Exploring the predictive factors of gen Z readiness for entrepreneurship

Lydiawati Soelaiman\(^{(a)}\), Frangky Selamat\(^{(b)}\), Ida Puspitowati\(^{(c)}\)

\(^{(a,b,c)}\) Faculty of Economics and Business, Universitas Tarumanagara, Jakarta, Indonesia

**Article Info**

**Abstract**

As one of the essential elements of the country\'s current economic development, Indonesia\'s government still supports entrepreneurial endeavors. Young entrepreneurs can only be developed with the help of universities. Students\' entrepreneurial attitudes are anticipated to be shaped through the practical entrepreneurship program. As a foundation for student preparation to engage in entrepreneurial activity, this study investigates entrepreneurial intention. Students\' entrepreneurial intents in Jakarta will be compared to three factors, including attitudes, subjective norms, and perceived behavioral control, that are based on the Theory Planned of Behavior. Purposive sampling was used to sample 120 students. Through the use of partial least squares structural equation modeling (PLS-SEM), variance-based SEM was employed to analyze the data. All variables are reliable and legitimate, according to the test results. The study\'s key conclusions show that while subjective norms have a minimal impact on entrepreneurial intention, attitude and perceived behavioral control have a positive and considerable impact. Entrepreneurial intent is also recognized to have a favorable and significant impact on readiness to launch a firm. The study\'s findings could be incorporated into entrepreneurship curricula at colleges to help the government\'s attempts to accomplish development objectives through entrepreneurial endeavors.

**Keywords:**

Entrepreneurial Intention, Entrepreneurial Readiness, Theory Planned of Behaviour, Attitude, Subjective Norm, Perceived Behavioral Control

**JEL Classification:**

I25, M13

**Introduction**

Entrepreneurship is one of the most effective approaches to developing a country\'s economy in the current era of globalization. Governments worldwide consider entrepreneurship a key to development and endeavor to create conditions that support entrepreneurial activity (Mamun et al., 2017). Similarly, the Government of Indonesia encourages and supports university graduates to become entrepreneurs. Students need to be directed because, currently, students are more likely to be job seekers rather than job creators (Dzulfikri & Kusworo, 2017). As educated members of society, students hope to open jobs through entrepreneurial activities (Margaretha & Soelaiman, 2022).

Students still feel barriers to entrepreneurship due to low self-confidence, a lack of experience and knowledge, and a lack of funding to start entrepreneurship (Solesvik et al., 2012). Universities are critical in introducing entrepreneurship to students to reduce attitudinal barriers to entrepreneurship (Keat et al., 2011). Universities are regarded as the educational system of the entrepreneurial ecosystem. Entrepreneurship learning in higher education is carried out through two policies: the Theory of entrepreneurship and the practice of entrepreneurial skills that refer to competency standards (Wiratno, 2012).

This research will examine students\' entrepreneurial intention, which is the initial stage in creating behavior toward independent entrepreneurship. Entrepreneurial intention is the most important and robust predictor of creating entrepreneurial behavior (Mamun et al., 2017). Many studies have used the Theory of planned behavior to recognize entrepreneurial behavior (Liñán & Chen, 2009; Mamun et al., 2017; Fayolle & Liñán, 2014). Students\' readiness to start a business reflects the behavioral constructs in the Theory of Planned Behaviour. According to the Theory of planned behavior by Krueger et al. (2020), entrepreneurial intention is critical to...
understanding the entrepreneurial process. According to Ajzen (1991), three determinants underlie the intentions and actions of a person, namely attitude, subjective norms, and perceived behavioral control. In the application of entrepreneurship, attitude is a positive or negative assessment of entrepreneurship, subjective norms are the approval or disapproval of actions by others significantly, and perceived behavioral control is the perception of a person to take entrepreneurial action (Fayolle & Liñán, 2014).

Attitude is the first construct in TPB, which is the extent to which a person's perception of an object or activity is considered pleasant (Ajzen & Fishbein, 2000). Students who receive entrepreneurship education will have a positive attitude toward an entrepreneurial career (Zampetakis et al., 2014; Mamun, 2017). For this reason, the development of entrepreneurial attitudes and mentality of students needs to be developed to encourage entrepreneurial intentions (Soelaiman et al., 2022).

The next factor contained in the TPB construct is subjective norms. Subjective norms refer to the social perceptions a person feels to do or not to do a specific behavior (Ajzen, 1991). Subjective norms can come from parents, friends, and colleagues (Kautonen et al., 2015). The opinion of someone considered necessary will strengthen a person's desire to develop a business (Verheul & Van Mil, 2011). The greater the support from people, the stronger the intention of a person to become an entrepreneur (Joenssu et al., 2020). A person who has received an entrepreneurship education has a more significant subjective norm influence on entrepreneurial intention (Souitaris et al., 2007).

Perceived behavioral control, the third factor in the TPB construct, is a person's belief and assessment of an activity based on the ease or difficulty of carrying out the activity (Liñán & Chen, 2009). In entrepreneurship, perceived behavioral control is a person's confidence in facing challenges (Utami, 2017). The higher the student's self-confidence in managing their business and mental maturity, the more likely they are to become entrepreneurs (Mamun, 2017).

Factors affecting student entrepreneurial intention and readiness to start a business must be well known because the career choice as an entrepreneur when graduating still needs to be the leading choice for students. For this reason, this study intends to determine how entrepreneurship program implemented in university affects students' intention and readiness to start a business after college graduation.

**Literature Review**

**Attitude and Entrepreneurial Intention**

Attitude is a person's willingness to engage in a certain behavior (Mafabi et al., 2012). In the context of entrepreneurship, attitude refers to a person's behavior when creating a new business. Entrepreneurial attitudes reflect a person’s favorable evaluation of behavior (Al-Qadasi et al., 2021).

According to Solesvik (2012), attitude positively influences entrepreneurial intention. The more positive attitude an individual has toward entrepreneurship, the higher their level of intention toward it. Students are equipped with knowledge of business science to develop their attitude and mental development and have more confidence to start or run a business. However, the impact of attitudes on entrepreneurial intention may vary from country to country due to various factors such as environmental, social, cultural, and so on (Vamvaka et al., 2020). Thus, we hypothesize that:

H1 : Attitude has a positive and significant effect on entrepreneurial intention.

**Subjective Norms on Entrepreneurial Intention**

Nilsson et al., (2004) define subjective norms as references from other individuals or groups of individuals in taking action or taking these references. In practice, people hold normative beliefs about how they should behave in a certain way (Mafabi et al., 2012).

Subjective norms will have a positive effect on entrepreneurial intention (Utami, 2017). The greater the support from influential people around, the stronger the intention of the individual to become an entrepreneur (Joenssu et al., 2020). Other studies, such as research conducted by Solesvik et al. (2012) and Linan and Chen (2009), show that subjective norms have no significant impact. In this view, we hypothesize that:

H2 : Subjective norms have a positive and significant effect on entrepreneurial intentions

**Perceived Behavioral Control and Entrepreneurship Intention**

Perceived behavioral control is the ability to predict behavior by involving one's skills, resources, and emotions in carrying out activities. A person's motivation to engage in certain behaviors is under the control of the actor (Ajzen, 1991). This illustrates that a person's motivation to engage in a particular behavior is under their own control.

Therefore, behavioral control can influence a person to start entrepreneurship directly or through entrepreneurial intention (Liñán & Chen, 2019). Byabashajja and Katono (2011) state that the perceived behavioral control of students who get an entrepreneurship education will further influence their intentions for entrepreneurship. From this perspective, we state the hypothesis that:

H3 : Behavioural control has a positive and significant effect on entrepreneurial intention.
Entrepreneurial Intention and Readiness to Open a Start-up Business

Entrepreneurial intention refers to the attitude to start a business soon. Entrepreneurial intention is the intrinsic cognition, preference, and behavioral tendency of entrepreneurs to create a new business (Kong 2020).

The readiness to start a business reflects the construct of behavior in the theory of planned behavior. Entrepreneurial intention is the first step to creating a new business, and readiness to open a business is the second step towards independent entrepreneurship. Stronger intentions make behavior possible (Mamun et al., 2017). Based on this review, we hypothesize that:

H4: Entrepreneurial Intention has a positive and significant effect on business readiness behaviour.

Based on the background and literature review described, this study uses the research model and hypothesis below.

![Conceptual Framework](image)

Figure 1: Conceptual Framework

Research and Methodology

This study uses a quantitative and cross-sectional approach to explain the influence between variables. This research was taken at one of the private universities located in Jakarta. The study sample was undergraduate students who had taken theoretical courses related to entrepreneurship and participated in the Merdeka Learning Campus Merdeka entrepreneurship program. The sampling method used in this study is the purposive sampling method based on specific criteria based on research objectives. The number of samples taken in this study was 120 respondents. This number meets the minimum of 100 samples for data processed with PLS-SEM (Reinartz et al., 2009).

This study uses a questionnaire in the form of a Google form for the data collection process. Each variable is measured using a Likert scale, where each variable has its indicators and will be measured with a score ranging from 1-5, namely from one (strongly disagree) to five (strongly agree) (Sekaran & Roger, 2016). Six indicators measure the questionnaire regarding attitude variables; three measure subjective norms; six measure behavioral control; and five measure entrepreneurial intention. The four variables were adapted from Linan and Chen (2009) and Solesvik et al. (2012). While the behavior of readiness to open a business, adapted from Mamun (2012), is measured by eight indicators.

The research data were analyzed using variance-based SEM through Partial Least Square-Structural Equation Modelling (PLS-SEM). The data in this study will be processed using the SmartPLS v.3.2.9 tool. Data analysis includes validity tests, reliability tests, R2 tests, f2 tests, and path coefficient estimation.

Results and Discussions

Respondent Characteristics

Based on the questionnaires distributed, 120 respondents had taken courses related to entrepreneurship and participated in entrepreneurial practices. Of the total, 64 respondents (53%) were male, and 56 (47%) were female. Most respondents studied at the third level (70%), and the rest at the fourth level (30%). Most respondents were not actively involved in student organizations (77 respondents or 64%), and only 43 (36%) were active in organizations. The questionnaire results also showed that 109 respondents (91%) chose a career as an entrepreneur after graduation, and 11 (9%) chose to become professionals.

Validity and Reliability Analysis

A validity test is a test conducted to determine how well an indicator is developed in measuring research concepts (Sekaran & Bougie, 2016). The measure of convergent validity is the Average Variance Extracted> 0.50 (Hair et al., 2020). The reliability test is the stability and consistency of the assessment instrument in research data and aims to know the accuracy of indicators in measuring constructs (Sekaran & Bougie, 2016). Data is reliable if it has a Composite Reliability value ≥ 0.7. However, Composite Reliability, which has a value of 0.6, is still acceptable and a better Composite Reliability value ≤ 0.95 (Hair et al., 2020).

The validity and reliability test results in Table 1 show an AVE value higher than 0.50, so it meets the validity requirements. Similarly, the composite reliability value shows that all have values above 0.7, so it can be concluded that all variables are reliable.
Table 1: Validity and Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
<td>6</td>
<td>0.935</td>
<td>0.783</td>
</tr>
<tr>
<td>Subjective Norm</td>
<td>3</td>
<td>0.918</td>
<td>0.789</td>
</tr>
<tr>
<td>Behavioral Control</td>
<td>6</td>
<td>0.906</td>
<td>0.617</td>
</tr>
<tr>
<td>Entrepreneurial Intention</td>
<td>5</td>
<td>0.923</td>
<td>0.705</td>
</tr>
<tr>
<td>Readiness to open a business</td>
<td>8</td>
<td>0.954</td>
<td>0.724</td>
</tr>
</tbody>
</table>

Coefficient of Determination ($R^2$)

The coefficient of determination value shows the cooperation or contribution of the independent variable to the dependent variable, with a range of values from 0 to 1 (Hair et al., 2020). If it is more than 0.75, the value of determination can be said to have a strong influence, 0.50 is said to have a moderate influence, and 0.25 is said to have a weak influence. The higher the $R^2$ value, the better the model (Hair et al., 2020).

Table 2: Coefficient of Determination

<table>
<thead>
<tr>
<th>Variable</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Intention</td>
<td>0.674</td>
</tr>
<tr>
<td>Readiness to open a business</td>
<td>0.346</td>
</tr>
</tbody>
</table>

Table 2 shows that attitude variables, subjective norms, and behavioral control have a proportion of 67.4% to explain entrepreneurial intention. Similarly, entrepreneurial intention can explain 34.6% of student readiness behavior to open a business.

Path Analysis

The path coefficient has a range of values from -1 to +1. The negative sign (-) in this analysis indicates a negative influence on the research variable, and a positive sign (+) indicates a positive influence on the research variable. Meanwhile, hypothesis testing aims to determine whether the hypothesis formed has a significant effect. The hypothesis can have a significant effect if it has a significance value smaller than 0.05 (Hair et al., 2020).

Table 3: Path Analysis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>$f^2$</th>
<th>Coefficient</th>
<th>Sig</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Attitude → Entrepreneurial Intention</td>
<td>0.651</td>
<td>0.629</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: Subjective Norm → Entrepreneurial Intention</td>
<td>0.015</td>
<td>0.095</td>
<td>0.302</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3: Perceived Behavioral Control → Entrepreneurial Intention</td>
<td>0.071</td>
<td>0.194</td>
<td>0.004</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: Entrepreneurial Intention → Readiness to open a business</td>
<td>0.541</td>
<td>0.593</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

The results of the path analysis test in Table 3 show that the first hypothesis test (H1), the effect of attitude on entrepreneurial intention, has a coefficient value of 0.651 and a p-value of 0.000, which means that attitude has a positive and significant influence on student entrepreneurial intention. The $f^2$ value of 0.651 indicates a significant effect. The coefficient for the second hypothesis (H2) shows a positive direction of 0.095 and a p-value of 0.301 (> 0.05), which means that there is no significant influence between subjective norms on student entrepreneurial intention. This is also indicated by the $f^2$ value of 0.015, which means it has no effect. The coefficient for the third hypothesis (H3) shows a value of 0.194 and a p-value of 0.004 which means that perceived behavioral control has a positive and significant effect on student entrepreneurial intention. The $f^2$ value of 0.071 indicates a small effect. Finally, the fourth hypothesis (H4), namely the effect of entrepreneurial intention on readiness to open a business, has a coefficient value of 0.593 and a p-value of 0.000, which means that entrepreneurial intention has a positive and significant influence on student readiness behavior to open a business. The $f^2$ value of 0.541 indicates a significant effect on entrepreneurial intention.

Discussion

This study investigates the influence of attitude, subjective norms, and perceived behavioral control on entrepreneurial intention and business start-up readiness among university students following entrepreneurship curriculum. The results showed that attitude positively and significantly influences students' entrepreneurial intention. The results of this test are in line with previous research from Dao et al. (2021), Mamun et al. (2017), and Soelaiman et al. (2022), which state that there is a significant influence on attitudes toward entrepreneurial intentions. Students who receive entrepreneurship education will have a positive attitude toward becoming
entrepreneurs. Thus, the entrepreneurship curriculum implemented by universities has built students' positive attitudes toward entrepreneurial intentions. The better the attitude, the more it will encourage students' entrepreneurial intentions.

The results of the second hypothesis test (H2) show that subjective norms do not significantly affect student entrepreneurial intention. The results of this test are different from previous research conducted by Costa et al. (2022), Dao et al. (2021), and Mamun et al. (2017) but in line with the research of Solesvik et al. (2012). The results of this study indicate that entrepreneurial intentions that arise are not due to the perceptions of those closest to them. The good and bad views of those close to students did not significantly impact students' intention to become entrepreneurs.

Based on the results of the third hypothesis test (H3), perceived behavioral control positively and significantly influences student entrepreneurial intention. This test's results align with the research of Utami (2017) and Solesvik et al. (2012). Behavioral control is a positive thing considered as an individual's belief about how easy or difficult it is to carry out entrepreneurial activities. In this case, the entrepreneurship curriculum applied to students has increased the confidence of students to carry out entrepreneurial activities. The applied curriculum provides a positive perception of the intention to become an entrepreneur through a series of systematic steps.

Finally, the results showed that the fourth hypothesis test (H4) entrepreneurial intention positively and significantly influences student readiness for entrepreneurship. This aligns with research conducted by Mamun et al. (2017), which states that intention is the most effective predictor of behavior, in this case, students' behavior, to be ready to open a business. Although the consistency of the intentions built influences this readiness, this step is a positive indication of students becoming real entrepreneurs. Furthermore, entrepreneurial intention becomes vital in encouraging students' readiness to open a business, where the entrepreneurial intention is improved through several very influential factors.

The results of this study are expected to help the Government of Indonesia to improve the Indonesian economy with the readiness of students to open a business. The readiness of students to open a business is an essential part of achieving the goal of growing Indonesian entrepreneurs to achieve the target ratio of the number of entrepreneurs of 4%. This study provides input for universities where entrepreneurship is currently part of the curriculum in universities. With the entrepreneurship curriculum implemented, it can improve attitudes and perceived behavioral control of students to encourage student entrepreneurial intentions. The results of these findings are expected to help policymakers in higher education to design an entrepreneurship program curriculum that can strengthen students' intention to pursue a career as an entrepreneur. In addition, implementing the right entrepreneurship curriculum is also expected to develop quality entrepreneurship among students.

Conclusions

Indonesia is still trying to reach the target ratio of 4% of the number of entrepreneurs. Therefore, encouragement to create young entrepreneurs needs to be done by including an entrepreneurship curriculum in higher education. This study empirically examines the influence of attitude, subjective norms, and perceived behavioral control on business intention and readiness to start a new business among university students.

Based on the analysis results, attitudes and perceived behavioral control positively and significantly affect student entrepreneurial intention. In contrast, subjective norms have a positive but insignificant effect on student entrepreneurial intention. Student entrepreneurial intention also positively and significantly affects student readiness for entrepreneurship.

This study proves that an entrepreneurship curriculum implemented by universities affects students' attitudes and behavioral control towards entrepreneurial intentions and subsequently becomes a strong driver to shape student behavior for entrepreneurship.

Acknowledgement


Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly.

Conflicts of Interest: The authors declare no conflict of interest.

References


**Publisher’s Note:** SSBFNET stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.

© 2023 by the authors. Licensee SSBFNET, Istanbul, Turkey. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (http://creativecommons.org/licenses/by/4.0/).

International Journal of Research in Business and Social Science (2147-4478) by SSBFNET is licensed under a Creative Commons Attribution 4.0 International License.