

# The Effect of Understanding on Business Management on Entrepreneurship Interest of Students in PPK FKIP

Ma'rufi<sup>1</sup>, M. Iyas<sup>2</sup>, A. Anas<sup>3</sup>, R. Y. I. Yunus<sup>4</sup>

Mathematics Education, The University of Cokroaminoto Palopo<sup>1,2,3,4</sup>  
Latamacelling No.19 Palopo, South Sulawesi, Indonesai  
Email: marufi@uncp.ac.id

## ABSTRACT

*This study aimed to investigate the effect of the understanding of business management on students' interest in entrepreneurship. Data collection procedure in this study utilized test about understanding on business management and instrument measuring the interest on entrepreneurship distributed to 308 students as research samples from departments of Mathematics Education, Indonesian and Literature Education, Biology Education, English Education, Civic Education, and Elementary School Teacher Study Program of Faculty of Teacher Training and Education, The University of Cokroaminoto Palopo. The descriptive analysis showed students' understanding of business management in the medium category. Their interest in entrepreneurship was also still in the low category. Hypothesis testing indicated that the understanding of business management showed a significant effect on students' interest in entrepreneurship. It is indicated by the value of  $\beta_1 = 0,540$  and  $p = 0,0001/2 < 0,05$ . So, the hypothesis is accepted with the regression equation  $Y = 46.748 + 0.54X$  to predict the entrepreneurship interest of students in PPK FKIP.*

**Keywords:** Understanding on Business Management, Students' Interest on Entrepreneurship

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## 1. Introduction

The growth and the development of a nation cannot be separated from the quality of its human resources. High-quality human resource is the driver of the nation to win the global competition. Without denying other resources possessed by a country, this human resource is the ultimate core asset of a nation's competitiveness.

This shows that all the challenges a country might face in the future will be easier to tackle when the human resources there have high quality. Indirectly, this indicated how important a university produces professional, reliable, and high-quality individuals to drive a highly competitive country.

Students' knowledge about entrepreneurship is a medium to improve the quality of existing human resources. Rusdiana (2014) mentioned that the development of entrepreneurship among students is very crucial as it can generate various chances of business in the era of high technology development. Furthermore, she mentioned that the more advanced a nation is and the more educated people there, the more important the entrepreneurship will be perceived as the result of the awareness about the need a growing country to be supported by reliable entrepreneurs. According to (Siswoyono, 2009), entrepreneurship activities in Indonesia is still relatively low while the entrepreneurial observers state that the lower entrepreneurship activities index, the higher the rate of unemployment of a country.

Cokroaminoto University in Palopo is an educational institution which included entrepreneurship as a mandatory subject in its curriculum. It aims to provide comprehensive knowledge about entrepreneurship which is expected to be alternative to reduce the rate of unemployment in Indonesia.

Entrepreneurship developmental program of Faculty of Teacher Training and Education, (PPK FKIP) is a business unit in the Faculty of Teacher Training and Education, The University of Cokroaminoto Palopo that is provided as a medium for students to develop their entrepreneurial spirit. Unfortunately, the low enthusiasm of students in this faculty to join or to register as tenants in this PPK FKIP unit has become the concern of its managers. The low interest of students in the entrepreneurial program needs a solution as mentioned by (Utomo, 2014). He stated that nowadays, a real solution is highly demanded to stimulate and improve the entrepreneurial spirit of communities especially the youngsters as they will become the vital subject of nation's economic improvement. According to the study conducted by (Krisanti, 2017), the entrepreneurial spirit will be high if the students have a good understanding of accountancy subject. This proves that students understanding of business management can drive their willingness to run a business well. This was also mentioned by (Mahesa & Rahardja, 2012) that the entrepreneurial motivation is also very influential to increase someone's motivation for entrepreneurship. A strategy to boost entrepreneurial motivation is by understanding business management more deeply and more comprehensively.

## **2. METHOD**

### **2.1 Research Type**

This is an ex-post-facto study with causality design. This study design was selected to identify the causality between understanding of business management and students interest on entrepreneurship in PPK FKIP and to test the hypothesis which had been formulated before.

### **2.2 Research Location and Time**

This study was carried out in the Faculty of Teacher Training and Education, The University of Cokroaminoto Palopo in the second semester of the academic year of 2018/2019 from February to May 2019.

### **2.3 Research Variables and Their Operational Definitions**

This study involved both dependent and independent variables. The independent variable was the understanding of business management, while the dependent variable was the students' interest in entrepreneurship at PPK FKIP.

Based on the review conducted on the literature, the operational definition of each variable is as follows:

#### **1) Understanding on Business Management**

This study defines this term as the understanding of entrepreneurship. Instruments provided for this variable include competitor analysis, marketing strategy, financial, and quality maintenance.

2) Entrepreneurship Interest on PPK FKIP

It refers to the students' interest to join the entrepreneurial program in the entrepreneurship unit of the faculty.

**2.4 Research Population and Samples**

The population of this study was all active students of Faculty of Teacher Training and Education, The University of Cokroaminoto Palopo in the second semester of the academic year of 2018/2019. 308 samples were taken randomly from Mathematics Education, Indonesian Language Education, Biology Education, Civic Education, English Education, and Elementary School Teacher Study Program.

**2.5 Regression Model**

The regression model in this study used an independent variable (Understanding on Business Management ( $X_1$ )) and one dependent variable (entrepreneurial interest of students at PPK FKIP ( $Y$ )) with the regression equation:  $Y = \beta_0 + \beta_1 X_1 + \varepsilon$

**3. RESEARCH FINDINGS AND DISCUSSION**

**3.1 Understanding about Business Management**

Based on the categorization criteria applied in this study, the distribution of score frequencies of students understanding of business management can be seen in Table 1.1.

Table 1.1 Students' Understanding on Business Management

No	Scores	Frequencies	Percentage (%)	Categories
1	$0 \leq PB < 40$	35	11	Very low
2	$40 \leq PB < 55$	90	29	Low
3	$55 \leq PB < 75$	134	44	Medium
4	$75 \leq PB < 90$	45	15	High
5	$\leq PB \leq 100$	4	1	Very high
Total		308	100	
Average			57.72	Medium

Table above shows that 35 students had the very low understanding on business management., 90 students had understanding on business management in the low category, 134 students had understanding on the business management in the medium category, 44 students had understanding on the business management in the high category, and only four students had the very high understanding about business management. From the data, it can be also identified that in the general, student understanding of business management got the score 57.72 out of the ideal score 1000. It means, their understanding of business management was in the medium category.

**3.2 Entrepreneurial Interest at PPK FKIP**

Based on the categorization criterion which was developed, the frequency distribution of scores of students' entrepreneurial interest at PPK FKIP is presented in Table 1.2.

Table 1.2 The Score Distribution of Students' Entrepreneurial Interest at PPK FKIP

No	Scores	Frequencies	Percentages (%)	Categories
1	$30 \leq MB < 52.5$	5	2	Very low
2	$52.5 \leq MB < 67.5$	41	13	Low
3	$67.5 \leq MB < 82.5$	152	49	Medium
4	$82.5 \leq MB < 97.5$	104	34	High
5	$97.5 \leq MB \leq 120$	6	2	Very high
<b>Total</b>		308	100	
<b>Average</b>		78.177		Medium

Table 1.2 shows that 5 students had the entrepreneurial interest at PPK FKIP in the very low category. 41 students had the entrepreneurial interest at PPK FKIP in the low category. 152 students had entrepreneurial interest at PPK FKIP in the medium category. 104 students had entrepreneurial interest at PPK FKIP in the high category. 6 students had entrepreneurial interest at PPK FKIP in the very high category. From the table, it can be also identified that the mean score of students entrepreneurial interest at PPK FKIP was 78.177 out of the ideal score 120 indicating that students' entrepreneurial interest at PPK FKIP was at the medium category.

### 3.3 Inferential Analysis

The result of inferential statistical analysis is presented in the following table:

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	46.748	1.217	38.419	.000
	PB_X	.540	.020	.840	.000

a. Dependent Variable: MB\_Y

Statistical test carried out to the hypothesis is:

$$H_0 : \beta_1 = 0 \text{ against } H_1 : \beta_1 > 0$$

In this case,  $H_1$  stated that the students' understanding of business management had a positive influence on their entrepreneurial interest at PPK FKIP. As it is indicated in the analysis result, students understanding of business management gives a positive influence on the entrepreneurial interest at PPK FKIP significantly as the score of  $\beta_1 = 0,540$  and  $p = 0,0001/2 < 0,05$ . Therefore, it can be concluded that  $H_0$  was rejected in the significant level of 0,05. So, there was a positive and significant influence of students' understanding business management ( $X_1$ ) on students' entrepreneurial interest at PPK FKIP ( $Y$ ) at the significance level of 0,05.

Based on the hypothesis testing, it was found that understanding of business management had a positive and significant effect on students' interest in entrepreneurial interest at PPK FKIP. This means that the higher the students' understanding of business management, the higher their interest in entrepreneurial activities at PPK FKIP. The regression equation to predict the students' entrepreneurial interest at PPK FKIP is:

$$Y = 46.748 + 0.54X$$

Annotation:

Y is the score of students' understanding of business management.

X is the score of students' entrepreneurial interest at PPK FKIP.

#### 4. CONCLUSION

Based on this research, it can be concluded that:

- a. The students' average understanding of business management was in the medium category.
- b. The students' average entrepreneurial interest at PPK FKIP was in the medium category.
- c. There was a positive and significant influence of students' understanding of business management ( $X_1$ ) on students' entrepreneurial interest at PPK FKIP (Y) that means that the higher understanding on business management will drive the increase of students' entrepreneurial interest at PPK FKIP.

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