



Research Paper

Entrepreneurial Intention in the Context of College Students in Jakarta: An Entrepreneurial Self-Efficacy Mediation

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Abstract

Approximately 80% of university graduates in Indonesia express a preference for pursuing employment within private enterprises as employees rather than embarking on entrepreneurial ventures. According to Hu & Ye (2017), developed countries have a 20% entrepreneurial success rate, greater than the other countries, which only have a 10% success rate. Based on the Ministry of Cooperatives and SMEs (KemenKopUKM), only 3.47 percent of Indonesians are entrepreneurs. This study aims to investigate whether Proactive Personality has a direct and indirect effect on Entrepreneurial Intention among undergraduates and whether Entrepreneurial Self-Efficacy acts as a mediator in this relationship. Data collection in this study used an online questionnaire distributed to students currently studying at public and private universities in the Greater Jakarta area. The data will be processed using SmartPLS software. The results show that a person's proactive attitude positively impacts their intention to start a business. Additionally, the relationship between a Proactive Personality and Entrepreneurial Intention is positively mediated by Entrepreneurial Self-Efficacy. The study can contribute to the body of research on the direct or indirect effects of Entrepreneurial Intention, Proactive Personality, and Entrepreneurial Self-Efficacy. In addition, the findings of this study provide an essential contribution for the universities to develop self-development strategies for students to increase their interest in starting to build a business.

Keywords: *Proactive Personality; Entrepreneurial Self-Efficacy; Entrepreneurial Intention*

INTRODUCTION

Several researchers are still debating the question, "What compels someone to have the intention of becoming an entrepreneur?" (Zhao et al., 2005; Drost, 2010). Competitive environments tend to have few possibilities for finding employment (Keat et al., 2011). That is related when there is a substantial correlation between entrepreneurial spirit and proactive mentality (Mustafa et al., 2016). The findings from Awang et al. (2016) mentioned that proactive individuals are the most accurate predictors of student attitudes toward entrepreneurial activity, so they support the elements of the Theory of Planned Behavior. In addition, Travis and Freeman (2017) claim that an individual's proactive personality has a bearing on entrepreneurs' self-efficacy. The study's objective is to evaluate the direct and indirect impacts of Proactive Personality on Entrepreneurial Intention among university students, with Entrepreneurial Self-Efficacy serving as a mediator.

LITERATURE REVIEW

Theory of Planned Behavior

Intentions are considered to be the most accurate predictors of behavior, according to Ajzen's theory of Planned Behavior in 1991. The feelings or attitudes of users associated with completing certain behaviors and the beliefs necessary to engage in those behaviors have influenced user attitudes about user behavior (Ajzen, 1991). According to Ahmadi (2009), the relationship between an individual's behavior and attitude has the potential to influence the development of an attitude. According to Ajzen (1991), subjective norms, or social pressure, consist of two beliefs: normative belief and compliance motive. First, the normative aspect examines whether those influential

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people would approve of their activity, such as starting their own company, or whether they would disapprove of it. The second component indicates a person's motivation to comply with such rules and willingness to conduct in line with the expectations of those influencing persons while also adhering to the norms (Krueger et al., 2000). Perceived Behavioral Control (PBC) is an evaluation of an individual's level of how easy or difficult the behavior is to complete (Ajzen, 1991).

Furthermore, behavioral control is linked to assumptions about the availability of support and resources and barriers to entrepreneurial behavior (Sun et al., 2017). According to Ajzen (1991), PBC is related to Bandura's (1977) notion of perceived self-efficacy. When people have a greater sense of self-efficacy, they will work harder to execute the desired action. In other words, a person's entrepreneurial ambition increases with their entrepreneurial self-efficacy.

Social Cognitive Theory

Bandura (1986) uses the term "triadic reciprocity" to define the interaction link that exists between environmental conditions, an individual's self-concept, and one's behavior. Bandura (2006) shows that three distinct components interacting in a reciprocal and two-way manner are the cause of learning, motivation, and behavioral processes: (1) environmental variables, (2) personal factors, and (3) behavioral outcomes. The term "environmental inputs" refers to all of the factors associated with the social and cultural environment in which an individual develops and lives, such as the type of school an individual attends and their involvement with various social groups (Bandura, 2006). Individuals acquire knowledge and form associations with others due to direct and vicarious exposure to a specific social situation (Bandura, 1989). Personal characteristics include physical characteristics like age, size, race, sex, profession, and physical attractiveness, as well as perceptions, beliefs, emotional responses, and cognitive abilities that affect the choice to engage in a particular behavior and an objective assessment of the surrounding environment (Wood & Bandura, 1989). Bandura (1986) then conceptualizes the behavioral component of social cognition theory as the result of a three-way reciprocal interplay between individual inputs, environmental factors, and previous knowledge.

Proactive Personality and Entrepreneurial Intention

A proactive personality is a desire to identify, evaluate, and seize chances that can alter personal socioeconomic conditions regardless of the limits the surrounding environment enforces (Bateman & Crant, 1993). Individuals with a proactive attitude may recognize and capitalize on possibilities, take the initiative, act, and persevere until significant transformation occurs (Crant, 2000). They can identify and grab the perfect opportunity to carry out the proper tasks at the proper times (Mustafa et al., 2016). In a sample of 471 students from a private and public university in the southern United States, Travis and Freeman (2017) showed that there was a significant link between proactive personalities, entrepreneurial self-efficacy, and entrepreneurial desire. To develop their own enterprises, students with proactive personalities may easily identify market possibilities and continue until a worthwhile consequence appears. Based on the current study, the following hypothesis can be proposed:

H1: Proactive Personality influences Entrepreneurial Intention among university students.

Proactive Personality, Entrepreneurial Intention, and Entrepreneurial Self-Efficacy

Becherer and Maurer (1999) investigated the notion of proactivity in the context of businesses. They concluded that a proactive personality impacts how a business owner views the pursuit of opportunities and their overall strategic outlook (Becherer & Maurer, 1999). Kickul and Gundry (2002) found that self-efficacy served as a mediator between proactive behavior and

entrepreneurial intention despite research indicating that a Proactive Personality is a significant predictor of Entrepreneurial intention. In a study encompassing multiple countries and cultures, including the United States, China, Finland, and Russia, according to Prabhu et al. (2012), the association between proactive personality traits and entrepreneurial drive was mediated by self-efficacy in the context of entrepreneurship. Thus, the hypothesis can be proposed:

H2: Entrepreneurial Self-Efficacy acts as a mediator in the relationship between Proactive Personality and Entrepreneurial Intention among college students

Research Framework

The conceptual framework was created to examine the direct impact that Proactive Personality has on Entrepreneurial Intention and the function that Entrepreneurial Self-Efficacy performs as a mediator in the relationship between the two.

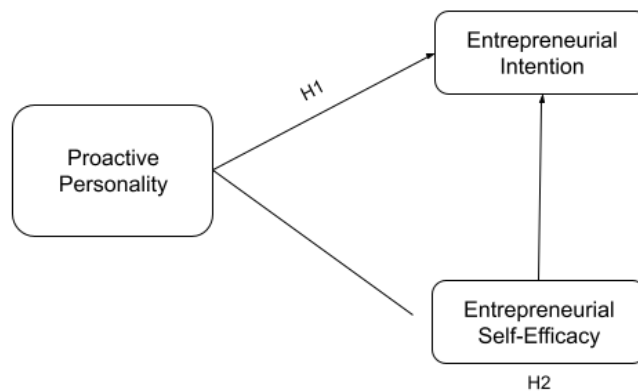


Figure 1. Framework Model

RESEARCH METHOD

This research used a quantitative method using primary data from online questionnaires. The data collected in this study was from undergraduate students currently enrolled in public and private universities in Greater Jakarta. The sample consists of 312 undergraduate students from President University (11.5%), Pertamina University (10.6%), IPB University (12.1%), UAJ Jakarta (12.5%), UPNVJ (13.5%), Binus University (6.4%), UI (12.8%), UNJ (12.5%), Sampoerna University (8.0%). Females were predominant in the sample (52.0%) aged 17-20 (61.0%). Most participants (33.01%) were currently studying in the 4th semester.

Based on Table 1, the questionnaire consists of 16 survey items with five to six indicators for each variable. In addition, all variables-related questions in the online questionnaire are evaluated using a five-point (5pt) Likert-type scale to choose participants based on their thoughts and stances on Entrepreneurial Self-Efficacy, Entrepreneurial Intention, and Proactive Personality. The five-point scale represents "1" as strongly disagreement and "5" as highly agreement.

Measurement

Table 1. Variable Measurement Items

Variable and Authors	Items	Original Questionnaire Items	Adapted Questionnaire Items
Proactive Personality (Li et al., 2020)	PP-1	I am always looking for new methods to make my life better.	<i>Saya selalu berusaha mencari cara untuk meningkatkan hidup saya.</i>

Variable and Authors	Items	Original Questionnaire Items	Adapted Questionnaire Items
(PP) ¹	PP-2	I make changes if I notice something I don't like.	<i>Jika saya melihat sesuatu yang kurang sesuai dengan pandangan saya, saya akan berusaha memperbaiki hal tersebut.</i>
	PP-3	I excel at identifying opportunities	<i>Saya pandai mengidentifikasi peluang.</i>
	PP-4	Whatever the odds, if I have faith in something, I will pursue it.	<i>Jika saya meyakini suatu hal, saya akan berusaha mewujudkannya dengan segala kemungkinan.</i>
	PP-5	Nothing can stop me from achieving a goal if I have faith in it.	<i>Saya percaya bahwa tidak ada hambatan untuk mewujudkan ide-ide saya.</i>
	Entrepreneurial Self-Efficacy (Jiatong et al., 2021; Aragon-Sanchez et al., 2017) (ESE) ²	ESE-1	I am confident in my ability to find new business prospects.
ESE-2		I know I'm capable of having creative thoughts.	<i>Saya yakin bahwa saya dapat berpikir kreatif.</i>
ESE-3		I have faith that I can successfully market ideas.	<i>Saya yakin bahwa saya dapat berhasil merealisasikan ide saya.</i>
ESE-4		I could easily come up with a company idea and put it into action.	<i>Saya yakin bahwa saya dapat merencanakan dan merealisasikan bisnis.</i>
ESE-5		I am familiar with the specifics required to start a business.	<i>Saya yakin bahwa saya tahu detail praktik yang diperlukan untuk membuat bisnis.</i>
ESE-6		I would have a better chance of success if I worked on my business.	<i>Saya yakin bahwa bisnis saya akan memiliki peluang sukses yang tinggi.</i>
Entrepreneurial Intention (Jiatong et al., 2021) (EI) ³	EI-1	My professional ambition is to launch my own business.	<i>Saya ingin menjadi pengusaha.</i>
	EI-2	I'll do whatever to succeed as an entrepreneur.	<i>Saya akan berusaha mencari pengalaman dan mempersiapkan hal-hal penting untuk menjadi pengusaha.</i>
	EI-3	I'll do everything I can to launch and operate my own business.	<i>Saya akan melakukan segala upaya untuk memulai dan menjalankan bisnis saya.</i>
	EI-4	In the future, I'm determined to start a business.	<i>Saya bertekad untuk membuat perusahaan di masa depan.</i>

¹ PP = Proactive Personality² ESE = Entrepreneurial Self-Efficacy³ EI = Entrepreneurial Intention

Variable and Authors	Items	Original Questionnaire Items	Adapted Questionnaire Items
	E15	I really believe that I will own a business eventually.	<i>Saya memiliki niat yang kuat untuk memulai bisnis suatu hari nanti.</i>

FINDINGS AND DISCUSSION

Hypothesis Testing Results

The T-statistics value must be compared to the T table to determine whether the relationship between independent and dependent variables is statistically significant, accepted, or rejected. To get the value of the T table, which is 1.968, the researchers use the following formula: $t(a/2; n-k)$

*n = many observations (312 respondents)

*k = number of variables (3 variables)

*a = 0.05

Thus, the value of the T table for this analysis is 1.968. Meanwhile, the t-test statistic will be shown in Table 2.

Table 2. T-test Results

	Coefficients	T Stats	P	Criteria	Result
Proactive Personality → Entrepreneurial Intention	0.258	4.324	0.000	Reject H0: T-stats > 1.968 or P ≤ 0.050	Reject H0
Proactive Personality → Entrepreneurial Self-Efficacy → Entrepreneurial Intention	0.098	3.157	0.002	Reject H1: T-stats < 1.968 or P > 0.050	Reject H0

The first hypothesis examined the connection between a Proactive Personality and the student's ambition to start a business. Table 2 shows that the t-statistic of this relationship is 4.324, which is greater than 1.968. Besides that, the p-value is 0.000, which means that H0 will be rejected in this study. In addition, this variable has a positive value from the coefficient of 0.258. It shows that each increase in the value of Proactive Personality towards Entrepreneurial Intentions will increase by 0.258.

The second hypothesis examined the relationship between students' entrepreneurial intentions and their proactive personalities, as measured by their entrepreneurial self-efficacy. Table 2 shows that this relationship has a t-statistic value of 3.157, more significant than the t-table of 1.968. Meanwhile, the p-value is 0.002, less than 0.05. In this study, hypothesis 2 can be accepted with a positive coefficient value of 0.098.

Discussion

This study discovered that a Proactive Personality favorably influences Entrepreneurial Intention among college students. According to an earlier study (Mustafa et al., 2016), students with an aggressive attitude are more likely to choose entrepreneurship as their future job. The data support these findings. Students with an outgoing nature will have no trouble identifying market

possibilities and persevere until significant outcomes are obtained to expand their company. It is backed up by a study by Prabhu et al. (2012), who found that students' ability to recognize and seize local business possibilities may be a good indicator of how effectively they are handling the situation. The fact that this study's Proactive Personality coefficient (0.258) is larger than that of the other factors suggests that proactive Personality has a significant impact on Entrepreneurial Intention. It is consistent with the conclusions of Travis and Freeman (2017), which demonstrate a strong correlation between proactive personalities and students' intention to build a business.

Besides, the association between entrepreneurial ambition and Proactive Personality among university students is mediated by Entrepreneurial Self-Efficacy, according to this study; thus, hypothesis 2 is accepted. This conclusion is consistent with a past study, which demonstrates that Entrepreneurial Self-Efficacy is a mediating variable of the association between Proactive Personality and students' entrepreneurial intentions (Prabhu et al., 2012). The findings suggest that proactive individuals only express their desire to participate in thriving entrepreneurial activities when they are highly confident in their capacity to build a business and successfully carry out their entrepreneurial responsibilities. This study shows that Entrepreneurial Self-Efficacy mediates the association between Proactive Personality and entrepreneurial ambition by analyzing the change in the standardized beta coefficient from a model with no mediators to a model with mediators. It is in line with Kumar and Shukla's (2019) results, which also suggest that Entrepreneurial Self-Efficacy has acted as a mediator in the association between Proactive Personality and Entrepreneurial Intention.

CONCLUSIONS

This study looks at the Entrepreneurial Intention, Self-Efficacy, and Proactive Personality of college students in the Greater Jakarta area. The result proves that students can identify opportunities, look for ways to improve, and realize what they want. Having a Proactive Personality will help them identify and capture market opportunities. Moreover, it allows them to find effective strategies to use existing resources optimally. This finding is supported by Travis & Freeman (2017), who states that students' Entrepreneurial Intentions and Proactive Personalities are strongly correlated. In other words, students with a high level of Proactive Personality tend to have a high level of entrepreneurial intention.

Additionally, this study demonstrates that Entrepreneurial Self-Efficacy mediates the relationship between a Proactive Personality and Entrepreneurial Intentions. Thus, individuals must believe they can handle the challenges of starting a new business. This conclusion is consistent with the results of Prabhu et al. (2012), where proactive individuals will show their intention to start entrepreneurship when they have a high level of confidence in their ability to grow a business. These findings contribute to the existing literature (Mustafa et al., 2016; Prabhu et al., 2012) by using a larger sample and proposing a theoretical framework to explain Entrepreneurial Intentions as influenced by Proactive Personality and Entrepreneurial Self-Efficacy as the mediator. To make students more proactive, universities can further improve the quality of learning by providing more learning opportunities and a more effective platform for entrepreneurial activities. They also need to provide entrepreneurship workshops that involve discussion participants' activities in solving a market problem or other business problem. It can help the university determine how far students have progressed in a discussion forum, whether most students will argue with others or prefer to be silent and listen.

LIMITATION & FURTHER RESEARCH

This study might limit the outcome because the data were only obtained from public and private universities in the JABODETABEK area. Thus, future research may include a larger sample

size or data set. Therefore, further research could cover other big cities in Indonesia or various tertiary or university levels to increase the number of samples and generalize the results. Because the questionnaires were completed online, the authors needed more control over the accuracy of the data. Data that has been collected through self-report instruments can limit the predictive validity of variables because researchers have personal control. Therefore, future studies can use other measuring methods which may be more accurate.

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