Entrepreneurial Intention Among Students: The Role of Entrepreneurial Education, Self-Efficacy, and Network

Aditya Kristianto Kwetan¹,
Dhyah Harjanti ²*

¹,² School of Business and Management, Petra Christian University, Indonesia

ARTICLE INFO

ABSTRACT

Research Aims: Indonesia has enormous natural resources. This wealth of natural resources has the potential to become a business opportunity and give birth to new entrepreneurs. This study aimed to identify the effect of entrepreneurial education, self-efficacy, and network on entrepreneurial intention.

Design/methodology/approach: The method of research used in this study was quantitative. The number of samples used was 91 college students domiciled in Eastern Indonesia (EI). The sampling technique used in this study was the purposive sampling technique. The data analysis technique used was descriptive statistics with the Partial Least Square program (PLS). The majority of the respondents in this study were male (53%), 20 years old (52.7%), majoring in economics and business (60.4%), and currently in their third year of college (58.2%).

Research Findings: The results showed that entrepreneurial education had a positive and significant effect on self-efficacy, and entrepreneurial education, self-efficacy, and the network had a positive and significant effect on entrepreneurial intention.

Theoretical Contribution/Originality: The findings of this research can be used as an evaluation of the results of various efforts made to encourage the growth of entrepreneurial intentions through the provision of educational facilities and networks in Eastern Indonesia.

Keywords: Entrepreneurial Education, Self-Efficacy, Network, Entrepreneurial Intention

Introduction

In the era of globalization, entrepreneurship plays a key role in world economic growth (Tunali & Sener, 2019). Entrepreneurship really determines the economy because it affects Gross Domestic Product (GDP). The more entrepreneurs, the more businesses are established, and the GDP will increase. An increase in GDP will be able to grow the economy and improve people's welfare (Woźniak, Duda, Gąsior, &
Bernat, 2019). Entrepreneurship also opens up more job opportunities so that the economic turnover and income distribution become better. That is why countries around the world encourage their people to become entrepreneurs. However, in Indonesia, traditions in several areas tend to look down on the entrepreneurial profession. For example, in several parts of Eastern Indonesia, parents prefer that their children work as civil servants or at least employees in private companies. The profession of an entrepreneur is the last resort and is sometimes even considered a failure of the child.

Given the importance of the role of entrepreneurship for the economy, the government then issued various policies that encourage the growth of the spirit of entrepreneurship, one of which is in the field of education. Entrepreneurship education from an early age is expected to build the entrepreneurial spirit of Indonesia's young generation to break the tradition that despises the entrepreneur profession. Previous researches (Wang et al., 2019; Liu et al., 2019; Weiss, Anisimova, & Shirokova, 2019) showed that entrepreneurial intention is influenced by entrepreneurial education, self-efficacy, and networking. These three variables can be used as a reference to explain entrepreneurial intention.

Learning about entrepreneurship provides knowledge about all issues related to entrepreneurship. A deeper understanding of entrepreneurship through learning is a provision to understand various problems related to entrepreneurship so that it causes someone to be more interested in establishing a business because they feel they have adequate knowledge. Apart from that, according to research by Puni, Anlesinya, and Korsorku (2018), entrepreneurship education positively affects self-efficacy, meaning that being equipped with entrepreneurship education causes a person to feel more confident in their ability to start and run a business. According to Sánchez and Sahuquillo (2017), learning about entrepreneurship provides beneficial training for starting a business. The learning gained is also directed at improving skills in environmental analysis to understand business opportunities. This learning would increase students' confidence to set up a business and interest in becoming an entrepreneur.

Self-efficacy is the level of confidence in one's abilities, and this belief influences the intention to become an entrepreneur. Indonesian value humility. However, this humble nature often leads to low self-esteem (CNBC, 2018). This low self-esteem can prevent someone from becoming an entrepreneur. Without self-confidence, there will be a lack of intention to become an entrepreneur. An entrepreneur must have the confidence and ability to overcome complex problems in running his business. According to Hsu et al. (2018), the strengths and weaknesses of the intention to become an entrepreneur can be shown by self-efficacy. Someone who confidence in their abilities has a stronger intention to become an entrepreneur because they feel confident, they can fulfill their desire to become an entrepreneur. Self-efficacy causes a person to become more motivated to make their wish come true because they feel confident, they can overcome all the problems they will face.

Corresponding to Weiss, Anisimova, and Shirokova (2019), establishing a company involves many parties, especially those related to business operations. To become an
entrepreneur, someone must have a network, such as: network with suppliers, financial institutions, and distributors. The ability to establish relationships with parties related to operations can determine the confidence to become an entrepreneur and ultimately influence the intention to become an entrepreneur. Wang et al. (2019) added that the intensity of a person's relationships and the breadth of relationships they have related to business will have a positive impact on entrepreneurial intention. The breadth of the network represents support from relationships, which can make someone more confident in operating their business.

The Eastern Regions of Indonesia have great natural and resource potential. However, resource management is considered not optimal (Sulawesi.bisnis.com, 2018). The Eastern Region of Indonesia (EI) still has investment absorption issues and infrastructure gaps (Sukwika, 2018). Entrepreneurship development, especially for students in EI, expectedly, will encourage students to take part in developing the Eastern Region of Indonesia by becoming entrepreneurs. Therefore, this research was conducted among undergraduate students in the Eastern Region of Indonesia (EI) to assess the success of various implemented government programs to encourage the emergence of young entrepreneurs. This study aims to test whether entrepreneurial education, self-efficacy, and networking can increase entrepreneurial intentions among students in Eastern Indonesia. The results of this study can be used as an evaluation of the results of efforts to encourage the growth of entrepreneurial intentions by providing educational facilities and networks in Eastern Indonesia.

Literature Review

Entrepreneurial Education

Entrepreneurial education is a learning process to improve the ability to recognize opportunities and come up with creative and innovative ideas that can be put into practice (Minai et al., 2018). In formal education, entrepreneurial education specifically provides learning about entrepreneurial skills and attitudes to improve competence and develop business performance. The learning process does not only involve physical skills but focuses more on learning mental, behavioural, and entrepreneurial spirit. Entrepreneurial mentality and behavior are very important because they are related to commitment, and consistency not giving up on running a business (Liu et.al., 2019). The growth of an entrepreneurial spirit is considered important in entrepreneurship education because a strong entrepreneurial spirit will emerge ambition, motivation, and a spirit that does not give up easily to realize and run a business.

The current research adopted indicators from Liu et al. (2019), who conducted a study to examine the effect of entrepreneurial education on entrepreneurial intention among university students in Fujian Province, China. The indicators used to measure entrepreneurial education are taking time and energy to learn the latest business management info, learning about entrepreneurship formally and informally, having a broad knowledge of entrepreneurship, and having experience in entrepreneurship.

Entrepreneurial Education

Self-efficacy is a human belief in the ability to control various situations or circumstances faced (Bandura, 1986). High self-efficacy can be a stronger driver for
individuals than their abilities themselves (Markman, Balkin, & Baron, 2002). Individuals with low self-efficacy tend to lack self-confidence, so they are reluctant to perform certain behaviours, even though the individual actually has sufficient competence.

Self-efficacy in the context of entrepreneurship is an individual's confidence and belief in his ability to start and develop a business (Liu et al., 2019). Self-confidence is one of the important traits that must be owned by an entrepreneur. Confidence to successfully run a business shows that a person has belief in his ability to design, organize, and run a business so that he feels confident that the business he is running will be successful (Barbosa, Gerhardt, & Kickul, 2007). Prior study (Zamfir, & Mocanu, 2020) explains that individuals with self-efficacy believe they can effectively use their skills to achieve certain results. The individual has self-awareness and can measure his expertise so that he can use his expertise effectively to achieve certain results.

Network
A network is a relationship that a person builds with various parties in the surrounding environment that can be used to support a business. The surrounding environment can be in the form of family, friends, associations, or community (Rutgers, Rutgers, & Rutgers, 2017; Edelman et al., 2016). Networks in the entrepreneurial context are built and underlie the establishment of a business (Rutgers, Rutgers, & Rutgers, 2017). This network can be in the form of personal relationships with family, friends, or acquaintances. Communities related to hobbies, work, and interests also have the potential to facilitate someone when building and developing their business (Edelman et al., 2016). Even among students, their involvement in various communities can provide insight, business ideas, and inspiration so that students intend to set up businesses.

Oberg (2019) also expressed a view of networks, stating that networks have a broad perspective, including that networks are built from the exchange. This exchange concept also has a widespread meaning, for example, an exchange between a company and an employee, where the employee contributes through work, and the company provides rewards in the form of wages or salaries. The concept of exchange can also occur between companies and suppliers of materials for operations. Exchange can also occur with customers through buying and selling transactions. Enhanced relationships between parties involved in operations mean they are part of the company's business network.

Entrepreneurial Intention
Entrepreneurial intention is a person's desire and interest to make entrepreneurship a self-identity and profession (Indarti, & Kristiansen, 2003). Entrepreneurial intention also shows the strength of a person's desire to set up a business (Krueger, Reilly, & Carsrud, 2000). The entrepreneurial intention in this perspective emphasizes the belief and commitment from within a person or student to seriously prepare various things related to the establishment of a business. Thus, the intention is seen as a form of interest shown by actual efforts related to the establishment of a business later.
Salhi and Jemmali (2018) explained entrepreneurial intention from three perspectives, i.e., perceived desirability, perceived feasibility, and social norms. Perceived desirability shows a sense of interest in starting a business. This feeling of interest becomes the basis of a person's intention to set up a business. Perceived feasibility shows a person's sense of confidence that he is capable of starting a business. This self-confidence is considered part of the desire to set up a business. Social Norms are support factors from the environment, namely friends, family, and relationships. This support factor is part of entrepreneurial intention because it increases a person's confidence in starting a business.

The measurement of the entrepreneurial intention variable in the current study refers to previous research on college students' entrepreneurial intention in Norway (Indarti, & Kristiansen, 2003). There are two indicators of entrepreneurial intention. First, students choose a career to become an entrepreneur. They decide on entrepreneurship as a profession and a career choice after graduating from college. Second, students prefer to be an entrepreneur than an employee. The decision to become an entrepreneur has been considered and compared with alternatives to becoming an employee.

The Influence of Entrepreneurial Education on Self-Efficacy
Confidence in one's ability to overcome a problem is formed by knowledge of various difficulties that will be faced. When someone has an education regarding the ins and outs of entrepreneurship, it makes them feel like they can understand all problems that can occur and have ideas for solving those problems. Entrepreneurship education improves a person's self-confidence. Puni, Anlesinya, and Korsooku (2018) said that entrepreneurship education positively affects self-efficacy, meaning that being equipped with entrepreneurship education causes a person to feel more confident in their ability to start and run a business. Based on the relationship between these variables, the proposed research hypothesis is as follows: H1 = Entrepreneurial education positively influences self-efficacy.

The Influence of Entrepreneurial Education on Entrepreneurial Intention
Knowledge, insight, and skills are needed to become an entrepreneur. Complex problems and intense competition require the ability to understand and master them. The role of learning about entrepreneurship is very visible here because adequate education about entrepreneurship causes a person to feel able to understand various problems in becoming an entrepreneur, thereby giving rise to the intention to become an entrepreneur. The influence of entrepreneurial education on entrepreneurial intention is also shown in research by Liu et al. (2019) that entrepreneurial education has a positive influence on entrepreneurial intention. Someone who has learned about entrepreneurship would increasingly show interest in becoming an entrepreneur. Learning about entrepreneurship is considered a provision for understanding various problems related to entrepreneurship, thereby causing someone to become more interested in setting up a business. Sánchez and Sahuquillo’s (2017) research also showed similar findings. After learning about entrepreneurship, people would feel they own useful equipment for starting a business. Apart from that, the learning gained at improving skills in environmental
analysis to understand business opportunities. Armed with this learning, a person feels they are able to set up a business and would be interested in becoming an entrepreneur. Based on the relationship between these variables, the proposed research hypothesis is as follows:

**H₂ = Entrepreneurial education positively influences entrepreneurial intention.**

The Influence of Self-Efficacy on Entrepreneurial Intention

Entrepreneurship has quite complex problems, from preparing financial resources, human resources, materials for operations, and many other components. Without confidence in the ability to solve all these complex problems, a person will be reluctant to become an entrepreneur. Previous research (Wang et al., 2019; Liu et al., 2019), self-efficacy has a positive influence on entrepreneurial intention. The higher the self-efficacy, the stronger the entrepreneurial intention and vice versa. Self-efficacy is considered to influence entrepreneurial intention because belief in one's abilities fosters a sense of confidence in being able to fulfill the criteria as an entrepreneur. Based on the relationship between these variables, the proposed research hypothesis is as follows:

**H₃ = Self-efficacy positively influences entrepreneurial intention.**

The Influence of Network on Entrepreneurial Intention

Entrepreneurial success cannot be separated from the existence of a network, both a network for operational needs and a network for marketing. The operational network determines operational continuity, while the marketing network determines the ability to reach the expected target market. When someone feels they have a strong network, they will feel optimistic about operating and marketing the results of the business they are running, so this network influences a person's intention to become an entrepreneur. Weiss, Anisimova, and Shirokova (2019) show that networks are a form of relation between parties. The ability to have good relationships encourages someone to use them from an economic perspective, namely by setting up a business, meaning that having a network encourages someone to have stronger intentions to become an entrepreneur. Wang et al. (2019) also show that the intensity of a person's relationships and the breadth of the relationships have a positive impact on entrepreneurial intention because the widespread of the network causes a person to feel confident that they can operate the business with the support of their relations. Based on the relationship between these variables, the proposed research hypothesis is as follows:

**H₄ = Network positively influences entrepreneurial intention.**

Based on the relationship between research variables, the research model is described as follows:
Method
The population of this research is college students domiciled in Eastern Indonesia. The exact population size is unknown due to limited access to each university in Eastern Indonesia. This study used 91 undergraduate students in Eastern Indonesia as a sample. The majority of the respondents in this study were male (53%), 20 years old (52.7%), majoring in economics and business (60.4%), and currently in their third year of college (58.2%).

Data collection in the study used a questionnaire consisting of two parts. The first part contains questions about the respondent's profile, and the second part includes statements about entrepreneurial education, self-efficacy, network, and entrepreneurial intention. The measurement scale for entrepreneurial education, self-efficacy, network, and entrepreneurial intention variables uses a Likert scale, namely the rating scale ranging from strongly disagree (score 1) to strongly agree (score 5) (Leech, Barret, & Morgan, 2005).

Considering that the research model is a structural relationship, the data analysis technique used is the Structural Equation Model - Partial Least Square (SEM-PLS). Hypothesis testing to answer the research hypothesis uses the t-test with the provision that if the probability value (p) value of t statistics > 0.05, then the tested variable does not affect the dependent variable, and vice versa.

Result and Discussion
Data were processed to analyze the structural equation model using the PLS program. However, data must be valid and reliable before being further processed using PLS. The validity tests include convergent validity, discriminant validity, and average variance extracted (AVE). The conditions for testing the convergent validity of the loading value are above 0.70. The overall research indicators of the network variables, entrepreneurial education, self-efficacy, and entrepreneurial intention show a loading value above the provision (0.70) so that it can be declared valid.

Discriminant validity testing measures the ability of each indicator to distinguish itself from other variables. The loading value of indicators of each variable shows
results that are greater than the loading value of the other variables. This result means that each indicator of the variable has a good discriminant because it is considered more capable of explaining that variable than other variables. Average Variance Extracted (AVE) values of the four research variables ranged from 0.652 to 0.785. The AVE value of all research variables has met the criteria, which is above 0.50. For this reason, all of the variables in this study were declared valid. The reliability test measures the ability of each indicator to be responded consistently. This study uses composite reliability (CR) and Cronbach alpha tests, with a minimum value benchmark of 0.70. The CR values of the four research variables ranged from 0.879 to 0.913. The Cronbach's alpha value of the four research variables ranged from 0.736 to 0.876. Based on CR and Cronbach's alpha value, the four variables of this study were declared reliable.

The inner model (Figure 2) explains the relationship between variables which is indicated by the loading value of each connection between variables. The results of the inner model show that all relationships between variables have a positive loading value. This result means that the independent variable positively affects the dependent variable. An increase in the independent variable will cause a more considerable value of the dependent variable.

Table 1. Determinant Coefficient

<table>
<thead>
<tr>
<th>Variables</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-efficacy</td>
<td>0.156</td>
</tr>
<tr>
<td>Entrepreneurial intention</td>
<td>0.552</td>
</tr>
</tbody>
</table>

The value of the R-square of the self-efficacy variable is 0.156. Based on the relationship model in the inner model, the variable that affects self-efficacy is entrepreneurial education, meaning that entrepreneurial education has an influence of 15.6% on self-efficacy. The R-square value of entrepreneurial intention is 0.552.
Based on the inner model, the variables that influence entrepreneurial intention are three variables, i.e. entrepreneurial education, self-efficacy, and network. Therefore, these three variables determine 55.2% of entrepreneurial intention. Predictive relevance value ($Q^2$) tests whether the structural model can provide good predictive relevance. Based on the partial least square output, the predictive relevance value ($Q^2$) was 0.622. If the value of $Q^2$ is above zero (0), then the research model has good predictive relevance.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>t-statistic</th>
<th>p-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Entrepreneurial education $\rightarrow$ Self-efficacy</td>
<td>2.952</td>
<td>0.003</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2: Entrepreneurial education $\rightarrow$ Entrepreneurial intention</td>
<td>3.971</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3: Self-efficacy $\rightarrow$ Entrepreneurial intention</td>
<td>3.325</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4: Network $\rightarrow$ Entrepreneurial intention</td>
<td>3.180</td>
<td>0.002</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

The results of hypothesis testing (Table 2) indicate that entrepreneurial education has a positive and significant effect on self-efficacy ($H_1$). Individuals who have higher entrepreneurial education tend to have better self-efficacy. The findings of this study support the prior research (Puni, Anlesinya, & Korsorku, 2018), that entrepreneurship education has a positive effect on self-efficacy. The provision of entrepreneurship education causes a person to feel more confident in his ability to start and run a business. The breadth of insight and knowledge of the various issues would enhance confidence in one's ability to overcome a problem. When a person possesses education about the ins and outs of entrepreneurship, he feels able to understand the issues that can occur and have ideas for solving the problem.

The hypothesis testing results showed that entrepreneurial education positively and significantly influences entrepreneurial intention ($H_2$). These results are in line with previous research (Liu et.al., 2019; Sánchez, & Sahuquillo, 2017). Someone who has received education about entrepreneurship has a more substantial interest in becoming an entrepreneur. Entrepreneurship education is considered a provision to understand various problems related to entrepreneurship so that it causes someone to be more interested in setting up a business. In addition, the learning gained can also increase expertise in environmental analysis to understand business opportunities. Entrepreneurship education provides the knowledge, insight, and skills needed to become an entrepreneur. The provision of learning can boost a person's confidence to set up a business, so they are interested in becoming an entrepreneur. Complex problems and intense competition require the ability to understand and master them.

The results of hypothesis testing prove that self-efficacy has a significant effect on entrepreneurial intention ($H_3$). Individuals with better self-efficacy tend to have higher entrepreneurial intentions. This finding is supported by the previous research.
results (Wang et al., 2019; Weiss, Anisimova, & Shirokova, 2019). Self-efficacy is considered to influence entrepreneurial intention because confidence in one's abilities will foster a sense of interest and intention to become an entrepreneur. Self-efficacy shows confidence in the ability to run a business so that it is possible to foster a strong interest in setting up a business. Entrepreneurship has complex problems, starting from the planning of financial resources, human resources, materials for operations, and many other components. Without confidence in one's abilities, someone will be reluctant or have no intention to become an entrepreneur. The results of hypothesis testing have proved that network significantly affects entrepreneurial intention (H4). An entrepreneur who runs his business needs a network, for example, a network with suppliers, financial institutions, and distributors. The broader or stronger the network owned by the student will lead to augmentation of entrepreneurial intention. The lack of a network will make it difficult for entrepreneurs to run company operations. Therefore, network ownership will serve as a facility that can increase one's interest to run a business and become an entrepreneur (Weiss, Anisimova, & Shirokova, 2019). The networks are a form of relation between parties. The ability to have solid and good relationships encourages someone to use them from an economic perspective, namely by setting up a business, meaning that the existence of a network encourages someone to have a stronger intention to become an entrepreneur. Research by Wang et al. (2019) also shows the positive influence of networks on entrepreneurial intention. The intensity of a person's relationships and the breadth of the relationships they have positively affect entrepreneurial intention. The broader network causes a person to feel confident that they can operate the business with the support of people in their network. Entrepreneurial success is outcome of network, both a network for operational needs and a network for marketing. The operational network determines operational continuity, and the marketing network determines the ability to reach the expected target market. When someone feels that they have a strong network, it causes someone to feel optimistic about being able to operate their business and influences someone's intention to become an entrepreneur.

**Conclusion**
The results of this study prove that self-efficacy, entrepreneurial education, and networks influence entrepreneurial intention. From the research results can be obtained several managerial implications. The lack of informal learning about entrepreneurship can be minimized by accessing various sources of knowledge available in online media. Self-efficacy is proven to have a positive and significant influence on entrepreneurial intention. Therefore, students' self-efficacy could be improved by exploring information needed in accordance with the business fields of interest to the respondents. The information obtained can be used as input to display something unique and innovative. The results showed that networks have a positive and significant effect on entrepreneurial intention, but respondents' answers indicate that they still rarely join communities related to a business. Prospective entrepreneurs need to prepare a network when they want to decide to set up a business, one of which is by joining
various communities. Maintaining relationships with diversified parties is very beneficial for business activities. However, this research has not separated online networks from offline networks. As technology continues to develop, students and entrepreneurs can utilize digital technology to build and expand businesses. Therefore, further research needs to consider the role of the ability to use technology, especially digital technology, in the formation of entrepreneurial intentions.

References


