

Effect of Entrepreneurial Literacy and Self Efficacy on Entrepreneurial Intention in Students

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Abstract

This study aims to determine effect of entrepreneurial literacy and self efficacy on entrepreneurial intention in students. The type of research used in this research is quantitative research. The population in this study are the students of the Institut Agama Kristen Negeri Tarutung, Christian Education Management S-1 Study Program, Class of 2019, totaling 48 students. The sampling technique used is the saturated sample technique. The data collection technique used is by using a questionnaire. The scale used is a Likert scale with 5 alternative answers. The data analysis technique used is PLS-SEM method. The results show that entrepreneurial literacy has a positive and significant effect on entrepreneurial intention. Self efficacy has a positive and significant effect on entrepreneurial intention.

Keywords

entrepreneurial; literacy;
intention; self efficacy



I. Introduction

The problem of unemployment is often a serious problem and difficult to overcome. The problem of unemployment is still common in developing countries, including Indonesia.

Based on data reported by the Central Statistics Agency, the number of unemployed in Indonesia was 8.40 million people as of February 2022. And the high open unemployment rate in Indonesia shows that there is still a high level of labor that is not absorbed by the labor market and illustrates the underutilization of the labor supply in Indonesia country.

Entrepreneurship has been identified as one of the main drivers of economic prosperity and is considered a plausible vehicle that can be used to aid economic growth in developing countries (Kimmitt et al., 2020). Micro, small and medium enterprises are believed to be one of the pillars of the nation's economy, the driving wheel in economic development in a country. Micro, small and medium enterprises are considered to be important pillars in the Indonesian economy. The target of the national entrepreneurship ratio in the National Mid-Term Development Plan is to reach 3.9% and the growth of new entrepreneurs by 4% by 2024.

According to data from the Ministry of Cooperatives and SMEs, the number of business sectors for micro, small and medium enterprises in Indonesia in 2021 will reach 64.19 million by making a large contribution to Indonesia's gross domestic product, which is 61.97 percent or Rp8.6 trillion. The micro, small and medium business sector has a role in improving the Indonesian economy, as seen by its ability to absorb 97 percent of the workforce and integrate investment by 60.4 percent.

In 2030-2040 Indonesia is predicted to experience a period of demographic bonus. The demographic bonus can be an opportunity as well as a challenge for the Indonesian state. The

demographic bonus can become a demographic disaster if it is not prepared properly and carefully. Not only that, during the demographic bonus period, the challenge of competition in the world of work is increasingly open. At that time, the productive age was very dominant, so it needed to be directly proportional to the wide opening of job opportunities. If the availability of jobs is minimal, it can be predicted to result in high unemployment rates. Thus, it is very necessary for young Indonesian people who have high intentions to become entrepreneurs. The fact is that currently, the awareness and interest of the Indonesian people, especially young people, to start a business is still low, this can be seen from the number of businesses that are pioneered by young people. Entrepreneurial intention is still quite low in Indonesia. According to data from the Ministry of Cooperatives and SMEs in 2020, it is stated that the entrepreneurship ratio of the Indonesian state is only around 3.47 percent of the total population of Indonesia, which is around 270 million people. Compared to fellow ASEAN countries, this percentage is still considered quite low, such as Singapore which reaches 8.76 percent, Thailand 4.26 percent and Malaysia 4.74 percent of the entrepreneurial ratio. This is a challenge for the productive age in Indonesia to catch up with the number of entrepreneurs from other ASEAN countries by creating innovation and creativity in utilizing Indonesia's abundant resources.

The Institut Agama Kristen Negeri Tarutung, Christian Education Management S-1 Study Program is the only Education Management study program with Christian values in North Sumatra. The existence of this study program in terms of the diverse needs of the community is expected to be a solution to problems in the management of educational institutions such as schools, course institutions, training institutions, study groups, community learning activity centers, churches, social institutions, and so on. Christian Education Management S-1 Study Program graduates have graduate profiles, including: managers of educational institutions, education staff and researchers in the field of education management. As a candidate for managing educational institutions such as educators, of course, it is hoped that the entrepreneurial spirit and entrepreneurial intentions will grow in the students themselves. Through entrepreneurial literacy and self efficacy, it is certainly very relevant to be owned by students of the Christian Education Management S-1 Study Program, as a provision of useful knowledge to be applied after graduating from college later. Increasing entrepreneurial literacy and self efficacy in students is expected to increase entrepreneurial intentions.

Entrepreneurial literacy is education about attitudes, skills and knowledge to enable a person to detect an opportunity and make it grow sustainably (Perez and Bustamante, 2014).

The government has planned for entrepreneurship education to be implemented in universities as an effort to create competent young entrepreneurs with undergraduate status to help the government in reducing unemployment. Entrepreneurship education is expected to provide students with entrepreneurial insights and skills to apply when they graduate.

In addition to entrepreneurial literacy, the intention for entrepreneurship comes from a strong desire from within the individual himself. Mobaraki (2012) revealed that with high self-efficacy, one's confidence in opening a business will be high, so that creativity will also be high.

This study aims to determine effect of entrepreneurial literacy and self efficacy on entrepreneurial intention in students.

II. Research Method

The type of research used in this research is quantitative research. Quantitative research is a systematic scientific study of the parts and phenomena and the causality of their relationships (Pandiangan, 2018; Pandiangan, 2015). The purpose of quantitative research is to develop and use mathematical models, theories and/or hypotheses related to a phenomenon (Pandiangan et al., 2018; Pandiangan, 2022).

The population in this study are the students of the Institut Agama Kristen Negeri Tarutung, Christian Education Management S-1 Study Program, Class of 2019, totaling 48 students. The sampling technique used is the saturated sample technique. Saturated sampling technique is a sampling technique in which all members of the population are used as samples (Pandiangan et al., 2021; Pandiangan et al., 2022; Tobing et al., 2018).

The data collection technique used is by using a questionnaire. The scale used is a Likert scale with 5 alternative answers.

The data analysis technique used is the partial least squares (PLS) method. PLS is a structural equation modeling (SEM) model with an approach based on variance or component-based structural equation modeling. PLS analysis is an analysis that determines a causal relationship (Ghozali, 2016). PLS-SEM analysis consists of two sub-models, namely the measurement model or the outer model and the structural model or the inner model.

III. Discussion

3.1 PLS-SEM Results

PLS is a structural equation modeling (SEM) model with an approach based on variance or component-based structural equation modeling. PLS analysis is an analysis that determines a causal relationship (Ghozali, 2016).

Table 1. Path Coefficient-BootStrap

	Original Sample	Sample Mean	Standard Deviation	T Statistics	PValues
Entrepreneurial Literacy -> Entrepreneurial Intention	0.341	0.358	0.149	2.279	0.023
Self Efficacy -> Entrepreneurial Intention	0.578	0.565	0.134	4.301	0.000

Source: Processed Data (2022)

The results show that entrepreneurial literacy has a positive and significant effect on entrepreneurial intention. The research of Mamman et al. (2018) shows that entrepreneurship education has a positive and significant effect on entrepreneurship intentions in students. The research results of Mamman et al. (2018) recommend that University Management should design adequate follow-up tools from their graduates to ensure students' entrepreneurial intentions into business creation, while entrepreneurship education lecturers should pay special attention to the area of business creation because students do not seem to be too optimistic in their ability to translate business opportunities into projects/business ventures. Thus the Christian Education Management S-1 Study Program needs to increase attention to

increasing entrepreneurial literacy in students. Students need to be supported both through funding sources and several relevant programs such as student creativity programs, project-based learning, business incubation or business mentoring. Such programs need to be implemented in order to gain hands-on experience in entrepreneurship. Study programs can collaborate with various parties to realize these programs.

Self efficacy has a positive and significant effect on entrepreneurial intention. According to Sartika and Sugiharsono (2020), self efficacy is one of the most influential aspects of self-knowledge in everyday life. Through self efficacy, it can influence individuals in determining actions to achieve a goal, including estimating various events that will be faced. Self efficacy is related to one's self esteem to influence one's success or failure (Sartika and Sugiharsono, 2020). Someone who has high self efficacy and high motivation will make that person carry out activities. Conversely, if someone has low self efficacy and motivation, they will not want to do an activity. This statement is in accordance with the opinion of Bandura (2012) which asserts that self efficacy affects the consideration of something serious in the decision-making process for a career. This self efficacy also affects decision-making for entrepreneurship which is called entrepreneurial self efficacy. The results show that positive entrepreneurial self efficacy predicts entrepreneurial intentions, this implies that students with higher entrepreneurial self efficacy show higher entrepreneurial intentions. Students with higher self efficacy tend to be more confident in their ability to be entrepreneurs. Thus, they will be more confident and ready to enter the world of entrepreneurship or start a business/business plan after graduating from college. The high self efficacy will show a stronger entrepreneurial intention in the individual.

IV. Conclusion

4.1 Conclusion

The results show that entrepreneurial literacy has a positive and significant effect on entrepreneurial intention. Self efficacy has a positive and significant effect on entrepreneurial intention.

4.2 Suggestions

Suggestions for this research are:

1. For Students

The need to increase entrepreneurial literacy and self efficacy in students through a deeper and more applicable understanding of entrepreneurship material.

2. For Study Programs

The Christian Education Management S-1 Study Program needs to increase its attention to increasing entrepreneurial literacy in students. Students need to be supported both through funding sources and several relevant programs such as student creativity programs, project-based learning, business incubation or business mentoring. Of course, this is possible to do with the help or cooperation of various parties. Such programs need to be implemented in order to gain hands-on experience in entrepreneurship.

3. For Further Researchers

Some suggestions for further researchers in developing this research are by examining other variables that can affect the entrepreneurial intention of students. Further researchers can also use other methods in examining the entrepreneurial intention variable and also by increasing the number of samples and the scope to be studied.

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