Socio-Cultural Characteristics, Entrepreneurial Orientation, Decision Making Style, and Entrepreneurial Intention

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Abstract—Increasing the entrepreneur numbers in Indonesia has been the focus of several stakeholders including the Universities. On the efforts made to improve the college students desire to become an entrepreneur (Entrepreneurial Intention), the other factors such as Socio-Cultural Characteristic, Entrepreneurial Orientation and Strategic Decision Making Style will affect the student's intention to be entrepreneur. The linkages between these variables were then tested quantitatively to magister student in Management Science of FEB UI. Data analysis for this research using a Simple Regression and ANOVA. From this test, Entrepreneurial Orientation is the only one variable that have influence to Entrepreneurial Intention.

Keywords—Socio-Cultural Characteristic, Entrepreneurial Orientation, Strategic Decision Making Style, Entrepreneurial Intention, ANOVA, Simple Regression.

I. INTRODUCTION

The urgency of entrepreneurship at both the macro and individual level has been a concern of many parties. The increase in the number of entrepreneurs in a country is a challenge that must be faced together by some major stakeholders such as governments, educational institutions, and so forth. In the government of Joko Widodo as the President of the Republic of Indonesia, efforts that aim to stimulate the creation of businesses have seen from some of the policies issued. Efforts have been made of the above is part of efforts to improve Ease of Doing Business ranking from the previous ranking 109 in 2016 to rank 40 in 2017. It is then expected to increase the number of entrepreneurs in Indonesia.

An increasing number of these entrepreneurs would start with increasing one's intention to be an entrepreneur. Entrepreneurship intention has been studied from a variety of different dimensions such as the entrepreneurial character, psychology, economics, and others. Of dimensions that have been studied previously, according to Valliere (2008), Social and Cultural Characteristics dimension is one dimension that is very promising to attract someone to become an entrepreneur. Nevertheless, Social and Cultural Characteristics dimension is still too much explored by researchers.

Azim research results (2008) show that the socio-cultural system is an important factor in the business environment as well as it can be said that an entrepreneur is a result of their business environment. A person's behavior and choice of future career been strongly associated with the social and cultural environment.

Socio-cultural background of a person will then form the behavior of the person. To be an entrepreneur, of expected behavior that is formed is entrepreneurial behavior. According to Miller (1983), has some characteristics of entrepreneurial behavior that is innovative, risk-taking, and have a proactive attitude. The behavior and characteristics dimensions are basically the explanation Entrepreneurial Orientation.

Entrepreneurial Orientation is essential to improve profitability and performance (Covin, 1995). An entrepreneur will be involved in product innovation, took the risky decision, and act proactively to new opportunities (Lumpkin and Dess, 1996). Despite the existence of Entrepreneurial Orientation is an important aspect, but according to Altnay and Wang (2011), in empirical research, the relationship between Socio-Cultural Characteristics of entrepreneurs and entrepreneurial orientation, still need to be investigated.

In addition Entrepreneurial Orientation, according to Rokeach (1979), Socio-Cultural Characteristics will have an impact on how people define and take a decision. According to Bulgardides and Cohen (2001), the Decision Making Style needs to be adapted to the stage in the cycle of the organization, including when to start a business.

In an effort to increase entrepreneurship in Indonesia, in addition to the Government's attempt to do an educational institution, including universities. Although now many universities show that their existence is to educate and develop prospective employers, however, there are still differences of opinion on the effectiveness of the process. According to Thompson (1999), entrepreneurship is a behavior that has brought the poem is born. In contrast to these opinions, Robinson and Hayes (1991) stated that entrepreneurship is an attitude that can be learned. According to Gorman et al. (1997), the role of entrepreneurship education in influencing the intention Entrepreneurship requires further investigation.

From the above, it is in improving the entrepreneurial intentions, there are several important dimensions to note that Socio-Cultural Characteristics, Entrepreneurial Orientation, and Decision Making Style. Research linking between dimensions above some of which have never been studied before. However, in this study, researchers wanted to test the Student of Graduate of Management Sciences. This research is
important because the respondent is a subject that is directing its graduates as someone who has the management capabilities, in particular, are based on research that does not lead to the entrepreneurial directly so this course is different from the Graduate Student who is educated be an entrepreneur.

Although the Department of Management Science different from entrepreneurship education that directly seeks to reproduce the prospective employers, but still related to the management science of entrepreneurship itself. According to Murray (1984), efforts to increase entrepreneurial behavior is one done through science and management practices.

Over the selection of respondents who get an education management science mentioned above, the authors wanted to examine whether the dimensions of Socio-Cultural Characteristics, Entrepreneurial Orientation, and Decision Making Style still influence Entrepreneurial Intention.

II. THEORETICAL FRAMEWORK

The desire for someone to something can be formed through direct experience or other experience that provides an opportunity for each individual to try and get feedback that makes it develop her skills (Lent, 2009). In addition, the things that can affect a person's interest in something is the influence of family, education and work experience (Farzier & Niehm, 2008). Socio-cultural factors that are owned by someone. In line with this, the experience of Culture is considered to have an influence in managerial practices and serves as a mediator who can guide and shape the behavior (Smircich, 1983). Behaviors that are considered appropriate in an environment that adopted culture will depend on the environment (Hofstede, 1980). Many people in the world understand and relate to other people who have the same cultural values with them. The social culture then has an impact on how a person's choices and take decisions (Rokeach, 1979).

Determine the selection and decision-making is essential in starting a business. As has been explained previously that particular leadership style will tend to fit the company's business cycle. The desire to start self-employment is an initial stage for an organization. Thus, a person must also be able to customize the Decision Making Style in order to start business well.

In addition to the Decision Making Style, other dimensions are influenced by the behavior that is formed from the socio-cultural and effect to the intention to entrepreneurship is Entrepreneurial Orientation. Entrepreneurial Orientation is something that is important because it has been embedded within an organization and is very influential in how we create new products, tried new production processes, and also entering new markets (Stevenson and Jarillo, 1990). The impact of the Entrepreneurial Orientation is an important factor required for starting a business.

Socio-Cultural Characteristics and Entrepreneurial Orientation

In addition, it is stressed that the experience of the individual is paramount in generating knowledge (Huber, 1996) and the experience itself can cause and encourage innovation (Haynes, 2003). In addition, with work experience had before, it can make a manager using the skills and knowledge to combine, organize and utilize its resources to innovate (Alvarez and Busenitz, 2001). Then, previous experience will also make a decision to have a more positive attitude in view the business risk (Brockhaus, 1980; Goedhuys and Sleuwaegan, 2000; Jones-Evans, 1996)

From the religious factor, in Muslim countries, which is usually defined as the application of Islamic culture high, people tend to be fatalistic, which means that they do not believe they have much control over events that affect them and assume that it has become part of fate (Raven and Welsh, 2004). Moreover, in Muslim countries, fatalism is generally associated with lower levels of desire to try a product with a degree of speculation and risk is quite high (Slowikowski and Jarratt, 1997). This is confirmed by Farid (2007) that the religion of Islam tends to push the conservative culture that leads to a risk-averse attitude.

H1a: There are differences in the influence of religion on the Entrepreneurial Orientation
H1b: There are differences in the influence of previous Experience on the Entrepreneurial Orientation
H1c: There are differences in the influence of the Family Background on the Entrepreneurial Orientation

Decision Making Style and Entrepreneurial Orientation

In this study, the authors try to view their relationship as a reciprocal relationship. If you look at the relationship between Styles Decision Making with the life cycle of an organization, it is seen that a certain style appropriates to the particular stage. At the initial stage, the company will focus on the search for new investment opportunities and increased employee. At the stage of growth, companies are increasingly complex. Leaders need to focus on long-term strategies and related to organizational processes, structures, and systems. At maturity stage, the company's growth rate tends to decline and the company strives to maintain its market share. The procedures performed tend to be standardized and less proactive and more risk-averse. And at the final stage in which the company's business tends to decrease, the rate of innovation is getting lower.

Thus, in every phase for Decision-Making Styles vary. This difference then would have an impact on the company's strategic focus, namely, whether the most dominant needed is innovation, risk taking, or being proactive.

H2 : There are differences in the influence of Decision Making Style on Entrepreneurial Orientation

Entrepreneurial Orientation and Entrepreneurial Intention

Lumpkin and Dess (2001) stated that proactive is a mindset that focuses on introducing new products or services to anticipate the needs in the future. Some of the activities associated with a proactive attitude include the identification and evaluation of new opportunities and changing trends in the market. According to Long et al (1995), a proactive attitude can improve a person's chances to become businessmen. In
addition, there is a positive relationship between a proactive attitude and interest to start a business with the effort to realize the business.

According to Miller (1983), innovation is fundamental of entrepreneurship. Dibutukan innovation to develop products in an environment that is constantly changing and filled with uncertainty. The higher the dynamics and uncertainty of an environment, the higher the level of innovation required. Someone who has high innovation capabilities, it is able to see what is required by the market. When he has a solution to what is required by the current market, he has the potential to break into the market.

According to Bygrave (1989), the courage to take risks is a determinant of people's intention to entrepreneurship. The courage to take the risk of an action for everything that has a success rate of less than 100% (Kuip and Verheul, 2003). So even though everything is set up properly if someone is not willing to take the risk, then he would not start a business.

H3 : Entrepreneurial Orientation positive effect on Entrepreneurial Intention

Socio-Cultural Characteristics and Entrepreneurial Intention

Social pressure can affect a person's behavior (Fishbein and Ajzen 1975). Various social pressures such as the opinion of family, friends, and people related to others can affect a person's behavior. Then, according to Meek et al (2010), the behavior of the entrepreneur is influenced by social norms force. this includes a person's behavior in starting a business that is affected by social pressure. If the elderly person is a businessman, then the intention of the person to be an entrepreneur will be higher (Dyers, 1992).

There is little faith in the socio-cultural factors on entrepreneurial intentions. This is because in Islam, entrepreneurship is highly recommended. Prophet Muhammad who is a role model for Muslims is an entrepreneur. Thus, Islam should not adversely affect a person's desire to cultivate a desire for entrepreneurship.

H4a : There are differences in the influence of religion on the Entrepreneurial Intention

H4b : There are differences in the influence of previous Experience on the Entrepreneurial Intention

H4c : There are differences in the influence of the Family Background on the Entrepreneurial Intention

III. RESEARCH DESIGN

This research was conducted at the University of Indonesia, especially the Faculty of Economics and Business with respondents coming from S2 Student Management Sciences. The data used are primary data. Data obtained from the questionnaires by students who act as research objects. Filling questionnaire was conducted online by each student.

Measurement of each construct refers to a study conducted by previous researchers. Socio-cultural measurement based on research Altinay and Wang in 2011. Measuring Entrepreneurial Orientation is based on previous research conducted by Covin and Slevin (1989), Khandwalla (1977), Miller and Friesen (1984) Lumpkin and Dess (1996). Strategic Decision Style measurement refers to measurements made by Rowe and Mason created in 1987 and is often called the Decision Style Inventory (DSI). Entrepreneurship Intention measurements performed by adopting 6 questions drawn from Lin and Chen (2009). Every question was answered through a Likert scale that has been determined. The higher the value obtained, the stronger one's desire to become an entrepreneur.

In hypothesis testing performed in this study, the method used is divided into 2 ANOVA and Simple Regression
IV. RESULTS

Based on the tests performed, the results are as follows:

Table 1: Testing H1 and H4 using ANOVA

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Test of Homogeneity of Variances (Sig)</th>
<th>ANOVA (Sig)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>0.152</td>
<td>0.744</td>
</tr>
<tr>
<td>H1b</td>
<td>0.081</td>
<td>0.940</td>
</tr>
<tr>
<td>H1c</td>
<td>0.531</td>
<td>0.216</td>
</tr>
<tr>
<td>H4a</td>
<td>0.076</td>
<td>0.209</td>
</tr>
<tr>
<td>H4b</td>
<td>0.236</td>
<td>0.669</td>
</tr>
<tr>
<td>H4c</td>
<td>0.438</td>
<td>0.319</td>
</tr>
</tbody>
</table>

From the table above, it is known that significant values in the Test of Homogeneity of Variances obtained was greater than 0.05, which means that the population has equal variances so assuming similarity to the ANOVA test has been met. Then ANOVA table looks all the significance value of greater than 0.05, which means that all the hypotheses H1 and H4 is rejected.

Table 2

Coefficients Gaya Decision Making Style and Entrepreneurial Orientation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DMS_A</td>
<td>-0.025</td>
<td>0.657</td>
<td>-0.018</td>
<td>-0.038</td>
</tr>
<tr>
<td>DMS_C</td>
<td>0.038</td>
<td>0.654</td>
<td>0.028</td>
<td>0.057</td>
</tr>
<tr>
<td>DMS_D</td>
<td>0.035</td>
<td>0.647</td>
<td>0.028</td>
<td>0.053</td>
</tr>
</tbody>
</table>

From Table 2 above, it is known that all significance value greater than 0.05 which tells us there is no significant difference to the effect of Decision Making Style Entrepreneurial Orientation.

Table 4.23

Coefficient Single Regression Entrepreneurial Orientation and Entrepreneurial Intention

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EO</td>
<td>.421</td>
<td>.766</td>
<td>.573</td>
<td>5.092</td>
</tr>
</tbody>
</table>

In the table above, the figures show the significant value of 0.000. This value is smaller than 0.05, which means it can be stated that significant influence Entrepreneurial Orientation and Entrepreneurial Intention.

V. DISCUSSION AND CONCLUSIONS

From the data obtained on testing the hypothesis, then there are several hypotheses are rejected and are also accepted. Here is presented an analysis of the test results.

Socio Cultural, Entrepreneurial Orientation, and Entrepreneurial Intention

Based on the test results mentioned above, it is known that the social culture does not significantly influence the orientation of Entrepreneurship and Entrepreneurship Intention. In this regard, it is according to the authors, there are other factors that cause social culture does not affect the orientation of Entrepreneurship and Entrepreneurship Intention. As described in a previous study that the researchers wanted to know whether the sociocultural influence the orientation of Entrepreneurship and Entrepreneurship Intention when tested on student respondents S2 Management Sciences. This is based on the current number of studies that attempt to examine the effect of education with entrepreneurship.

a. Educational Attainment, Self-Efficacy, and Socio Cultural

Multon, Brown, & Lent (1991) revealed the higher one's education level, the higher its self-efficacy. Compared with people who have low self-efficacy, a person with high self-
efficacy tend to be more interactive in life and work so that more adaptive face of change (Harrison, et al, 1996). In addition, self-efficacy also has a positive impact on the success of the students towards their career in the future (Mark and Tran, 2001).

Self-efficacy is one of the important factors in determining a person's behavior or motivation (Bandura, 1977). Bandura conveyed the importance of the role of self-efficacy in determining goals, as well as handle the task, and challenges. Self-efficacy is defined as a person's beliefs about the ability that he has to exert his motive, cognitive resources, and action needed to be able to successfully execute a specific task given (Bandura, 1997). If it is associated with this research, even if someone has a social culture that no positive impact on his desire to start a business, then if he had a purpose in life is to become an entrepreneur, then he will stick to that goal.

In this study, respondents were a graduate student. With the graduate education level, respondents have the educational background was quite good. From the research, although the majority of respondents indicated socio-cultural that does not correspond to the social culture needed to be an entrepreneur, most respondents showed a high Entrepreneurship Intention. This is presumably because respondents who are students S2 has a pretty good self-efficacy in line with ever delivered by Mulon, Brown, & Lent (1991).

Alleged influence of entrepreneurial self-efficacy respondents online then another study has shown that the motivational factors such as self-efficacy, achievement orientation, and self-control are positively influenced the orientation of Entrepreneurship. In 2015, Alam et al conducted a research on the effect of self-efficacy against Entrepreneurial Orientation in Micro, Small, and Medium Enterprises (MSME) in Malaysia. The results of these studies indicate that there is a positive influence on self-efficacy against Entrepreneurial Orientation.

b. Educational Attainment and Entrepreneurial Orientation

Some things about the activities related to the process of obtaining knowledge which includes acquiring, exploiting, respond to, and others are something that affects the person's ability to innovate, act proactively, and dare to take risks (Teece, 1998). In developing the business, there is positive influence between education levels with the ability to see opportunities for entrepreneurship (Clercq and Arenius, 2006). The level of higher education will be able to develop the ability to analyze, calculate, and communicate. With this acquired capability, then the person will be ready to communicate with customers, collecting and analyzing the information in the market, as well as develop strategies to be proactive in order to increase business growth higher (Casson, 1982). In addition, education can also increase the capacity of individuals to be more creativity, flexibility, and the ability to respond to different situations that contribute to innovative behavior in a company (Rauch and Frese, 2000). Then, according to the Knight et al (2003), there is a positive correlation between the level of education and risk-taking. This is because education will be able to increase the confidence of someone to think critically. This capability can then be useful to improve the accuracy of their predictions on decisions that have been taken.

c. Educational Attainment and Entrepreneurial Orientation

Research on the effect of the level of education and entrepreneurship have been done, that has been specifically discussed on entrepreneurship education and education in general. Some of the researchers who conducted the study include Wu and Wu in 2008. The study was conducted by connecting the educational background with Entrepreneurial Intention especially with the Theory of Planned Behavior.

According to West and Hore (1989), the influence of higher education on students include three aspects: First, education will provide self-development, including changing attitudes and values of a person; Secondly, education can change their abilities; Third, education can make a social impact. These three components are consistent with the components of the Theory of Planned Behavior. Linan and Chen (2006) showed that the antecedent of the model Theory of Planned Behavior is influenced by situational factors and demographic variables. Among these antecedents, educational background is one of the most important factors.

An explanation of the impact of the level of education one of which is delivered by Lucas (1978). According to him, education can increase a person's managerial ability, which can further increase the likelihood of becoming an entrepreneur.

Respondents of this research are the students of Management Sciences S2. Although this course has not been included in the category of entrepreneurship education, but learning about management is important in entrepreneurship as management and entrepreneurship is the science of complementary.

d. Self-efficacy and Socio-cultural Adjustment

In addition to the influence of self-efficacy toward entrepreneurship, some studies have shown that self-efficacy influence the socio-cultural adjustment. According to Harrison et al (1996), people who have high self-efficacy tend to be more interactive in life and work. In addition, the person also tends to be more adaptable to change. As explained above, that the current Indonesian government is trying to increase the number of entrepreneurs in Indonesia through regulations...
issued including efforts to improve the ranking of ease of doing business in Indonesia. With the changing conditions of the external environment is better in terms of entrepreneurship, would allow people who have high self-efficacy also adapted to become a businessman.

In this study, a socio-cultural reference to religion, previous experience, as well as the family background. These three things are the social culture that has been owned by someone before. Thus self-efficacy can not change that. But in the context of socio-cultural adjustment, self-efficacy can adjust the social impact caused by these cultures.

Decision Making Style and Entrepreneurial Orientation

Based on the test results mentioned above, it is known that there is no difference to the Decision Making Style Entrepreneurial Orientation. In this regard, it is according to the authors, there are other factors that cause there is no difference to the Decision Making Style Entrepreneurial Orientation, one of which is the education level of respondents was quite good. According to Wiklund (1998), the better one's education, the faster the higher Orientation owned Enterprise to run the company.

According to Rowe and Mason (1987), decision-making is a cognitive process that combines intellectual ability in processing, assessing, and decided. With education, it will help to change the cognitive processes within each individual (Gustafsson, 2004).

Entrepreneurial Orientation and Entrepreneurial Intention

Based on test results, it was found that the positive effect on the Entrepreneurial Orientation intention Entrepreneurship. This confirms what has been hypothesized proven in this study. By paying attention to each dimension Entrepreneurial Orientation, it is known that a proactive attitude will make a person able to identify new opportunities and increase the desire to be an entrepreneur. Then, with the ability to innovate possessed, he will be keen to use it to become an entrepreneur. Recently, with the courage to take risks, someone is ready to face all the challenges in entrepreneurship.

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