

The Study of Entrepreneurial Readiness in the Student of Indonesia

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Abstract

This study aims to analyze the effect of entrepreneurial competence, entrepreneurship opportunities, and entrepreneurial motivation on entrepreneurial readiness. This study uses a quantitative approach and the population of this study were all students in UNM and the samples were taken using the probability sampling method with proportional random sampling of 140 respondents. Data collection techniques using research questionnaires that have been developed based on indicators of research variables and have been tested for validation and reliability. Data analysis technique using Path Analysis. The results of the study indicate that competence and opportunities have a direct and significant influence on entrepreneurial readiness and also have an indirect influence on entrepreneurial readiness through student entrepreneurship motivation.

Keywords:

Entrepreneurial readiness, motivation, opportunities, competence

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1. INTRODUCTION

Unemployment in Indonesia continues to increase from time to time reaching an average of 6.25 percent per year from 2019-2021 and what is more concerning is that many graduates with high levels of education are also unemployed since 2019-2021 on average 6.32 percent per year. It is feared that the number of educated unemployed coming from universities will continue to increase.

One reason is that students tend to have a desire to become a civil servant or private employee. Being a civil servant or private employee is considered more secure for the future because of the fixed income that is earned every month. In reality, the government does not always make employee appointments. In addition, not all companies are able to accommodate graduates from universities. The orientation of students to become employees or employees results in a lack of creativity and skills in finding alternative employment opportunities. This can indirectly affect the nation's economy. With the number of graduates who become workers rather than being job creators, the number of entrepreneurs in Indonesia does not experience a significant increase.

To prevent the increase in unemployment, one of the efforts that can be done is to develop the spirit of entrepreneurship as early as possible. As we know that developed countries are countries that have many entrepreneurs so that they can create jobs both for themselves and create jobs for others, so as to reduce the burden on the government, reduce unemployment and help the country's economy. In this case, a person does not depend on jobs provided by the government or the state, namely as a civil servant or as a private employee, because the number needed is limited and does not match the number of people who need work.

This is in line with Government Regulation No. 17 of 2010 which states that the goals of higher education are to form critical, creative, innovative, independent, confident and entrepreneurial people. Therefore, the government through its policies develops entrepreneurship programs through the implementation of entrepreneurship education which has been integrated through educational curricula that apply at various levels of education. The implementation of entrepreneurship education in higher education

has a goal, namely, students are expected to be mentally formed from job seeker minded to job creator minded.

National development policies lead to the education of noble character and national character, including entrepreneurial character. To achieve this, educational institutional is obliged to produce professional human resources in the field of education and non-education with an entrepreneurial perspective. It is hoped that after graduation, they will not only become educators, but also become job creators as community service and social responsibility to improve community welfare.

Today's students do not have much competence and capacity to turn their business ideas into viable businesses (Timmons, 1994; Shane et al, 2012). In fact, the initial success of a new business is largely determined by the readiness of students to realize their ideas into viable businesses (Shane et al., 2012). The readiness of students to become entrepreneurs is largely determined by the discovery of opportunities and the ability to take advantage of them. The low level of open business opportunities (niche markets) worldwide is due to the lack of competencies needed to carry out entrepreneurial activities (Barringer & Ireland, 2020).

2. LITERATURE REVIEW

2.1 Entrepreneurial Readiness

Entrepreneurial readiness is the ability to make observations and analyzes of their environment in the ability to observe and analyze their environment so that they can channel their creative and productive potential and can also spread their ability to dare to meet their own needs (Ruiz et al, 2016). Winkel (2004) views that job readiness is a person's effort to equip himself with the knowledge, attitudes, skills, and values needed in the world of work. Carsrud and Brannback (2010) emphasize that entrepreneurial readiness depends on a person's mindset (tendency) towards entrepreneurial activities.

Indicators of entrepreneurial readiness are daring to take risks, future-oriented, have leadership skills, have skills, build networks, and have motivation (Mueller, 2012). Other opinions about indicators of entrepreneurial readiness are (1) Self-readiness has physical, mental, and spiritual indicators, (2) Entrepreneurial personality dimensions have indicators of self-confidence, willingness & courage to take risks and willingness to work hard & are aggressive, and (3) While the skills here have indicators, namely technical, interpersonal and intrapersonal (Pratomo and Utama, 2018). Thus, it can be concluded that the indicators of entrepreneurship readiness are self-confidence, high will, future orientation, and the courage to take risks.

2.2 Entrepreneurial Motivation

Motivation is a desire based on a need that shapes behavior towards a goal (Vallerand, 2004). McClelland (1961) states that the tendency of students to create their own business is much higher for those who have high motivation compared to those who have low motivation, especially regarding their involvement in activities that have a high level of responsibility and are oriented towards entrepreneurial readiness. Readiness to start a new business is strongly influenced by the existence of motives such as the need for achievement, independence and profit motives (Choo & Wong, 2006). The success of starting a new business is largely determined by high motivation as a result of the ability to create new businesses to earn high profits.

Previous researchers have proven that of the various components of entrepreneurial motivation, it is the achievement motivation component that has the highest contribution in encouraging individuals to become entrepreneurs (Ismail et al., 2012; Coduras et al., 2016; Ruiz et al., 2016). In line with the opinion, Pihie and Sanni (2009) that the need for achievement tends to motivate individuals to start new businesses and these new businesses are strongly influenced by the expected results of entrepreneurial knowledge.

It is not the profit motive that inspires the activity of starting a new business, but the achievement motive McClelland (1961). Likewise, the results of previous studies have proven that the desire to be independent is the most decisive factor for starting a new business (Hisrich, 1984; Choo and Wong, 2006). Other studies have also proven that personal assessment of entrepreneurial behavior becomes a reference in measuring the level of desire to be independent (Shane, 2003). The individual's desire to become a leader for oneself triggers the desire to be independent (Barringer and Ireland, 2020).

This empirical evidence is the main reason for entrepreneurs to realize their desire for independence. Adolescents or youths are eager to achieve independence (Kew et al, 2013). The emphasis of some of these studies is the desire for independence as a motivator to contribute to the readiness to start a new business.

From the description above, it can be concluded that the indicators of entrepreneurship motivation are tenacious in facing difficulties, diligent in facing tasks, preferring to work independently, and happy to find and solve problems.

2.3 Entrepreneurship Opportunity

Opportunity is something that has never been used or exploited by other students which is expected to generate economic value (Baron, 2004). To take advantage of opportunities well, students need a good concept (Timmons, 1994). Individual readiness to start a new business makes entrepreneurial opportunities even clearer (Barringer and Ireland, 2020; Stam et al, 2008). The development of student competencies in the form of growing entrepreneurial attitudes through education and training will provide students with better opportunities for entrepreneurship (Souitaris et al., 2007; Janice and Dmitriy, 2013).

Previous research has conducted research on entrepreneurial opportunities with a focus on prior knowledge ownership, social networks, and superior cognitive abilities that can affect students' readiness to start a business (Mitchell et al., 2002; Shane, 2000).

2.4 Entrepreneurship Competence

Entrepreneurial competence is the ability to explore and exploit opportunities in feeling, choosing, shaping and aligning with internal and external conditions (Zahra, 2011). Readiness to start a new business for students as an indicator of the level of increasing student competence as a result of the entrepreneurship program (Souitaris et al., 2007).

Several dimensions of entrepreneurial competence were reviewed by previous research. The component of entrepreneurial competence in question is entrepreneurship training. Entrepreneurship education and training to help students make effective business plans. Another component of competence is the marketing function. The marketing function will emerge along with the emergence of new businesses and grow along with the growth of these businesses. Furthermore, financial knowledge is a component of entrepreneurial competence that is measured over time (Diochon and Menzies, 2008). The last component of entrepreneurial competence is the task of building a team. Research has found that team building tasks are sometimes not considered important for new ventures (James, 2007; Macke and Markley, 2003). Based on the description above, it can be concluded that the indicators of entrepreneurial competence are the ability in practice, ability in marketing, ability to manage finances, and ability in personal relationships. The hypotheses of this research are:

H1 : Entrepreneurial competence has an influence on student entrepreneurship motivation.

H2 : Entrepreneurship opportunities have an influence on student entrepreneurship motivation.

H3 : Entrepreneurial competence has an influence on student entrepreneurship readiness.

H4 : Entrepreneurship opportunities have an influence on student entrepreneurship readiness.

H5 : Entrepreneurial motivation has an influence on student entrepreneurship readiness

3. METHODOLOGY

This research uses a quantitative research approach with the type of correlational research that is explanatory (explanatory research), which seeks to explain the causal relationship between the variables of entrepreneurial motivation, entrepreneurial opportunities, entrepreneurial competence, and entrepreneurial readiness of students to start new businesses. The data sources for this research are questionnaire instruments and secondary sources that are relevant to this research. The population of this research is all students of the last semester of Economics and Business Faculty of Universitas Negeri Makassar and are completing their studies in 2021 as many as 931 students. The determination of the sample is 15 percent, namely 140 respondents and taken proportionally covering the Management study program as many as 59 students, Accounting Education as many as 17 students, Development Economics as many as 17 students, Economic Education as many as 16 students, and Accounting as many as 31 students.

. The data collection technique was carried out by distributing the questionnaire instrument through google form, but previously the validity and reliability of the instrument were tested. The data collected is processed and analyzed using path analysis with the help of the right statistical software program.

4. RESULTS AND DISCUSSION

4.1 Results

Analysis of the description of the research variables, namely entrepreneurial competence, entrepreneurship opportunities, entrepreneurial motivation, and entrepreneurial readiness.

Table 1. Descriptive Statistics of Entrepreneurial Competence Variables

Variables	Theoretical		Actual			%	Information
	Range	Med	Min	Max	Average		
Entrepreneurship Competence	12-60	36,00	34	47	39,47	65.79	High
Entrepreneurship Opportunity	10-50	36	30	41	36.66	73.31	High
Entrepreneurship Motivation	12-60	36,00	37	48	41,09	64.76	High
Entrepreneurship Readiness	12-60	76,00	34	47	39.91	66.52	High

Table 1 shows that descriptively the variables of entrepreneurial competence, entrepreneurship opportunities, entrepreneurial motivation, and entrepreneurial readiness are in the high category. This is reinforced by the mean value which is higher than the median value both as a whole and for each variable.

Table 2. Summary of Path Coefficient Results of Sub-structure I

Influence between Variables	Path Coefficient (Beta)	t Value	F Value	Determinant Coefficient of R Square	Other Variable Coefficients
X1 → X3	0,640	7,390	108.592	0,613	0,387
X2 → X3	0,172	1.990		(61,3 %)	(38,7%)

Based on the results of these calculations and tests, it can be interpreted that entrepreneurial competence and entrepreneurship opportunities have a significant effect either partially or simultaneously on student entrepreneurship motivation.

Table 3. Summary of Path Coefficient Results of Sub-structure II

Influence between Variables	Causal Influence		Determinant Coefficient of R Square	Other Variable Coefficients
	Direct Influence	Indirect Influence via X3		
X1 → X3	0,640	0,260	0,768 (76,8%)	0,232 (23,2%)
X1 → Y	0,185			
X2 → X3	0,172			
X2 → Y	0,372			
X3 → Y	0,407			

Table 4. Summary of Hypothesis Test Results

Hypothesis	Influence between Variables	Path Coefficient (Beta)	t Value	F Value	Sig.	Information
H1	X1 → X3	0.640	7,390	108,592	0.000	Significant
H2	X2 → X3	0.172	1,990		0.049	Significant
H3	X1 → Y	0,185	2.321		0,022	Significant
H4	X2 → Y	0,372	5.450		0,000	Significant
H5	X3 → Y	0,407	6.127		150.173	0,000

Table 3 shows that there are direct and indirect effects of entrepreneurial competence and entrepreneurship opportunities on student entrepreneurship readiness. Where, the indirect effect of entrepreneurial competence on entrepreneurial readiness through student entrepreneurship motivation contributed 0.260 and the indirect effect of entrepreneurial opportunities on student entrepreneurial readiness through student entrepreneurship motivation was 0.070. Meanwhile, the simultaneous contribution of 76.8%

while the rest is influenced by other factors of

23.2%. Based on the results of the analysis of the path of sub-structure II, a summary table of the results of the hypothesis test was compiled, as stated in Table 4.

Table 4 shows that the research hypothesis is accepted. This means that entrepreneurial competence and entrepreneurship opportunities have a direct and significant influence on entrepreneurial readiness and also have an indirect influence on entrepreneurial readiness through student entrepreneurship motivation. The regression equation is $= -7.747 + 0.210X_1 + 0.540X_2 + 0.477X_3$. The multiple regression equation means that for every one point increase in the variables of entrepreneurial competence, entrepreneurship opportunities, and student entrepreneurship motivation.

4.2 Discussion

Entrepreneurial competence has a significant influence on student entrepreneurship motivation. This provides information that the entrepreneurial competence of students can trigger the emergence of their motivation for entrepreneurship. Entrepreneurial competence as the ability to acquire new ventures will result in higher motivation to start new businesses (Woo, Cooper, & Dunkelberg, 2000). In general, new businesses are influenced by the expected results of their competencies and the need for achievement so that they are more motivated to start new businesses (Pihie and Sanni, 2009).

Entrepreneurship opportunities have a significant influence on student entrepreneurship motivation. This proves that the existence of entrepreneurial opportunities has an impact on a person's motivation to seize these opportunities, in other words take advantage of opportunities as well as possible. Entrepreneurship learning that has been followed by students provides entrepreneurship opportunities to be implemented. Where entrepreneurship learning using a Project Based Learning and Case Method approach makes students familiar with work and will become an entrepreneurial opportunity after graduating in the expertise program they follow. The existence of entrepreneurship opportunities certainly has an impact on student motivation so that this condition becomes an entrepreneurial opportunity for students which has an impact on increasing motivation to start new businesses. Project-based learning creates entrepreneurial opportunities to foster students' abilities to improve their tendencies and attitudes towards entrepreneurship (Souitaris et al., 2007; Janice and Dmitriy, 2013).

Entrepreneurial competence has a significant influence on student entrepreneurship readiness. This is in line with the goal of educational institutions, namely to produce skilled workers to prepare for entering the world of work by having competencies in accordance with their fields of expertise (James & Vincent, 2005). Where, in winning the increasingly fierce competition in the business world, a workforce that has adequate competence is needed (Calhoun and Finch, 1992). The results of relevant research have proven that competence has an influence on work readiness in other words, the higher the competence possessed by students, the higher their readiness to work and the higher the absorption of labor from the competency skills they have (Mustikawanto, 2019). Entrepreneurial competencies in the form of ownership of knowledge, cognitive abilities, and social networks help students to pay attention to opportunities that can affect readiness to start a company (Mitchell et al., 2002; Shane, 2000). Several studies reveal that entrepreneurial competence in the form of entrepreneurs is greatly assisted by previous knowledge in business to identify business opportunities (Markham & Baron, 2003; Wiklund and Shepherd, 2008).

Student entrepreneurship readiness is significantly influenced by entrepreneurship opportunities on student entrepreneurship readiness. This proves that the existence of entrepreneurship opportunities will have an impact on students' readiness for entrepreneurship. The results of relevant research have also proven that there is a positive and significant effect of entrepreneurship opportunities on readiness to start a new business (Seun and Kalson, 2015). Entrepreneurship learning in higher education institutions provides broad entrepreneurial opportunities for students by applying a project-based learning approach and case method. In addition, there are various student entrepreneurship programs that open opportunities for students to develop their talents and entrepreneurial spirit. This is very influential on the readiness of students to start a new business. Entrepreneurship education and training provides more and better entrepreneurial opportunities, where students can shape their attitudes to become entrepreneurs (Janice and Dmitriy, 2013; Souitaris et al., 2007).

Entrepreneurial motivation has a significant influence on student entrepreneurship readiness. In line with the opinion that dares to take risks, is future-oriented, has leadership skills, has skills, builds networks, and is motivated (Mueller, 2012). Someone who has higher motivation tends to have better readiness to start a new business than people who have low motivation towards entrepreneurial readiness (McClelland, 1961). The results of this study are also supported by the statement that one's work motivation will appear or be seen through responsibility in doing work, achievements or competencies achieved, self-development and ability to act (Jeong and Kevin, 2013). Previous research conducted on vocational education program students has

proven that work motivation has a positive and significant effect on graduate work readiness (Mustikawanto, 2019). As stated that entrepreneurship readiness is a person's effort to equip himself with the knowledge, skills, attitudes and values needed to start a new business (Carsrud and Brannback, 2010).

5. CONCLUSIONS

The conclusions of the research are (1) Entrepreneurial competence includes ability in practice, ability in marketing, ability to manage finances, and ability in personal relationships have a significant effect on student entrepreneurship motivation and entrepreneurial competence includes level of profit, consumer demand, funding needs, risk, workforce needs. Employment, availability of raw materials, management capabilities, competitors, production equipment, and business prospects, (2) Entrepreneurial competence, entrepreneurship opportunities, and entrepreneurial motivation have a significant effect either partially or partially. simultaneously on student entrepreneurship readiness as measured by indicators of self-confidence, high willingness, forward-looking, and courage to take risks, and (3) entrepreneurial competence and entrepreneurship opportunities have a direct and indirect effect on student entrepreneurship readiness through entrepreneurial motivation in the form of tenacity in face difficulties, persevere in facing tasks, prefer to work independently, and like to find and solve problems.

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