].

One factor that is believed to be able to increase individual intention and belief in entrepreneurship is the internal locus of control [13, 14]. More extensive research on entrepreneurship has explored the significant positive effects of internal locus of control on entrepreneurial intention [15, 16]. The results of several studies found that internal locus of control can act as a positive predictor of entrepreneurial intention. Additionally, the findings also show that internal locus of control is critical to building individual intention in entrepreneurship [17]. Personality traits such as locus of control play a decisive role in increasing entrepreneurial intention, as individuals with an internal locus of control believe that they will succeed in entrepreneurship [18]. Internal locus of control is the individual's perception that an event depends on the behavior or the characteristics inherent in the individual [19]. Every individual has full control over the results they obtained through ability, effort, or skills [20]. Individual behavior will determine the events of his/her life [21]. Each individual has their responsibility for success and failure in learning [22]. Individuals with an internal locus of control also think that extraordinary experiences are caused by stable behavior or characteristics of individuals [23, 24]. Individuals with an internal locus of control believe that they can make changes through their behavior [25].

This study aims to empirically test the relationship between internal locus of control and entrepreneurial intention in Vocational High School 5 Yogyakarta students.

## **2. RESEARCH METHOD**

### **2.1. Population and sample**

The population of this study is students of class XII at Vocational High School 5 Yogyakarta (392 students). A total of 171 students became sample of this study. The XII grade students are spread across seven majors: ceramics, visual communication design, carpentry, animation, metal, leather, and textiles. The selection of research participants was randomized using cluster random sampling techniques.

### **2.2. Data collection method**

Data in this study was collected using research instruments. The scaling model used was Likert scale model. Entrepreneurial intention is expressed by the entrepreneurial intention scale constructed by researchers based on the dimensions of entrepreneurial intention according to Van Gelderen, Brand, Van Praag, Bodewes, Poutsma, and Van Gils [26], namely: desires, preferences, plans, and behavioral expectancy. Examples of items on the entrepreneurial intention scale are "I have a plan to start a business after graduation", "I will be an entrepreneur according to the expertise I have", "I hope that in the future I will have an entrepreneurial opportunity", and "I have aspirations to become an entrepreneur". The internal locus of control scale refers to the dimensions of the internal locus of control according to Lefcourt [27] namely: ability and effort. Examples of items in the internal locus of control scale include "My ability determines success", "I believe the ability that I have is able to complete all tasks", "I believe my effort will produce maximum results", and "I try to complete the assignments given by the teacher".

### **2.3. Instruments validity and reliability**

The trial analysis of 74 subjects on the entrepreneurial intention scale obtained the results of the coefficient of reliability ( $\alpha$ ) of 0.883 with a range of corrected item-total correlation that moved from 0.325 to 0.723. Valid and reliable items used for research were 16 items. The trial analysis of 74 subjects on the internal locus of control scale obtained the results of the coefficient of reliability ( $\alpha$ ) of 0.907 with a range of corrected item-total correlation that moved from 0.401 to 0.688. Valid and reliable items used for research were 20 items.

### **2.4. Data analysis**

Pearson product moment correlation analysis was the statistical analysis technique used to determine the relationship between internal locus of control with entrepreneurial intention. Before testing the hypothesis, an assumption test which included the normality and linearity tests was performed. Data analysis was performed using the IBM SPSS 19.0 for windows.

## **3. RESULTS AND ANALYSIS**

### **3.1. Assumptions test**

There are basic assumptions that must be met when want to use Pearson product moment correlation analysis to test the research hypothesis. The assumption test in this study is the normality test and linearity

test. Normality test is done to see the data obtained from samples with normal distribution or not. The normality test used is One-Sample Kolmogorov-Smirnov. Linearity test is performed to determine the relationship between the independent variable and the dependent variable is linear or not.

**3.1.1. Normality test**

Based on the results of the normality test analysis in Table 1, entrepreneurial intention had a Kolmogorov-Smirnov Z score of 1.090,  $p = 0.185$  ( $p > 0.05$ ) and the internal locus of control had a Kolmogorov-Smirnov score of  $Z = 1.060$ , ( $p > 0.05$ ), meaning that each data was normally distributed so that it could be concluded that each variable had a normal data distribution.

Table 1. Normality test

Variable	K-SZ Score	Sig.	Annotation
Entrepreneurial Intention	1.090	0.185	Normal
Internal Locus of Control	1.060	0.211	Normal

**3.1.2. Linearity test**

The linearity test results shown in Table 2 obtained the value of F Linearity = 4.392,  $p = 0.038$  ( $p < 0.05$ ), indicating that there is a line that connects the internal locus of control with entrepreneurial intention. In other words, we can conclude that the data is linear.

Table 2. Linearity test

Variable	F Linearity	Sig.	Annotation
Entrepreneurial Intention * Internal Locus Of Control	4.392	0.038	$P < 0.05$ Linear

**3.2. Hypothesis testing**

Table 3 shows that the analysis results in the value of  $r = 0.144$ ,  $p = 0.030$  ( $p < 0.05$ ), meaning that internal locus of control is positively and significantly related to student's entrepreneurship intention in Vocational High School 5 Yogyakarta. These results indicate that the proposed hypothesis is accepted, namely that an internal locus of control could predict entrepreneurial intention. This is in line with several previous studies which found that there is a positive relationship between internal locus of control and entrepreneurial intention [28-31]. Internal locus of control contributed 2.1% to entrepreneurial intention. Meanwhile, the remaining 97.9% is influenced by other variables. Factors influencing entrepreneurial intention include need for achievement [31-33], risk-taking behavior [29, 32, 34], creativity [28], social networking [33, 35] and tolerance for ambiguity [32].

Table 3. Pearson product moment correlation analysis

Variable	R	R Square	Sig.	r	Annotation
Internal Locus of Control and Entrepreneurial Intention	0.144	0.021	$P = 0.030$	0.144	$P < 0.01$ Significant relationship

Previous findings indicate that entrepreneurial characteristics significantly influence entrepreneurial intention [36]. Internal locus of control plays a role in building entrepreneurial intention and the decision to become an entrepreneur. Individuals with an internal locus of control believe that their decisions and actions can influence the success of their business [37]. A study found that individuals who have an internal locus of control tend to have a greater entrepreneurial intention [38]. Such individuals believe that they can turn their entrepreneurial intention into successful entrepreneurial behavior [15]. Successful entrepreneurs tend to focus more internally in managing their companies [39]. Internal locus of control is one of the characteristics of entrepreneurship.

Internal locus of control can direct individuals to develop entrepreneurial intention [40]. Some successful entrepreneurs claim that their success is due to the right decisions they have made (internal locus of control), not because of external factors such as destiny and luck [41]. Individuals with an internal locus of control tend to be bolder in taking the risk of building a business [42]. Individuals believe that they can control their environment because they have a clear vision of their new business [43]. Internal locus of control can help individuals build social networks to get information that supports their business. Individuals can actualize their business ideas in the future after collecting and managing all information obtained [36].

Entrepreneurship intention tended to increase when individuals are given entrepreneurship education that instills students' entrepreneurial characteristics such as internal locus of control. Individuals with an internal locus of control believe that hard work makes it possible to achieve success in business [36]. Internal locus of control is one of the essential characteristics of entrepreneurship [28]. Internal locus of control can increase the likelihood of individuals to become entrepreneurs [44]. Individuals who have an internal locus of control characteristics dare to take risks to start a business in the future [36, 45].

The implications of this study can provide insights, especially on vocational high school students regarding the ongoing use of current students' ability, both the knowledge and skills gained from school to foster entrepreneurial intention. The findings obtained indicated the ability and effort of individuals in the learning process at school tended to determine individual success in starting a business sooner than external factors. Individuals who believed in their abilities tended to have higher entrepreneurial intention. The results of this study were also beneficial for teachers. In addition to teaching vocational skills, teachers are also responsible for guiding students to maximize the potential of students' vocational skills. Thus, students can begin the process of entrepreneurship with maximum effort and results.

#### 4. CONCLUSION

Internal locus of control could be a good predictor of student entrepreneurship intention in Vocational High School 5 Yogyakarta. There is a significant positive relationship between internal locus of control and entrepreneurial intention ( $p= 0.030$ ). Internal locus of control contributes 2.1 percent in explaining about entrepreneurial intention. Thus, the remaining 97.9 percent is influenced by other variables outside the scope of this study.

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