

The Emerging Entrepreneurial Students for being New MSME Business Actors in Bandung, Indonesia (Case Study of Private University Students in Bandung City)

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Abstract

Entrepreneurship is a catalyst for economic growth and nationalist competitiveness. The problem of mindset or intention in entrepreneurship does not just come even though the candidates and entrepreneurs even though they have been given entrepreneurship and capital training. The purpose of this study is to examine the influence of entrepreneurial intentions seen from the factors of psychological capital and human capital itself. The research method used is quantitative with a questionnaire and by using path analysis. The results of this study are Psychological capital and human capital contributed influence to entrepreneurial intention.

Keywords: *Psychological Capital, Human Capital, and Entrepreneurial Intention*

Introduction

According to Campbel (in Segal, Burgra & Schoenfeld, 2005), with entrepreneurship, the Indonesian economy can rise so that the presence of entrepreneurs in times of crisis is very much awaited and expected. Entrepreneurship is considered capable of answering new employment issues to reduce the existing level of unemployment, even though entrepreneurship is often considered by some people with one eye as an unwelcome job because it is uncertain, full of obstacles and obstacles, risks, and fractions with business establishment new. Where according to GEM (2010) most policy makers and academics in any country agree that entrepreneurship is very important for the development and welfare of society. Entrepreneurs create jobs and they encourage and shape innovation and creativity to accelerate structural change in the economy. By introducing new existing competition, they contribute indirectly to productivity. Entrepreneurship is thus a catalyst for economic growth and nationalist competitiveness.

In particular, in Bandung the self-interest of the community is still relatively minimal, this is data from the 2016 BPS census, the number of new entrepreneurs reaches 4% or only around 90 thousand. In fact, Bandung city is famous for various kinds of business opportunities that can be done by the community starting from culinary, tourist attractions, creative industrial goods, as well as various other types. According to Dendy Akad, Chair of the National Entrepreneurs Network, the ideal number of business people in the Bandung city is above five percent of the population or more than 100 thousand. Most of these entrepreneurs are traders, which only get a little added value. In fact, most of the goods it sells are also imported goods. Where this condition according to him is also because entrepreneurs have not changed their mindset to become entrepreneurs who can create something new and different not only resell.

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There are several factors behind the emergence of entrepreneurial behavior, one of the supporting factors for the birth of entrepreneurial behavior is desire. Ajzen (2005), explains intentions can be interpreted as intentions or intentions of individuals. Intention is something that is assumed to capture motivating factors and that have a strong impact on behavior. The definition of intention is simply the intention of the individual to carry out certain behaviors. This plan is influenced by individual evaluations of behavior, the expectations of other individuals for their behavior and potential to realize their behavior. Entrepreneurial intention is one of behavioral intentions. Wijaya (2007), defines the intention of entrepreneurship as an individual's desire to carry out entrepreneurial actions by creating new products through business opportunities and risk taking. The Bandung City Government has also held a new entrepreneurship acceleration program by socializing this program so that prospective entrepreneurs will attend existing training and coaching. In addition to holding the program, the Bandung City Government starting in 2015 also helps its citizens to obtain business capital, through the Regional Credit Bank Company (PD BPR) launching the Jasmine Credit or Credit Program against Moneylenders. In this program, light interest loans will be given to residents of Bandung City to fight moneylenders. This capital also aims to develop businesses and encourage new entrepreneurs.

Seeing the above phenomenon that the number of business actors both have been involved in business for a long time as well as new business actors that have emerged and have not produced the added value of renewal that exists and will later be difficult to compete with other business actors. So that the development of new entrepreneurs will be slow in developing. The problem of mindset or intention in entrepreneurship does not just come even though the candidates and entrepreneurs even though they have been given entrepreneurship and capital training. Where the purpose of this study is to examine the influence of entrepreneurial intentions seen from the factors of psychological capital and human capital itself.

Conceptual Framework

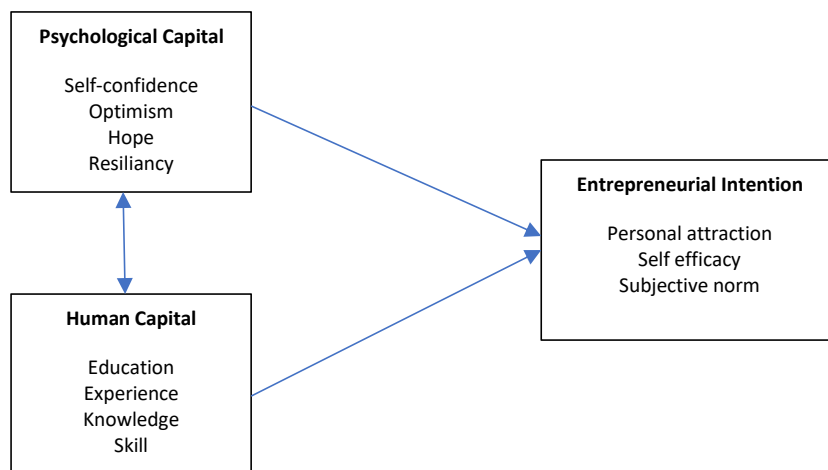
The intention of entrepreneurship can be interpreted as the first step of a business establishment process that is generally long-term (Lee, S.H. & Wong, 2004). Furthermore, it was explained that the intention of entrepreneurship reflects a person's commitment to start a new business and is a central issue that needs to be considered in understanding the entrepreneurial process of establishing a new business. The intention of entrepreneurship has recently begun to get attention for research because it is believed that an intention related to behavior can prove to be a reflection of real behavior. The theory of planned behavior is a theory developed by Ajzen which is a refinement of reason action theory proposed by Fishbein and Ajzen. According to TPB, behavioral actions can be projected from individual intentions and plans to carry out the behavior being reviewed. From a cognitive point of view, prominent information and beliefs are a function of behavior. Ajzen proposes three categories of prominent beliefs: behavioral beliefs, which are expected to influence attitudes; normative beliefs, which form the basic elements of subjective norms; and control beliefs that offer roots for perceptions of behavioral control. TPB recommends that the beliefs just mentioned will lead to the intention to act specifically. However, the significance of beliefs tends to differ through circumstances. Thus, the role played by each belief in the development of a specific intention to act may vary for each set of behaviors. The stronger the individual's beliefs about attitudes, subjective norms and perceived behavioral control, the greater the prospect that the person will act specifically (Engle et al., 2010).

The main focus of the theory of planned behavior is the same as the theory of reason action, namely the intention of individuals to perform certain behaviors. Intention is considered to be able to see motivational factors that influence behavior. Intention is an indication of how hard people want to try and how much effort an individual will make to carry out a behavior. There is a growing body of literature which argues that intention plays a very relevant role in the decision to start a new company. (Linan & Chen, 2009). According to Linan & Chen (2007), the entrepreneurial intention model is considered as an adequate basis for analyzing the intention to become an entrepreneur. The intention of entrepreneurship will be the first step in the process of creating a business that develops and sometimes long term (Lee and Wong, 2004). Entrepreneurial intentions have been measured which show various aspects of intention. A similar system has been used by Chen et al. (1998) or Zhao et al. (2005). However, Armitage and Conner (2001) identified three different types of intention measures: desires (I want ...), self-predictions (how likely ...) and behavioral intentions (I intend to ...). This latter type seems to give slightly better results in behavioral prediction (Armitage and Conner, 2001). In this case, Chen et al. (1998) used a mixture of self-predictive items and pure intentions, while Zhao et al. (2005) use a measure of "interest" (how interested you are ...). So based on that measurement and according to Linan and Chen (2007) measurements show the similarity between interests and intentions may not be very clear. For this reason, this paper chooses a measure of pure intention. The questionnaire for research on entrepreneurial intentions was adopted and developed from the measurements of Linan and Chen (2007).

Psychological capital is an approach to optimize the psychological potential of an individual characterized by: (1) the existence of self-confidence (self confidence) to take necessary actions to achieve success in challenging

tasks; (2) positive attribution (optimism); (3) resistance in achieving the goal, with the ability to redefine the path to achieve the goal, with the ability to redefine the path to achieve the goal if needed (hope); and (4) when facing problems and difficulties, are able to survive and move forward (resiliency) to achieve success (Luthan, Youssef & Avolio, 2007). Thus Psychological capital is an approach that is characterized by dimensions that can optimize the potential of the individual so that it can help the performance of the organization (Osigweh: 1980). These dimensions are self-efficacy, hope, optimism, and resiliency. With regard to entrepreneurship, Hmieleski and Carr propose that psychological capital is a vital individual trait needed by entrepreneurs to lead their business throughout their entrepreneurial practices.

This study adopts the human capital theory as its theoretical framework. The theory of human capital shows that individuals with more or higher human capital achieve higher performance when carrying out tasks (Becker 1964). Human resources consist of a stock of knowledge and skills that are inside an individual. In particular, human capital includes unique insights, skills, cognitive characteristics, and entrepreneurial talent (Ventakaraman 1997). It also includes attributes achieved, accumulation of work and habits that may have a positive or negative effect on productivity (Becker1964). Human resources are heterogeneously distributed resources between individuals and thus it is important to understand differences in identification of opportunities and exploitation (Shane and Venkataraman 2000). Becker (1964) suggests that human resources can be categorized into two groups, general and specific human resources. General human capital is generic, implying that it can be transferred to all industries and companies. Examples of general human resources include characteristics of family background, education, age and gender. Human capital attributes – including education, experience, knowledge, and skills – have longbeen argued to be a critical resource for success in entrepreneurial firms (e.g.,Florin et al., 2003; Pfeffer, 1994; Sexton and Upton, 1985). Becker's (1964) definition suggests differentiating human capital along with two distinct conceptualizations of human capital attributes: human capital investments versus outcomes of human capital investments and task-related human capital versus human capital not related to a task. Although learning processes have been acknowledged from the onset of human capital theory (Becker, 1964; Mincer, 1958), human capital researchers have paid little attention to the psychological processes and mechanisms that lead to human capital effects (cf. Davidsson and Honig, 2003). Central for such a learning approach are acquisition and transfer of human capital (e.g.,Reuber and Fischer, 1994; Sohn et al., 2006).



Research Method

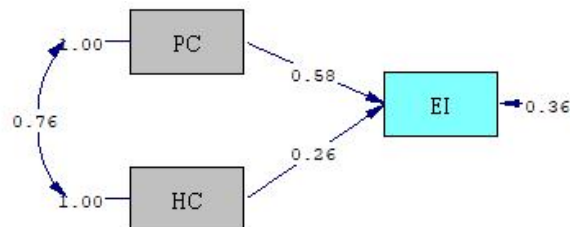
The population contained in this study amounted to 300 private university students in the city of Bandung and the precision or significance level used was 0.1, using Slovin so the sample size in this study were: as many as 75 people. The analysis used is path analysis, with the stages of data transformation, influence test, reliability and validity test, and path test. This study uses path analysis to answer the research hypothesis regarding the influence of psychological capital and human capital on entrepreneurial intention. The results of measuring data through a questionnaire for the bebaas variables studied are in the form of interval data. Data analysis in this study uses the help of LISREL software version 8.8.

Result and Discussion

From the results of testing the path, objective information is obtained that the coefficient of path X1 to Y statistically has an influence (reject H0). This gives an indication that the psychological capital variable influences entrepreneurial intention. While the coefficient of X2 to Y pathway has a statistical influence (reject H0). This gives an indication that the human capital variable influences entrepreneurial intention.

To find out the truth of the simultaneous hypothesis in this study, it can be seen the magnitude of the path coefficient for each variable. The figure below is an illustration of the relationship structure and path coefficient of each variable, as follows:

Structural Model Standardized Solution



Chi-Square=0.00, df=0, P-value=1.00000, RMSEA=0.000

Structural Relationship Between X1, X2 and Y

Based on the table and path diagram above shows that:

1. The direct effect of the psychological capital (X1) variable on entrepreneurial intention (Y) is 0.58 (squared = 0.582). This means that psychological capital affects entrepreneurial intention by 33.64%. In other words, psychological capital has a strong enough influence on entrepreneurial intention because it is on the interval scale of 17% - 48%.
2. The direct effect of the human capital (X2) variable on entrepreneurial intention (Y) is 0.26 (squared = 0.262). This means that human capital affects visiting interest of 6.76%. In other words, human capital has a low influence on entrepreneurial intention because it is on the interval scale of 5% - 16%.
3. The direct effect of both variables simultaneously psychological capital (X1) and human capital (X2) on entrepreneurial intention (Y) is 0.35 or 35%. This means that the two variables namely psychological capital and human capital affect entrepreneurial intention by 35%. In other words, psychological capital and human capital have a strong influence on entrepreneurial intention because they are in the interval of 17% - 48%.
4. The effect of the residual variable (e) on entrepreneurial intention (Y) is 0.36 or 36%. This means that entrepreneurial intention is also strongly influenced by other factors.

The following are the results of simultaneous testing of hypothesis: $F\text{-count} = 19.38$; $F\text{-table} = 3.12$; then $F\text{-count} > F\text{-table}$; H0 is rejected From the results of the simultaneous test showing that H0 is rejected, it can be interpreted that together or simultaneously the two variables namely psychological capital (X1) and human capital (X2) influence entrepreneurial intention (Y).

Conclusion

From the series of descriptions that have been presented and explained by researchers in the previous chapters, it can be concluded that entrepreneurial intentions increased by psychological capital and human capital are as follows:

1. Psychological capital can be said to be good. This is in the highest rating on the statement of confidence in seeing consumer desires. The confidence that is owned by the majority of students can be the main thing that must be possessed by every entrepreneur because with the high level of confidence that is owned, students will have a high determination and enthusiasm to compete with competitors. While the lowest rating is in the statement of a strong desire to be consistent in carrying out a field.
2. Human capital can be said to be good. This is at the highest rating in the statement of the desire to share experiences with fellow business partners. Experience can be used as a provision for entrepreneurs because entrepreneurs can learn from the experience gained. This can be stated positively because the majority of students

- want to share experiences with other fellow business partners to help each other. While the lowest assessment is in the statement of the suitability of education pursued with the business sector in which it is engaged.
3. Entrepreneurial intention can be said to be quite high. This is in the highest assessment of the statement of conformity with the surrounding environment which encourages becoming a businessman. The majority of students are in the right environment to become a businessman because their environment is in the entrepreneurs who already have the business being undertaken. The environment can support students to become entrepreneurs who are the same as fellow students who have previously become business people. While the lowest valuation is in the statement of the basic ability possessed in determining business plans.
 4. Psychological capital is closely related to entrepreneurial intentions in Bandung MSME business actors while the magnitude of the influence of psychological capital in contributing influence to entrepreneurial intention is 33.64% and psychological capital has an influence on entrepreneurial intention because $t_{count} 5.32 > t_{table} 1.993$, then H_0 is rejected and H_a is accepted. Therefore, psychological capital variables have an influence on entrepreneurial intention.
 5. Human capital is closely related to entrepreneurial intention in MSME business people in the city of Bandung. While the magnitude of the influence of human capital in contributing to the influence of entrepreneurial intention amounted to 6.67% and human capital has an influence on entrepreneurial intention because $t_{count} 2.38 > t_{table} 1.993$, then H_0 is rejected and H_a is accepted. Therefore, the human capital variable has an influence on entrepreneurial intention.
 6. Psychological capital and human capital contributed influence to entrepreneurial intention of 35% and psychological capital and human capital had an influence on entrepreneurial intention because F_{count} was 19.38 $>$ $F_{table} 3.12$, then H_0 was rejected and H_a was accepted. Therefore, psychological capital and human capital variables have an influence on entrepreneurial intention.

Recommendation

The suggestions shown for the results of this study are:

1. The steps that can be taken by humans to increase psychological capital is to really want to run a business that will be lived and cultivated because in building a business it takes seriousness and strong desire if the business wants to succeed. A strong willingness to always be consistent must be owned by every potential entrepreneur or entrepreneur who is currently operating his business.
2. Steps that can be taken by students to improve human capital, which can be done in a way, students must determine the business fields that are in accordance with the field of education undertaken. This is done because many business people fail with the business that is being undertaken because it is not in accordance with the field of education pursued. Students who make a business that is not in accordance with the education pursued or that is not in accordance with the hobby will not understand what products will be sold and the business will not run effectively.
3. Steps that can be taken by students to increase entrepreneurial intention can be done in a way, students must have a structured and organized business plan because the majority of students have chosen the business plan to be undertaken but cannot determine or make a business plan. Business planning must be made before the business is running so that students have a business plan in the event of things that are not desirable.

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