

# The Relationship Analysis of Entrepreneurial Interests Entrepreneurial Literacy, Self- Efficacy, and Entrepreneurial Characters Vocational Students

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# **The Relationship Analysis of Entrepreneurial Interests: Entrepreneurial Literacy, Self-Efficacy, and Entrepreneurial Characters Vocational Students**

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## **ABSTRACT**

Entrepreneurship is one of the supporting factors that determine the economic turbulence in Indonesia because in the field of entrepreneurship itself has the freedom to work and independently. The purpose of this paper is to explain the direct and indirect effect of entrepreneurial literacy and self-efficacy on entrepreneurial interest in State Vocational School students at City of Parepare. The population is the vocational students who had followed industrial employment practices. The number of samples is 246 students. This study uses a quantitative approach to the type of explanatory research (explanatory research). It uses data collection techniques, namely questionnaires. The analytical tool used is SEM (Structural Equation Modeling). The results showed that (1) Entrepreneurial literacy, self-efficacy, and entrepreneurial character directly influence the interest of entrepreneurship in State Vocational School students in the City of Parepare. Indirectly, entrepreneurial literacy and self-efficacy influence entrepreneurial interest through the entrepreneurial character of students of State Vocational School in the City of Parepare.

**Keywords:** *Entrepreneurial literacy, self-efficacy, entrepreneurial character, entrepreneurial interest*

## **1. INTRODUCTION**

Vocational education is one of the solutions to overcome the increasing number of unemployment in Indonesia. Vocational education can produce graduates who have the ability to create jobs themselves and have the opportunity to generate higher income. Thus increasing the employment rate means that vocational schools cannot absorb labor and reduce the number of unemployed. It can improve the Indonesian economy through taxes generated from entrepreneur business and contribution in the business world.

Vocational high schools are vocational education institutions that aim to prepare students to become skilled workers and prioritize the ability to carry out certain jobs. In fact, the goal of Vocational Schools is a collaboration between the school and students is very important; the school plays an important role in realizing its student's skills in order to fulfill. On the other hand, students' responsibilities improving high learning achievements, having interests and talents. The evidence that students decided to continue their education to a secondary vocational level by motivated of family or friends.

In reducing unemployment, developing entrepreneurship skills is believed will provide solutions for high educated unemployment. The ability of entrepreneurship must be built in a conscious manner from an early age so that the younger generation also begins to make entrepreneurship as a career choice that turns out to be important to support the welfare of the nation in the future.

Entrepreneurship is one of the supporting factors that determine the economic turbulence in Indonesia because in the field of entrepreneurship itself has the freedom to work and be independent. Someone has the desire and willingness and is ready to be an entrepreneur, meaning that someone is able to create their own jobs, and does not need to rely on other people and other companies to get more jobs, even opening job vacancies for others.

Entrepreneurship subjects are one of the characteristics of the content taught in the current SMK curriculum, with teaching entrepreneurship subjects, will increasingly improve the entrepreneurial knowledge of vocational students. It is hoped that this will further foster student interest in entrepreneurship by being taught

entrepreneurship skills. The graduation are expected to create their own jobs in accordance with their respective skills.

Activities in the school environment and students' personal factors, including knowledge, attitudes, and self-confidence or self-efficacy, will affect and influence each other until students continue to the next level of education according to their choices. Students who already have knowledge of entrepreneurship subjects will certainly determine their attitude to obtain achievement for self-confidence. Self-confidence or positive self-efficacy is a critical success factor that will create satisfaction that comes along with the knowledge that has been absorbed. After learning how important personal factors students are, the researcher is interested in the self-confidence or self-efficacy students to have in an entrepreneurial subject.

As researchers conducted preliminary observations and interviews with regard to entrepreneurship subjects of students who already have the knowledge, and experience in industrial practice has not yet arisen their efficacy after gaining knowledge about entrepreneurship subjects. Some students confuse to make working decision after graduation. If students are confident or have high self-efficacy and have an interest, then for future entrepreneurship will be guaranteed.

The current condition indicates that the interest in entrepreneurship at SMK graduates is still low; this is evidenced by the high level of unemployment of educated high school graduates. Therefore, high school students should better understand that existing employment is not possible to absorb all vocational graduates. Entrepreneurship can be applied in various fields of work and life. Entrepreneurship is also very useful for the future and can save students from unemployment when they graduate. Then students must not only be educated in character but must also be educated in entrepreneurship. Therefore, fostering and developing an entrepreneurial interest through entrepreneurship subjects for students in vocational high schools is the important step to increase the number of entrepreneurs in Indonesia.

There are several obstacles to fostering entrepreneurship interests in vocational students. The development of student entrepreneurial interest in SMK is constrained by the idea that a better future is only

determined by higher education. Most students think that they depend on their future on a diploma without the provision of an independent attitude that is important in the world of entrepreneurship. Based on the description above, the purpose of this study is to explain "How to determine entrepreneurship interests in State Vocational School students in the City of Parepare." Specifically, it aims to analyze the effect of entrepreneurial literacy, self-efficacy, and entrepreneurial character on entrepreneurial interest in State Vocational School students in the City of Parepare.

## **2. METHOD**

This research is conducted using a quantitative approach. This research is an explanatory research which aims to explain and analyze the empirical conditions objectively namely the influence of exogenous variables consisting of: (1) Entrepreneurial Literacy, (2) Self-efficacy, (3) Character of entrepreneurship towards endogenous variables, namely (4) Interest in entrepreneurship. The data analysis technique is using SEM (Structural Equation Modeling) analysis.

The population in this study is all State Vocational School students in the City of Parepare, who had followed industrial work practices with the consideration that the students had received learning both theoretically, as well as practices in schools and in the business and industrial world. the technique of determining the sample using Proportional Random Sampling techniques to obtain responses and proportionally from three public vocational high schools in the city of Parepare, namely SMKN 1 Parepare, SMKN 2 Parepare, and SMKN 3 Parepare. Data collection using a questionnaire with questions/statements closed, which is distributed to students as the unit of analysis. Each questionnaire contains five answers and the scores were weighted so that each variable was measured at an interval scale.

## **3. RESULTS AND DISCUSSION**

### **3.1. Results**

An alternative model that illustrates the relationship between the four latent variables in the study, accompanied by the manifests that construct them, can be seen in Figure 1.

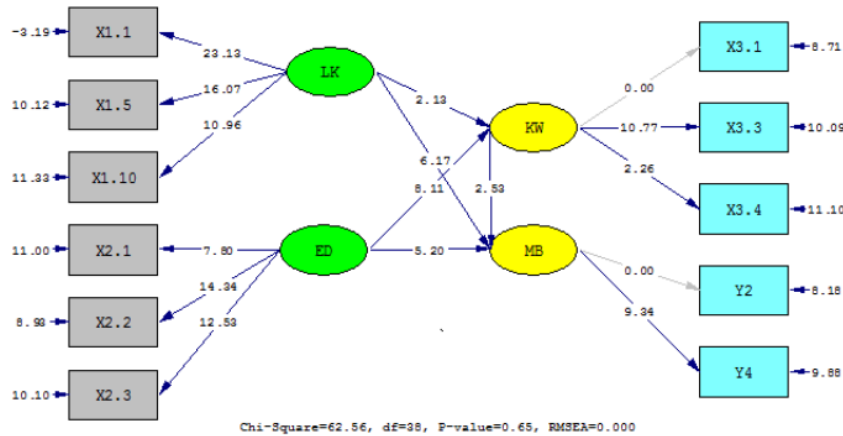


Figure 1 Appropriate Structural Model of Research

Figure 1 shows the structural model meets the structural model compatibility requirements. This can be seen from the influence of exogenous variables on significant endogenous variables. The suitability of the model can also be seen from the value of the magnitude of the coefficients. It meet the criteria of the structural model analysis provisions. The fit test results of the structural model of the study can be seen in Table 1.

Table 1. Appropriate Structural Model of Research

The synchronization of model	Coef-ficient	Criteria	Information
Chy-square (X2)	62.56	small (non-significant)	Good, fulfilled
P-Value	0.65	$\geq 0.05$	Good, fulfilled
Df	38	-	
Cmin (X2/Df)	1.65	$\leq 2.00$	Good, fulfilled
RMR (standardized)	0.063	$\leq 0.08$	Good, fulfilled
RMSEA	0.00	$\leq 0.08$	Good, fulfilled
GFI	0.93	$\geq 0.90$	Good, fulfilled
AGFI	0.91	$\geq 0.90$	Good, fulfilled
CFI	0.99	$\geq 0.90$	Good, fulfilled
IFI	0.99	$\geq 0.90$	Good, fulfilled
NNFI or TLI	0.99	$\geq 0.90$	Good, fulfilled
AIC (Model)	138.58	small, relative	Good, fulfilled

(Source: Data Processing Results, 2019)

Table 1 shows that all levels of good and fulfilled have met the standard criteria in accordance with the requirements of SE. The lambda coefficient ( $\lambda$ ), determination ( $R^2$ ), and T-Value of each manifest

variable that constructs latent and endogenous variables can be presented in Table 2.

Table 2. Manifests from the Structural Model of Research

No	Variable	Manifest	$\lambda$	$R^2$	T- value
1	EL	X1.1	1.68	0.21	8.04
		X1.5	0.48	0.04	8.87
2	SE	X2.1	0.49	0.05	10.49
		X2.2	0.50	0.07	6.77
		X2.3	0.49	0.07	7.48
3	EC	X3.1	0.46	0.06	7.32
		X3.3	0.59	0.07	3.98
		X3.4	3.45	0.68	5.04
4	EM	Y2	0.43	0.07	3.47
		Y4	0.59	0.09	6.67

(Source: Data Processing, 2019)

Table 2 shows each manifest value that constructs the five latent variables meets the validity criteria, as evidenced by the standard loading value ( $\lambda \geq 0.40$ ) and the value  $R^2 \leq \lambda$ . Based on the research findings, to obtain a structural model of the research findings also obtained the coefficient of direct or indirect influence between variables with other variables.

In accordance with the results of the analysis and model findings, the coefficient of influence between variables can be tabulated in table 3.

**Table 3.** Direct and Indirect Effects between Variables

No.	Testing	Coefficient of influence			T-value	Conclusion
		Direct	Indirect	Total		
1.	EL → EC	0.22	-	0.22	2.13	Positive Significant
2.	SE → EC	0.95	-	0.95	8.11	Positive Significant
3.	EL → EM	1.04	-	1.04	6.17	Positive Significant
4.	SE → EM	1.18	-	1.18	5.20	Positive Significant
5.	EC → EM	0.63	-	0.63	2.53	Positive Significant
6.	EL – EC – EM	-	0.14	0.14	4.66	Positive Significant
7.	SE – EC – EM	-	0.60	0.60	10.6	Positive Significant

(Source: Data Processing, 2019)

Table 3 shows the coefficient of influence and T-value have a positive relationship and a significant effect between all variables tested.

### 3.2. Discussion

#### 3.2.1. Entrepreneurial literacy, self-efficacy, and entrepreneurial character directly influence the interest of entrepreneurship in State Vocational School students in the City of Parepare

Based on the research conducted on students at State Vocational Schools in the City of Parepare, it is concluded that entrepreneurial literacy, self-efficacy, and entrepreneurial character directly influence the interest of entrepreneurship in State Vocational School students in Parepare City.

##### 3.2.1.1. Entrepreneurial literacy directly influences student interest in entrepreneurship

The analysis show that there is a direct effect of entrepreneurial literacy on entrepreneurial interest in State Vocational School students in the City of Parepare. The findings are conducted by Duckworth & Ade-Ojo [1]; the higher a person's entrepreneurial literacy is also higher the interest he has for entrepreneurship. So, **one who already has knowledge of entrepreneurship will be more careful in analyzing and making decisions in entrepreneurship. Knowledge of entrepreneurship will instill the values of entrepreneurship. The knowledge will shape the mindset and mental attitude of entrepreneurship so that it will increase the interest in entrepreneurship from students of State Vocational Schools in the City of Parepare.**

Thus, theoretically, the findings of the study state that entrepreneurial literacy directly affects the interest of entrepreneurship in State Vocational School students in the City of Parepare.

##### 3.2.1.2. Self-efficacy directly affects the students' interest in entrepreneurship

The analysis show that there is a direct effect on self-efficacy on entrepreneurial interest in State Vocational School students in the City of Parepare. If the results of the study are linked to the theory and underlying mindset, then basically, the results support and strengthen the theories and results of previous research that already exist.

Low self-efficacy will cause entrepreneurial interest is low. The results are strengthened by the opinions of several experts in the study of theories about the factors that influence entrepreneurial interest, one of which is the self-efficacy of Margahana [2]. **An individual with high self-efficacy for a particular task will strive harder, set and accept higher goals, and develop better plans and strategies for the task, then students who have high self-efficacy will be able to develop its business.**

Thus, theoretically, the results of the study stated that self-efficacy directly influences the interest of entrepreneurship in State Vocational School students in the City of Parepare.

##### 3.2.1.3. The entrepreneurial character; directly influences students' interest in entrepreneurship

The analysis of statistics shows that there is a direct influence on the character of entrepreneurial interest in State Vocational School students in the City of Parepare. These research findings are in line with research conducted by Gurol & Atsan [3].

Entrepreneurial interest is a tendency for someone to feel like, attracted, and pay attention to something related to entrepreneurship and then the desire to realize it in an activity without anyone asking. An interest arises to improve pleasure in carrying out activities related to something related to entrepreneurship. Entrepreneurial



interest does not just emerge, but many factors, including the character of entrepreneurship. Someone who has an entrepreneurial character will be more in engaging in the business world. The strong characteristics become the basis of being an entrepreneur to build a business and face any challenges in its business.

Entrepreneurial character is a trait that must be owned by someone to become a successful entrepreneur. Someone who has a strong character would undoubtedly dare to enter the world of entrepreneurship. The characteristics of the entrepreneur become the foundation for starting a business because it takes strong characteristics to face every challenge and risk that will confront business activities. If someone has most of the characteristics of entrepreneurs, then the more interested and interested in entrepreneurship. So, it can be concluded that the characteristics of the entrepreneur will have a positive effect on entrepreneurial interest.

Thus, theoretically, the findings of the study state that the character of entrepreneurial directly influences the interest of entrepreneurship in State Vocational School students in the City of Parepare.

### *3.2.2. Literacy of entrepreneurial and self-efficacy affect indirectly on entrepreneurial interest through an entrepreneurial character in State Vocational School students in the City of Parepare*

Based on the findings of research result on entrepreneurial literacy and self-efficacy of students is high. Therefore, the of data analysis regarding entrepreneurial literacy and self-efficacy of entrepreneurial interest through the entrepreneurial character of students, there is an indirect effect. This shows that economic literacy and self-efficacy through entrepreneurial character have a significant influence on the entrepreneurial interest of students of State Vocational Schools in the City of Parepare.

In general, entrepreneurs are those who have the potential to excel and have great motivation to move forward. An entrepreneur tries to be independent to help himself and even others to overcome life's problems. Entrepreneurs are action-oriented individuals and highly motivated in taking risks to pursue their goals.

Bruhn & Zia [4], general stereotypes of entrepreneurs expand characteristics, such as high needs, risk-taking, strong confidence, and willingness to do business. There are seven main characteristics found in an entrepreneur as follows:

1. Encouragement of achievement means that someone has a great desire to achieve performance.
2. Work hard; most entrepreneurs are "drunk on the job" to achieve what they want to aspire to.

3. Paying attention to quality: an entrepreneur handles and oversees his own business until he is independent before he starts with a new business again.
4. Very responsible: able to be responsible for his business, both morally, legal, or mental.
5. Reward-oriented: an entrepreneur will expect a reward commensurate with his business. Rewards are not only about money, but also recognition and respect.
6. Optimistic: entrepreneurs live with the assumption that all time is right for business, and anything is possible.
7. Oriented towards good work (excellence oriented): an entrepreneur wants to achieve outstanding success and demanding everything that is first class.

Based on the explanation, it can be concluded that the character of entrepreneurship is the characteristics or traits that should be owned by an entrepreneur. Indicators used to measure entrepreneurial character are taken from entrepreneurial character traits including Guroi & Atsan [3]: have a strong drive (passion), creative & innovative, diligent (Persistent), independent (independent), market situation (Market sensitivity), calculating success and failure (Calculated risk taker), and ethics in decision making (High Ethical Standards).

Thus, theoretically, the findings of the study state that entrepreneurial literacy and self-efficacy through entrepreneurial character indirectly influence the interest in entrepreneurship in State Vocational School students in the City of Parepare.

## **4. CONCLUSION**

The result of research and discussion are: (1) Entrepreneurial literacy, self-efficacy, and entrepreneurial character have an immediate effect on entrepreneurial interest. Furthermore, entrepreneurial literacy and self-efficacy have a direct impact on entrepreneurial interest in entrepreneurship in State Vocational School students in the City of Parepare.

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