Analysis of Factors That Influence Student Readiness Entrepreneurship in Jakarta

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Abstract

This study aims to determine the effect of motivation, opportunity identification, resources, and entrepreneurial abilities towards entrepreneurship readiness of students as the younger generation in entrepreneurship activities. This study uses a non-probability sampling method with the technique of taking data convenience sampling. The population in this study were students with education at the University at Jakarta and the sample size in this study was 120 students who were used as respondents. The data collection technique was carried out by distributing questionnaires through google-form and the data was processed using the SmartPLS3 (Partial Least Square) program. The results of this study indicate that motivation, the ability to identify opportunities, resources, and entrepreneurial skills have a positive influence on entrepreneurial readiness. However, from these factors, the ability to identify the opportunity factor was declared insignificant, then factors such as motivation, resources, and entrepreneurial ability were stated to be significant.

I. Introduction

Entrepreneurial activity is very important for the economy of a country, because it can reduce the number of unemployment rates in a country. The level of economic growth in a country cannot be separated from the role of entrepreneurs (Rodhiah & Nathasia, 2020). In Indonesia itself, entrepreneurship currently has a very important role in growth and development in improving the national economy (Rodhiah & Willison, 2021) With the development of entrepreneurial activities, many job opportunities will be opened. Where this opportunity can be used to reduce the number of unemployed in a country. Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019).

The young generation of Indonesia is considered to be the determinant of the face of Indonesia in the future, because they are at their most productive age. It can be seen, based on the Indonesia Millenial Report Survey conducted by (William Putra Utomo, 2019) shows that there is quite a lot of interest in the younger generation to become entrepreneurs. It is also seen from the percentage of entrepreneurs according to the last education level (Vika Azkiya Dihni, 2022), the second position is mostly graduates of undergraduate students as the younger generation. Several approaches have been taken to meet the interest of the younger generation to become successful entrepreneurs. Several national and private universities have made efforts to facilitate students as talents of the young generation, with the aim of preparing them to engage in entrepreneurial activities. Many programs are held to provide an understanding of entrepreneurial activities such as entrepreneurship seminars, giving entrepreneurship courses, and entrepreneurial practices.

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But in practice, despite all the entrepreneurial interests that students have as a young generation. Currently, in Indonesia, there are 3.47% of the total population belonging to the economic and entrepreneurial scale. This percentage is still relatively low when compared to Singapore, which has reached 8.5% of the total population, while Malaysia and Thailand have reached 4.5%. To become a developed country, it takes at least a 4% percentage of the level of entrepreneurship in a country (Catriana, 2021). Therefore, regardless of all the interests that students as the younger generation have in the entrepreneurial activities above. Students still lack readiness for entrepreneurship because they are considered to have a high risk. Launching from the Valid News website regarding data on the number of entrepreneurs in Indonesia conducted by (Central Bureau of Statistics, 2020). Therefore, entrepreneurship readiness needs to be prepared.

Entrepreneurial readiness is a collection of attitudes and skills needed in any condition (Pratomo et al., 2018). With entrepreneurial readiness, students as young people are expected to be able to identify various opportunities that help take action with various risks in the future. Based on this understanding, it can be concluded that to form entrepreneurial readiness there are factors that can influence it such as motivation, ability to identify opportunities, resources, and entrepreneurial abilities.Motivation provides mental strength in a person who responds to certain goals to make someone have entrepreneurial readiness(Choo & Wong, 2006).Leads to the results of research (Kallas, 2019)) which shows that motivation also has positive results on entrepreneurial readiness. Research result (Khin & Lim, 2018) states that the identification of opportunities contributes to readiness to set up a business and supports business success. The results of the study (Wulandari et al., 2021) also say that the identification of opportunities has a significant influence on entrepreneurial readiness. In other words, identifying opportunities has a positive influence on entrepreneurial readiness. Research result (Seun & Kalsom, 2015; Vuong et al., 2015) states that resources have a positive and significant effect on entrepreneurial readiness. Then research by (Seun & Kalsom, 2015) states that entrepreneurial ability has a positive and significant effect in creating new businesses.

Thus, this study aims to determine the effect of motivation, ability to identify opportunities, resources, and entrepreneurial skills on entrepreneurial readiness.

II. Research Method

In this study, a descriptive research method with a quantitative approach was used. According to (Sekaran & Bougie, 2016) Population refers to the whole group of people, events, or things of interest that the researcher wants to study. The population in this study were students who attended higher education at the University of Jakarta. In this study, the sample selection method used is non-probability sampling, with a convenience sampling technique. The sample in this study was taken from students who have higher education at the University in Jakarta. Of the respondents collected, as many as 120 respondents were involved in the actual statistical test. The data is processed using PLS (Partial Least Square) with the help of smartPLS 3 software. The following is the operation of the variables used for each variable in this study, as follows:

Table 1. Variable Operations

Variable	Indicator	Code	Scale	Reference
Motivation	Motivation to overcome financial shortage	M1	ordinal	(Vijaya & Kamalanabhan,
	Motivation to get extra income for my	M2	ordinal	1988)

	family			
	Motivation to generate income to pay off debt	M3	ordinal	
	Motivation to get wealth for myself or my family	M4	ordinal	
	Motivation to make sure my family's needs are met	M5	ordinal	
Ability to Identify Opportunities	Evaluating business opportunities	IP1	ordinal	(Keat et al., 2011)
	Changing the resources I have to be more efficient	IP2	ordinal	
	Looking for the right methods and techniques to be more successful	IP3	ordinal	
	Understanding market demand	IP4	ordinal	
Resource	Have technical expertise	SD1	ordinal	(Vijaya & Kamalanabhan, 1988)
	Have in-depth knowledge of products/services	SD2	ordinal	
	Have sufficient financial capital to start a business	SD3	ordinal	
	Get financial assistance to start a business	SD4	ordinal	
	Government policies make it easier to start a business	SD5	ordinal	
	Have a suitable place to start a business	SD6	ordinal	
Entrepreneurial Ability	Have management skills to manage a business	KB1	ordinal	(Coduras et al., 2016a)
	Have financial management skills to manage a business	KB2	ordinal	
	Have marketing management skills to promote business	KB3	ordinal	
	Prepare an effective business plan	KB4	ordinal	
Entrepreneurial Readiness	Not afraid to fail in starting a business	KW1	ordinal	(Keat et al., 2011)
	Ready to start my own business in the near future	KW2	ordinal	
	Having the assumption that entrepreneurship has a high success rate	KW3	ordinal	
	Prefer to start your own business instead of working with other people	KW4	ordinal	
	Never give up on external factors	KW5	ordinal	

III. Result and Discussion

Respondents in this study were students with higher education at the University in Jakarta. The majority of respondents are men with an average age of 21-24 years. Most of the respondents were followed by students with higher education at universities in Jakarta.

Table 2. Results of Analysis of Average Variance Extracted (Convergent Validity)

Variable	*Average Variance Extracted (AVE)*
Motivation	0.605
Ability to Identify Opportunities	0.593
Resource	0.610
Entrepreneurial Ability	0.595
Entrepreneurial Readiness	0.532

Based on the results of the Average Variance Extracted (AVE) in Table 3.1 above, it can be concluded that each variable in this study meets the validity criteria, namely the AVE value is above 0.5 (>0.5).

Table 3. Results of Initial Outer Loading Analysis (Convergent Validity)

	X1 M	X2 IP	X3 SD	X4 KB	Y KW	Description
M1	0.861					Valid
M2	0.722					Valid
M3	0.682					Valid
M4	0.732					Valid
M5	0.842					Valid
IP1		0.819				Valid
IP2		0.759				Valid
IP3		0.734				Valid
IP4		0.766				Valid
SD1			0.741			Valid
SD2			0.710			Valid
SD3			0.722			Valid
SD4			0.694			Valid
SD5			0.753			Valid
SD6			0.753			Valid
KB1				0.812		Valid
KB2				0.786		Valid
KB3				0.718		Valid
KB4				0.793		Valid
KW1					0.800	Valid
KW2					0.831	Valid
KW3					0.788	Valid
KW4					0.738	Valid
KW5					0.745	Valid

Based on Table 3.above, it shows that all indicators are declared valid. Based on the statement put forward by (Chin, 1998) the variable indicator is declared valid because it exceeds the value of 0.5 (> 0.5). So it can be concluded that all indicators of each variable are declared valid.

Table 4. Cronbach's Alpha and Composite Reliability Analysis Results

Variable	Cronbach's Alpha	Composite Reliability
Motivation	0.783	0.860
Ability to Identify Opportunities	0.778	0.853
Resource	0.840	0.886
Entrepreneurial Ability	0.829	0.879
Entrepreneurial Readiness	0.824	0.872

Based on the reliability test in Table 3.3 above, it can be concluded that all of the above variables are reliable, because it can be seen that all variables have met the minimum value requirements, namely the Cronbach's Alpha value above 0.6 (>0.6), and the Composite Reliability value above 0.7 (>0.7).

Table 4. Coefficient of Determination Test Results (R2)

Variable	R-Square (R2)
Entrepreneurial Readiness	0.523

Based on the results in the table above, the coefficient of determination (R2) of the entrepreneurial readiness variable is 0.523 or 52.3%. This shows that 52.3% of the changes in the Entrepreneurial Readiness variable can be explained by the variables of motivation, ability to identify opportunities, resources, and entrepreneurial ability.

Table 5. Predictive Relevance Test Results (Q2)

Variable	Q-Square(Q2)
Entrepreneurial Readiness	0.300

Based on the table above, the results of predictive relevance (Q2) from the entrepreneurial readiness variable are 0.300. Thus, it can be concluded that the entrepreneurial readiness variable has a value of Q2 > 0, which means that the variables in the study can explain the model well.

Table 6. Goodness of Fit (GoF) Test Results

Variable	AVE	R2
Motivation	0.595	
Ability to Identify Opportunities	0.593	
Resource	0.532	
Entrepreneurial Ability	0.605	
Entrepreneurial Readiness	0.610	0.523
Average	**0.587**	**0.523**

Gof's formula: AVE x R2 = 0.554

Based on the results in the table above, it can be concluded that the GoF value is 0.554 which is included in the large category, so that the model in this study has a good level of suitability and fit.

Table 7. Path-Coefficient Analysis Results

Variable	T-Statistics	P-Values	Path-coefficient
Motivation→Entrepreneurial Readiness	2.033	0.043	0.189
Ability to Identify Opportunities→Entrepreneurial Readiness	0.330	0.742	0.037
Resource→Entrepreneurial Readiness	2,195	0.029	0.249
Entrepreneurial Ability→Entrepreneurial Readiness	3,254	0.001	0.394

Based on the table above, it shows that each of the above variables has a positive influence on the entrepreneurial readiness variable. But the variable of ability to identify opportunities does not have a significant effect, while other variables have a significant effect.

Table 8. Effect Size Test Results (f2)

Variable	Entrepreneurial Readiness
Motivation	0.048
Ability to Identify Opportunities	0.002
Resource	0.068
Entrepreneurial Ability	0.142

Based on the table above, it is stated that the ability to identify opportunities has no effect on entrepreneurial readiness. Furthermore, other variables such as motivation, resources, and entrepreneurial ability have a small influence on entrepreneurial readiness.

3.1 Discussion

Based on the validity and reliability tests that have been carried out previously, it can be stated that the motivation variable has a positive and significant influence on entrepreneurial readiness. Which shows the greater the level of motivation, the greater the level of one's readiness for entrepreneurship. This is in line with the results of research conducted by (Wulandari et al., 2021). It is stated that someone who is ready to start entrepreneurship usually tends to have higher motivation than people who do not want to start an entrepreneurship. However, it has differences with research results (Khan et al., 2021). Although the results of this study say that motivation has a positive influence on entrepreneurial readiness, Surprisingly, motivation does not have a significant effect on entrepreneurial readiness. This is seen because usually a person's motivation to start a business is only because of curiosity, not because they are motivated to fulfill life's needs. Motivation, which is aimed only out of curiosity usually will not last long. (Kallas, 2019)

The results of research conducted by (Olugbola, 2017) and (Rakib et al., 2022) state that the ability to identify opportunities has a positive and significant influence on entrepreneurial readiness. It is said that everyone has a different level of identifying an opportunity. Those who have a good level of ability to identify opportunities tend to be better prepared to start entrepreneurship. In addition, many fail to start a business due to the inability to identify an opportunity. However, the results of this study are not in line with the results of research conducted by the two researchers. In this study, the ability to

identify opportunities has a positive influence on entrepreneurial readiness, but does not have a significant effect on entrepreneurial readiness. This is because the subjects in this study are students who are just interested in becoming entrepreneurs. Entrepreneurial experience can still be said to be little or no. So, the level of expertise in identifying opportunities is still low. However, this study almost has similarities with the results of the study (Wulandari et al., 2021). That is, the ability to identify opportunities can have a significant impact with the help of entrepreneurship training. However, this study did not include the moderating variable, namely entrepreneurship training. As has been said, everyone has the ability to identify opportunities at different levels. (Chang et al., 2014) said that identifying opportunities is one of the important factors for starting a business.

The results of this study indicate that resources are accepted or not rejected, and have a positive influence on entrepreneurial readiness. This shows that the results of this study have results that are consistent with the results of research conducted by (Olugbola, 2017) and (Wulandari et al., 2021). Where, the results of their research show that resources have a positive and significant influence on entrepreneurial readiness. Resources that can be maximized properly provide a sense of readiness to start a business. However, lack of resources can make a person hesitant to start a business. There are also slightly different research results, namely research conducted by (Khan et al., 2021). The results of this study indicate that resources have a significant influence but have very little relationship to entrepreneurial readiness. Resources such as knowledge possessed, financial ability, or a place of business do provide a sense of readiness in entrepreneurship. However, to make the business work requires additional preparation.

And the variable of entrepreneurial ability has a positive and significant influence on entrepreneurial readiness. The results of the study (Khan et al., 2021) state that entrepreneurial ability does not have a significant effect which shows the results of this study are not in line. This can happen because perhaps despite the fact that entrepreneurial skills are important for entrepreneurial readiness. Entrepreneurial ability does not help provide or form an entrepreneurial intention and readiness. However, the results of this study are in line with research (Wulandari et al., 2021). With entrepreneurial skills, a person will be more courageous in facing all obstacles in entrepreneurship activities. That courage, can be used to increase the sense of readiness in entrepreneurship.

IV. Conclusion

1. Motivation has a positive and significant influence on entrepreneurial readiness.
2. The ability to identify opportunities has a positive effect on entrepreneurial readiness, but does not have a significant effect.
3. Resources have a positive and significant influence on entrepreneurial readiness.
4. Entrepreneurial ability has a positive and significant influence on entrepreneurial readiness.

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