

Influence of Perception on AEC (ASEAN Economic Community) Towards Entrepreneurial Intention of Students at FISIP (Faculty of Social and Political Sciences) University of RIAU

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Abstract:- AEC (ASEAN Economic Community) implemented since January 1, 2016 has opened business opportunities for each member country including Indonesia. In its application AEC makes ASEAN region as a free market where production, distribution and consumption take place freely. Also, AEC makes ASEAN a balanced economic development, high-economic and fully integrated in the global economy. All business opportunities will bring positive perception that will affect someone's entrepreneurial intentions. Based on these thoughts, to measure the influence of the perception on AEC towards emergence of entrepreneurial intentions, this research was held.

The research took respondents who are students at the FISIP (Faculty of Social and Political Sciences) UNRI (University of Riau) amounting to 175 people. Sampling technique is nonprobability sampling with purposive sampling methods. Sampling included 7 departments without any batch restrictions.

Type of this research is descriptive research using quantitative approaches. Data was collected with a survey method using questionnaires. Then the data is analysed using parametric statistics that is t-test and simple linear regression.

Results show that perception of students at FISIP UNRI on AEC in general is fairly good and positive. It can be seen from t-test results where value of $\mu > 50$. Similarly, entrepreneurial intention of students at FISIP UNRI shows quite good results. It is also seen from t-test results where value of $\mu > 50$.

The research results also show that perception about AEC is significantly and positively influential towards the entrepreneurial intention of students at FISIP UNRI. It is seen from F-test results and a simple linear regression analysis. The F-test result indicates that F-count (7.227) is greater than the F-table (6.84). Moreover, a simple linear regression analysis test in coefficients table shows same result where significant value of t-count is 0.008 or smaller than 0.05. Thus it can be concluded that the perception about MEA is significantly and positively influential towards the

growth of students' entrepreneurial intentions at FISIP UNRI.

Keywords:- Perception, Entrepreneurial Intentions, AEC, Students.

I. INTRODUCTION

AEC (ASEAN Economic Community) has been implemented since January, 1st, 2016. AEC is one of ASEAN Community pillars, in addition to the APSC (ASEAN political and security Community) and ASCC (ASEAN Socio-Cultural Community). In its implementation AEC has made ASEAN as a free market where production, distribution and consumption take place freely with no meaningful barriers from each member country. Therefore, AEC has provided extensive business opportunities for all citizens of every ASEAN member country including Indonesia. In addition to the opportunities, AEC has also given hope for the flexibility of entrepreneurship.

Indonesia as a member state of ASEAN also strives to utilize the opportunities provided by AEC to increase number of entrepreneurial that currently still reach 3.1%. The number of entrepreneurs is still relatively low compared to neighbouring countries such as Singapore 7% and Malaysia 5% (BPS, 2018). Therefore, it is necessary to attempt from various parties to improve entrepreneurial intentions of community including the education world.

Entrepreneurship is a way of thinking to seize existing opportunities by avoiding threats. Process to identify the opportunities is a process of forming intentions. (Krueger, Reilly and Carsrud, 2000) Therefore a business opportunity can form an intention for someone to set up a business.

AEC is an opportunity to grow business. The opportunities provided by AEC can establish entrepreneurial intentions for anyone who has a positive perception about AEC. This is in accordance with research result conducted by Peterman and Kennedy (2003) that shows the establishment of a positive perception will impact on entrepreneurial intentions.

Given how important perception of AEC to emerge entrepreneurial intentions, this research is held in order to analyse the influence of perception about AEC towards entrepreneurial intentions of student at FISIP UNRI.

II. LITERATURE REVIEW

To analyse the topic this research uses AEC concept, perception on AEC, and entrepreneurial intentions concept which are linked together using 3 hypotheses.

A. AEC (ASEAN Economic Community)

At the ASEAN October 2003 Summit in Bali, it was stated that AEC will be an area that has economic integration in the year 2020. AEC establishes a single market based on production and makes ASEAN more dynamic and competitive. Therefore, AEC has several key characteristics, namely;

- A single and production-based market,
- High economic competitiveness Area,
- A balanced economic development area, and
- An area that is fully integrated in the global economy. (ASEAN, 2008)

In AEC Blueprint it is also regulated to accelerating SMEs (Small and Medium Enterprises) development phase. In addition, SMEs are aimed to increase competitiveness and dynamicization by facilitating them access to information, market, human resources and expertise, finance and technology. (ASEAN, 2008)

Every SME is given freedom in acquiring all resources to develop its business and also in marketing its products. The existence of AEC as a major step in the agenda of ASEAN regional economic integration actually offers opportunities in the form of a large market that is worth US \$6 trillion and more than 622 million people. ASEAN has been jointly the third largest economy in Asia and the seventh largest economy in the world. (<http://www.asean.org/asean-economic-community/>, 2016)

B. Perception on AEC

Colhoun and Ocoella (1990) stated that perception has three dimensions:

➤ Knowledge

Knowledge is the thing we know about other personal, external, behavioural, past, feeling, motives and so on.

➤ Hope

Hope is our idea of something to be and will do and be combined with our ideas.

➤ Evaluation

Evaluation is our conclusion of something based on how something is (according to our knowledge) fulfilling our expectations.

Students' knowledge, expectations and evaluation of the AEC are associated with the AEC characteristics that will make ASEAN as:

- A single market and production based,
- A region with high economic competitiveness,
- A balanced economic development region, and
- A completely integrated region in the global economy

C. Concept of Entrepreneurial Intentions

Entrepreneurial intention, according to Ajzen (1991), is a level where a person demonstrates his motivation and desire to perform behaviour in establishing a business.

Recent research on entrepreneurial intention models, i.e. Ajzen's theory of planned behaviour (TPB) and Shapero's model of entrepreneurial event (SEE), show that entrepreneurial intentions generally depends on perception. (Segal, G, Borgia, D, and Schoenfeld, J, 2005).

Kautonen, Gelderen and Fink (2013) stated that there are 3 entrepreneurial intention indicators, namely:

➤ Plan

Plan is an idea emerging in an individual's mind to take the steps of establishing a business.

➤ Intention

It is an individual intention in doing something in order to establish a business.

➤ Business intended

An individual intended effort to take steps to set up a business.

D. Relation of perception on AEC towards entrepreneurial intentions

Research result conducted by Krueger, Reilly and Carsrud, (2000) shows that process of identifying opportunities is an intention-forming process. Therefore a business opportunity can form an intention for someone to set up a business.

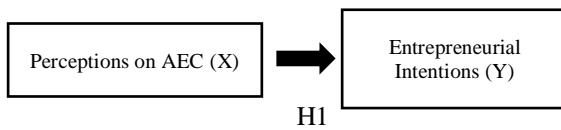
AEC is an opportunity to develop business (<http://www.asean.org/asean-economic-community>, 2006). The opportunities provided by AEC can establish entrepreneurial intentions for anyone who has a positive perception about AEC.

This is in accordance with research conducted by Peterman and Kennedy (2003), which shows that the establishment of a positive perception will impact on entrepreneurial intentions.

Furthermore, research conducted by Koh (1996), Kruenger and Brazeal (1994) also shows that self-efficacy which is an individual perception perceived of self-ability can predict someone's intention to establish a business (Piperopoulos and Dimov, 2014).

E. Research Framework

Based on relationship between perception and entrepreneurial intentions on previous researches then it can be created variables for research framework:



F. Hypothesis Development

Based on the research problems, previous theories and research studies, the hypothesis that can be developed in this research are:

➤ First hypothesis

"Perception of students at FISIP UNRI on AEC is fairly good".

Its statistical hypothesis:

H0: $\mu \leq 50$

H1: $\mu \geq 50$

➤ Second hypothesis

"Entrepreneurial intentions of students at FISIP UNRI is fairly good"

Its statistical hypothesis:

H0: $\mu \leq 50$

H1: $\mu \geq 50$

➤ Third hypothesis

"Perception on AEC influences entrepreneurial intentions of students at FISIP UNRI"

Its statistical hypothesis:

H0: Perception on AEC doesn't influence students' entrepreneurial intentions at FISIP UNRI.

H1: Perception on AEC does influence students' entrepreneurial intentions at FISIP UNRI.

III. RESEARCH METHOD

The type of the research is descriptive research using quantitative approaches. Data was collected from field research with survey method using questionnaire and within time horizon once in a given period (cross-sectional). The analysis unit used in this research is an individual who is a student at FISIP UNRI.

Before questionnaire was deployed to respondent, validity and reliability test was required to ensure that planned concept was actually measured and did not contain any errors (Sekaran & Bougie, 2017).

Population in this research is the whole student at FISIP UNRI consisting of 7 majors. Sampling technique to be used is nonprobability sampling with purposive sampling method.

Sample size is set based on multivariate research (including regression analysis) on the grounds that data in this study will be analysed using regression analysis (Kautonen, Gelderen, Fink, 2013) Thus according to Roscoe (1975), sample size should be 10 times or greater than number of indicators in a study (Sekaran & Bougie, 2013).

Results of reliability and validity tests show that a valid and reliable number of questions (indicators) in this study are 15 questions/indicators. Hence, based on the description, the minimum sample size in this research is $15 \times 10 = 150$ samples. Since the research conducted in 7 majors at FISIP UNRI, number of samples is divided proportionally for each major of 25 samples. So the total number of samples is 175 samples.

Hypothesis test of this research used parametric statistics i.e. *t-test* and simple linear regression. *t-test* analysis is used to test descriptive hypothesis; and a simple linear regression analysis is used to test prediction hypothesis. Before conducting analysis, there should be conducted requirement analysis test that is test of normality and test of linearity.

IV. RESEARCH RESULT AND DISCUSSION

Results of this research are data descriptions, instrument testing results and analysis requirements as well as hypothesis testing results. Data description consists of mean (M), modus (Mo), median (Me) and tendency category table for each variable. While the instrument testing results consist of validity and reliability test results. The test results of prerequisite analysis consist of test results of normality and linearity. The influence of perception variable of AEC towards entrepreneurial intentions can be seen through hypotheses of test result consisting of *t-test* results and simple linear regression analyses.

A. Instrument Test Result

➤ Validity test

Validity test in this research used item analysis or grain analysis. The analysis used Karl Pearson's formula, which was processed using SPSS 23. An instrument is said to be valid if it has a high validity value, otherwise a less valid instrument has a low validity value.

Validity measurement is determined by comparing *r-value* which is between *r-table* and *r-count*. An instrument is said to be valid if value of *r-count* is higher than *r-table* ($r-count > r-table$). The validity test in this study used 35 respondents (each course of 5 respondents). Value of *r-table* with number of respondents 35 ($N = 35$) is 0.334. Value of *r-count* on each question in independent perception variable on AEC indicates that question number 3 and 4 has value of *r-count* below 0.334 namely 0.056 and 0.301. Because value of *r-count* is smaller than *r-table* then question number 3 and 4 are invalid and should be

discarded. Summary of validity test results is shown in the table below:

Variable	Total of Initial Questions	Total of Invalid Questions	Number of Invalid Questions	Total of Valid Questions
X (Perception of AEC)	14	2	3 and 4	12
Y (entrepreneurial intentions)	3	-	-	3
Total	17	2		15

Table 1:- Summary of Instrument Validity Test
Source: Primary Data

➤ Reliability test

Reliability test results indicate level of reliability of an instrument. Reliability test in this research used Alpha Cronbach formula and was processed by using SPSS 23. Summary of reliability test of instrument is shown in the table below.

No	Variable	Alpha Cronbach Coefficient	Reliability Explanation
1	X (Perception of AEC)	0.863	Very High
2	Y (entrepreneurial intentions)	0.694	High

Table 2:- Summary of Reliability Test of Instrument Source: Primary Data

Alpha score for independent perception variable on AEC (X) is 0.863. Since the value is within range of 0.80-1.00, therefore, instrument for the variable has a very high degree of reliability. While the alpha value for bound entrepreneurial intention variable is 0.694. Since the alpha value is within range of 0.60-0.799, therefore, degree of reliability is high. According to Hair et al (1998), an instrument is said to be reliable when value of Alpha Cronbach is above 0.60. Since, reliability test in this research shows that Alpha value for both variables is above 0.60. Therefore, it can be concluded that instrument in this research is reliable.

B. Data Description

➤ Perception on AEC

The average value of students' perception on AEC indicated by the Mean (M) value of 39.49, the middle value or Median (Me) of 40 and the often arises value or the modus (Mo) of 38. The Mean value based on the number of indicators is 3.29. The value is in the range of between 3 and 4 and indicates that average student agrees that AEC is an opportunity to set up a business.

➤ Entrepreneurial Intentions

The average value of students' entrepreneurial intentions is demonstrated by the Mean value (M) of 9.16, the middle value of or Median (Me) of 9 and the often appears value or modus (Mo) of 9. The mean value 9.16 is based on the number of indicators of 3.05. The value is at a value between 3 and 4; it shows that average student agrees to establish a business after graduation later.

C. Requirement analysis test

➤ Normality test

Normality test is done by using Kolmogrov-Spinov analysis. The analysis was conducted with the help of SPSS 23 program. Data is said to have a normal

distribution if the value is above 0.01. After processed with SPSS results indicate that value of rate is 0.013 meaning that the data is already distributed normally.

➤ Linearity test

Linearity test aims to determine whether the relationship between perception variable on AEC and entrepreneurial intentions variable is linear or not. The test of linearity was done using the *F-test* with the help of SPSS 23 program. Relationships between variables are said to be linear when they have significant values below 0.05. After processed data results indicate that the significant value of *F-test* is 0.008. The value is smaller than 0.05 meaning that the perception variable on AEC has a linear relationship with entrepreneurial intentions variable.

D. Hypothesis test

➤ First hypothesis test

The *t-count* value is $t_0 = 130.518$ and *t-table* = 2.326. After processed data results indicate that the *t₀-value* is greater than the *t-table* ($t_0 > 2.326$). Then H_0 is rejected and H_1 is accepted. So the average value of students' perception on AEC > 50 ($\mu \geq 50$). Results of this analysis show that students' perception on AEC is good.

➤ Second hypothesis test

The *t-count* value is $t_0 = 64.854$ and *t-table* value = 2.326. After processed data results indicate that the *t₀-value* is greater than the *t-table* ($t_0 > 2,326$). Then H_0 is rejected and H_1 is accepted. So, the average value of students' intention to set up a business is > 50 ($\mu \geq 50$). The results of this analysis suggest that students' entrepreneurial intentions are good enough.

➤ Third hypothesis test

The value of *F-table* is 6.84, while the value of *F-count* (F_0) is 7.227. The *F-count* value is greater than the *F-table* ($F_0 > 6.84$). Because F_0 is greater than *F-table* then

it corresponds to the format of the rejection criteria, which is H_0 is rejected and H_1 is accepted. It can therefore be concluded that students' perception on AEC affects entrepreneurial intention.

E. Simple linear regression analysis results

Based on coefficients table then simple linear regression equation is obtained, as follows:

$$Y = 5.472 + 0,094X$$

X is students' perception of AEC, while Y is students' entrepreneurial intention to set up business. A constant value of 5.472 indicates that if students' perception on AEC is at level 0 then students' intention to set up the business is at a rate of about 5. While value of X regression coefficient is 0.094 indicating that each addition of one level of perception on AEC will increase students' intention to establish a business of 0.094.

Analysis of strength correlation of relationships is to see the strength of relationship between perception variable on AEC and entrepreneurial intention variable. The strength of the relationship between variables is seen through a correlation value that is *r-square* (R^2) as seen in the model summary table (in attachment).

The *r-value* is in the range between 0 and 1. The closer to number 1 means that the strength of relationship between variables is strong. On the contrary, number 0 means the strength of relationship between variables is weak. After processed data results indicate that R^2 -value is 0.40. The figure indicates that correlation value is 40% and is relatively weak because it is closer to 0. The correlation value of 0.40 also indicates that only 40% of students' entrepreneurial intentions are influenced by students' perception on AEC whereas other 60% is influenced by other not researched variables.

Influence analysis between variables is seen through coefficients table at *t-count* value of constants and coefficients. The *t-count* values in this table are used to identify significant influences between variables by looking at the parameter coefficient value and the significant of *t-statistics* value showing significant levels.

According to Hair et. al (1998), influence between variables is said to be significant if a significant *t-count* value is below 0.05. Result of processed data using SPSS 23 shows the significant value of *t-count* for coefficient is 0.008. The value is below 0.05 and positive.

So it can be concluded that students' perception on AEC positively affects students' intention to establish a business. In other word, students' perception on AEC influences significantly and positively to students' entrepreneurial intentions.

V. CONCLUSION

Based on analysis results of this research, it is found that students' perception at FISIP UNRI on AEC in general is fairly good and positive. It can be seen from t-test results, where value of $\mu > 50$. These positive perceptions on AEC include AEC as a single-based production market integrating markets in ASEAN. Students think that AEC is a high competitive economic region with a balance development and AEC can facilitate marketing access to ASEAN countries and encourage formation of quality products. Students also perceive that ASEAN can reduce business costs due to convenience and tariff exemption.

Moreover, it is found also that students' entrepreneurial intention at FISIP UNRI is fairly good. This is seen from *t-test* results where value of $\mu > 50$. Students' entrepreneurial intention is seen on some actions they do to set up businesses.

Therefore, perception on AEC affects significantly and positively towards students' entrepreneurial intention at FISIP UNRI. It is seen in the *F-test* results and the simple linear regression analysis results. The *F-test* result indicates that *F-count* > *F table*. It can therefore be concluded that perception of AEC affects students' entrepreneurial intentions. So is result of a simple linear regression analysis in the coefficients table.

The significant *t-count* value is 0.008 or smaller than 0.05. It can therefore be concluded that perception on AEC has significant effect on students' entrepreneurial intentions.

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