Does Entrepreneurial Knowledge Affect Self-Efficacy and Impact on Entrepreneurial Interest?

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The problem examined in this study is the low interest of entrepreneurship students at one of Indonesia's tertiary institutions. Entrepreneurial knowledge and self-efficacy play important roles in influencing students’ entrepreneurial interest. The aim of this study is to determine the effect of entrepreneurial knowledge on self-efficacy and its impact on entrepreneurial interest. In this study, researchers used descriptive and verification methods. The sampling technique consists of probability sampling and data was collected by distributing online questionnaires. The data was analysed by using path analysis. The results show that entrepreneurial knowledge affects self-efficacy and has an impact on entrepreneurial interest, which indicates that it is important for students to understand entrepreneurship and self-efficacy to increase their entrepreneurial interest.

Key words: Entrepreneurial knowledge, self-efficacy, entrepreneurial interest

Introduction

At this time, the development of Indonesia’s economy at this time seems to head to a positive direction. It is evident through Indonesia’s economic development during 2018 which was improving compared to previous years. Indonesia’s economy is getting stronger because its economic growth and achieves targets. One of the factors that drives the Indonesian economy is young entrepreneurship. Entrepreneurs have become increasingly important worldwide considering the positive impact on employment, productivity, innovation and economic growth, by analysts, economists and researchers (Ahmad & Hoffman, 2008; Reynolds, Carter, Gartner, & Greene, 2004), policy makers and international organisations. Global Entrepreneurship Monitor 1 points out in its 2008 Executive report, that there is worldwide consensus through which entrepreneurship plays an increasingly critical role in
economic development (José, et. al., 2018). The Organisation for Economic Co-operation and Development (OECD) in its 2012 Entrepreneurship at a Glance report quotes that the global crisis heightened interest in entrepreneurship as an essential element to foster economic recovery and employment growth (OECD, 2012). Although entrepreneurship has many forms and definitions, it is unquestionably a favourable phenomenon as it greatly contributes to the economy and society (Psychol & Przepiorka, 2016). Much research has emerged regarding entrepreneurship, and it might appear that it has already been thoroughly studied and further studies are not required (Staniewski & Awruk, 2019). Therefore, prospective undergraduate students need to be able to follow fast developments. Due to the fact that the number of students graduating every year creates tight competition in finding jobs, students are required to have independence, creativity, and innovation by creating new ideas. This is important so that they can help the government in overcoming the problem of unemployment in Indonesia. Business demands flexible thinking from each individual, especially from educated people such as University students. Various global challenges encourage a change of mindset from ‘workers’ to ‘work providers.’ This is triggered by increased competition amongst young people, especially undergraduates in looking for work (Pollack, et. al., 2019). Considering these conditions, young people, especially undergraduate students, are not only required to have high intellect, but to have flexible, independent, creative, and innovative characters (Bayunitri & Putri, 2016). They should also be ready to compete and have the courage to realise their ideas to create something that is not only beneficial for the individual for society as well.

**Table 1:** Data regarding Indonesia’s Open Unemployment Rate based on education level in January 2019

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Open Unemployment Rate Based on Education Level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Higher education</td>
<td>5.15</td>
</tr>
</tbody>
</table>

*Source: Statistics Indonesia (BPS) data 2019 (www.bps.go.id)*

Based on table 1, it can be seen that open unemployment rate based on the level of high school education during the last 3 years has increased. This condition makes entrepreneurship a new alternative for students to channel their skills and knowledge. In other words, it creates a great opportunity to further develop entrepreneurship skills. This development needs to be completed by Indonesian people, especially the younger generation, whose insight is much higher. The development of entrepreneurship among students becomes a new hope for those who are independent and creative both in thinking and action. With the provision of higher knowledge obtained in College as well as idealism, undergraduate students are expected to be able to help themselves become successful entrepreneurs and not only wait for job vacancies or become
unemployed which is essentially a burden of development. So far, the development of MSMEs in Indonesia is quite promising; this is reflected through the number of MSMEs in Indonesia as shown in table 2.

Table 2: The number of MSMEs in Indonesia between 2012 and 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of MSMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2732724</td>
</tr>
<tr>
<td>2014</td>
<td>2979071</td>
</tr>
<tr>
<td>2015</td>
<td>3218043</td>
</tr>
<tr>
<td>2016</td>
<td>3418366</td>
</tr>
<tr>
<td>2017</td>
<td>3505064</td>
</tr>
<tr>
<td>2018</td>
<td>3668873</td>
</tr>
<tr>
<td>Average</td>
<td>3253691</td>
</tr>
</tbody>
</table>

Source: Statistics Indonesia (BPS) data 2019

Based on table 2, the average MSMEs in Indonesia between 2013 and 2018 reached 3253691. This result indicates that MSMEs in Indonesia experience a significant increase. This will certainly be a great opportunity for prospective young entrepreneurs who are interested in choosing entrepreneurship as a guarantee of a promising future. West Java is one of the provinces that has good prospects for MSMEs in Indonesia. Entrepreneurship can create a wide range of jobs and does not make people dependent on others to get jobs. This may help the government reduce unemployment since it can provide new jobs. The business field itself is not of crucial importance, as academic entrepreneurs may be successful in both research-based and imitative businesses (Sowmya, Majumdar, & Gallant, 2010). One of the ways that can be used to improve progress in entrepreneurship is through entrepreneurial knowledge, which can be obtained through entrepreneurship courses offered by most Indonesian universities. Knowledge regarding entrepreneurship can be obtained through entrepreneurship courses taught in tertiary institutions (Calvo, Rodeiro-pazos, & Rodríguez-guiás, 2019). Taking the entrepreneurial path becomes a viable alternative, particularly when governments start to revisit their priorities and introduce plans to make Universities more self-sufficient (Reyes, 2016).

Factors that are believed to shape the entrepreneurial paradigm are often underestimated by many parties including students. As a result, they are less interested in the entrepreneurial profession making them more aggressive, selfish, dishonest, and make them more unlikely to have unstable income sources and less respectable, low-level jobs (Hsu et al., 2018; Teixeira & Ferreira, 2019). One of the factors that can influence the emergence of entrepreneurial interest is self-efficacy, which must be possessed by students. Self-efficacy is a person’s ability to measure his or her ability to complete a task. Self-efficacy is a belief that someone is able
to carry out particular behaviours to achieve certain goals. Meanwhile, according to Bandura in (Doanh & Bernat, 2019; Fuller, Liu, Bajaba, Marler, & Pratt, 2018), the notion of self-efficacy is an individual’s belief about his or her ability to carry out a task or perform an action that is needed to achieve a certain outcome.

During the past three decades, Universities have received attention from academics and policy makers as key actors for economic growth, which has led to a variety of jobs that are developing in this field. While a large number of studies have attempted to deal with the concept of University entrepreneurship (Etzkowitz, 2017; Philpott, et. al., 2011), other literary streams have explored why some Universities are more successful than others in implementing University entrepreneurial activities (Calvo et al., 2019). Most of these studies follow an institutional approach and use a resource-based display (RBV) (M.A. Peteraf, 1993) to understand the determinants of entrepreneurial activities at Universities. Through this approach, knowledge is seen as the most significant resource of entrepreneurial Universities, which hopes to transform individual and group level knowledge into successful products, services or decisions through dynamic interactions between tacit and explicit knowledge (Calvo et al., 2019).

The impact of entrepreneurship education has been recognised as one of the crucial factors that helps youths to understand and foster an entrepreneurial attitude (Kourilsky & Walstad, 1998; Small, et. al., 1997). Due to the influence that education can potentially have on the attitudes and aspirations of youth, there is a need to understand how to develop and nurture potential entrepreneurs even while at school. Few empirical studies have examined the entrepreneurial propensity of University students as a source of future entrepreneurs (C. K. Wang & Wong, 2004). Entrepreneurial success is measured using goal achievement, economic and lifestyle success and company growth (Rauch, 2000). This attitude is clearly required by students in order to decide whether to become entrepreneurs or workers, due to the fact that entrepreneurship requires commitment and the ability to control one’s attitude and ego. Entrepreneurship is not an action intended for oneself, but rather about how people understand others. The importance of entrepreneurial knowledge and self-efficacy to present entrepreneurial interests have been proven through several previous studies, including research conducted by (Calvo et al., 2019; Cantù, 2016). The results show that entrepreneurial knowledge has a positive effect on entrepreneurial interest. In addition, research conducted by (Haryani & Motwani, 2016; Hsu et al., 2018) show that entrepreneurial knowledge, self-efficacy and entrepreneurial character have both a partial and simultaneously positive effect on entrepreneurial interest.
Literature Review

Entrepreneurial knowledge

Entrepreneurial knowledge is the ability of humans to remember, learn and apply information. Hence, one’s intellect can encourage entrepreneurial activities. Entrepreneurial knowledge can be obtained through entrepreneurial courses, which can be both theoretical and practical (Cantù, 2016). Entrepreneurship courses which are carried out interactively and in a fun way will increase students’ interest. In addition, entrepreneurial knowledge can also be obtained through brainstorming with fellow entrepreneurs and relevant courses (Calvo et al., 2019). Discussions conducted by entrepreneurs can open ideas and innovations regarding improving business (Bandera, et. al., 2017). Students who are interested in opening a new business will often ask questions and learn about business from others. Thus, it is not surprising that the field of education, especially in the vocational area is invested in preparing competitive entrepreneurial human resources (Mahfud, et. al., 2019). In other words, entrepreneurial knowledge is based on materials delivered by lecturers in tertiary institutions together with discussions with entrepreneurs about business ideas. An entrepreneur will not succeed if he or she does not have the necessary knowledge, skills and abilities. Based on the views of (J. Liu, et. al., 2019; Teixeira & Ferreira, 2019) in general successful entrepreneurs have competencies, including knowledge, skills and individual qualities including attitudes, motivations, personal values, and behaviour required to carry out work/activities. According to Bandera et al., (2017) and Calvo et al., (2019), some important provisions of entrepreneurial knowledge include:

a. Knowledge of the business to be initiated
b. Knowledge of roles and responsibilities
c. Knowledge of personality and ability
d. Knowledge of management and business organisations

Thus, entrepreneurial knowledge is gained from the entrepreneurship learning process obtained by students in school or outside of school. This knowledge concerns how to take advantage of business opportunities to become profitable business opportunities, how to start new businesses, generate new additions and produce new products and services as capital for entrepreneurship (Beneke, et. al., 2016).

Self-efficacy

Self-efficacy is the belief that someone is able to carry out certain behaviours to achieve certain goals. Self-efficacy is an individual’s belief about his or her ability to carry out a task or perform an action needed to achieve a certain outcome (Fuller et al., 2018). According to (Kim,
Choe, & Petrick, 2018), efficacy incorporates self-assessment or the difference between good and bad actions or right and wrong. According to Bandura’s system, the key for creating change is to change efficacy expectations (Ciuchta & Finch, 2019). Self-efficacy can be obtained, changed, enhanced or reduced through one or a combination of four sources, including performance accomplishments or mastery experiences, vicarious experience, social persuasion and emotional awareness (emotional and physiological states) (Doanh & Bernat, 2019; Fuller et al., 2018; Kim et al., 2018). The first source is Mastery Experiences or performance accomplishments. The most influential source of self-efficacy is the experience of mastering something, particularly past performance. In general, successful performance will increase expectations regarding ability, while in contrast failure tends to reduce expectation. The second source consists of Social Modelling (Vicarious Experiences). Self-efficacy increases when one observes the achievements of others who have equal competence. However, it will decrease when one sees his or her peers fail. The third source is Social Persuasion. Self-efficacy can also be obtained or weakened through social persuasion. The impact of this source is quite limited, but under certain circumstances, persuasion from others can increase or decrease self-efficacy. The fourth source is the Physical and Emotional State. In an activity that involves strength and stamina, people will interpret fatigue and pain as an indicator of self-efficacy. Likewise, strong emotions will usually reduce performance. When a person experiences strong fears, acute anxiety, or high stress levels, they are likely to have low expectations of efficacy expectations (Doanh & Bernat, 2019; Fuller et al., 2018; Hsu et al., 2018).

**Entrepreneurial Interest**

Entrepreneurial interest consists of 2 elements, interest and entrepreneurship. Interest refers to a sense of love and interest in a thing or activity without instruction. It is consistent with the views of Song, et al. 2017; C. K. Wang & Wong, 2004) who maintain that interest is a feeling of preference and interest in a thing or activity, without duress. Someone who has an interest in an activity will undertake the activity with pleasure. Millennials have distinctive characteristics from prior generations because they were born and brought up in a different era. When studying specific psychological and behavioural attributes, we also need to consider the changing global business environment. Globalisation is an age-old phenomenon (J. Liu et al., 2019). One of the factors that influence the decision to undertake entrepreneurship is the environment. Interest consists of a concentration of attention (Bauman & Lucy, 2019) which emerges naturally depending on talent and environment. Moreover, (Pollack et al., 2019) state that entrepreneurship is a person’s ability to be utilised optimally so it can improve living standard (Weisstein, et al., 2017). According to the Theory of Planned Behaviour (TPB) proposed by Ajzen and Fishbein, a behaviour will be cultivated if there is a basic desire or plan to execute it. In other words,
the stronger a person’s desire to do something, the stronger the intention or motivation to display the behaviour (X. Wang, Lin, & Spencer, 2019).

The Theory of Planned Behaviour (TPB) which has been put forward by Ajzen and Fishbein is a development of the Reason Action Theory initially developed by Ajzen (Adnan, et. al. 2018; Khan, Asad, & Mehboob, 2017). Therefore, if someone has a strong interest in doing something, then that person has naturally created the intention or motivation to be able to carry out the activity. Existing intention or motivation will indicate a behaviour to carry out certain activities (Ciuchta & Finch, 2019). Students who have a great interest in entrepreneurship, are more inclined to be entrepreneurs for enjoyment. Entrepreneurial interest does not always exist from birth, but can be developed through knowledge and training (Staniewski & Awruk, 2019). Therefore, the stronger the pleasure in undertaking entrepreneurship, the stronger one's interest in it. Growing interest in entrepreneurship can also be influenced by several factors including entrepreneurial knowledge and motivation as well as family environment.

The research paradigm previously stated is described through the following figure;

**Figure 1. Research paradigm**

In the present study, researchers propose the below hypotheses as a guide to conduct the t test formulated as follows:

H1 = Entrepreneurial knowledge has an impact on the entrepreneurial interest of the university students in the West Java Province of Indonesia.
H2 = Self-efficacy has an impact on the entrepreneurial interest of University students in the West Java Province of Indonesia.

**Method/Materials**

To achieve the study objective, the research utilises descriptive and verification methods. Descriptive method is used to describe an object studied through the sample population, without analysing and making conclusions for general acceptance. Meanwhile, verification method is used to test the hypotheses using path analysis calculations. The study is conducted by distributing online questionnaires to a total sample of 212 respondents from various Universities in the West Java Province of Indonesia. The sampling technique used consists of purposive sampling with predetermined criteria.
Results and Discussion

The Effect of Entrepreneurial Knowledge on Self-efficacy

Path analysis model for partial (individual) testing on the effect of Entrepreneurial Knowledge on Self-efficacy can be seen in Figure 2.

Figure 2. The effect of the substructure of Entrepreneurial Knowledge on Self-efficacy

The partial test is indicated by the coefficient value. The research hypotheses to be tested are formulated in the form of statistical hypotheses as follows:

H₀: \( \rho_{yx} = 0 \), which means that Entrepreneurial Knowledge has no significant effect on students' Self-efficacy.

H₁: \( \rho_{yx} > 0 \), which means that Entrepreneurial Knowledge has a significant effect on students’ Self-efficacy.

The Significance test of path analysis is carried out by comparing the probability value of 0.05 with the probability of Sig. The basis of decision making is explained below:

1. If the probability value of 0.05 is greater than or equal to the probability of Sig (0.05 \( \geq \) sig), then \( H₀ \) is rejected and \( H₁ \) is accepted. This means that Entrepreneurial Knowledge has a significant effect on student Self-efficacy.

2. If the probability value of 0.05 is lower than or equal to the probability of Sig (0.05 \( \leq \) sig), then \( H₀ \) is accepted and \( H₁ \) is rejected. This means that Entrepreneurial Knowledge has no significant effect on student Self-efficacy.

Based on data analysis using SPSS.20, the following results are obtained:
Table 3: The Co-efficient of the Effect of Entrepreneurial Knowledge Substructure on Self-efficacy

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.513</td>
<td>3.449</td>
<td>.149</td>
</tr>
<tr>
<td></td>
<td>entrepreneurial knowledge</td>
<td>.907</td>
<td>.062</td>
<td>.149</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Self-efficacy

Source: primary data analysed in 2019

Table 3 shows that the Sig. value of entrepreneurial knowledge variable is 0.000 which is lower than the probability value of 0.05 or (0.05 > 0.000). This result leads to accepting H1. Therefore, the path coefficient of EEntrepreneurial Knowledge has a significant effect on University students’ Self-efficacy in West Java. The Entrepreneurial Knowledge variable has a positive effect on the Self-efficacy variable. This can also suggest that changes in EEntrepreneurial Knowledge will have an impact on Self-efficacy. Positive values indicate a direct relationship, so the greater the Entrepreneurial Knowledge, the higher the Self-efficacy. Similarly, the lower the EEntrepreneurial Knowledge, the lower the Self-efficacy will be (Akmaliah, et. al., 2013).

The Effect of Entrepreneurial Knowledge on Entrepreneurial Interest

The path analysis model for partial testing of the Effect of Entrepreneurial Knowledge on Entrepreneurial Interest can be illustrated through the following figure:

Figure 3. The effect of Entrepreneurial Knowledge on Entrepreneurial Interest

The partial test is indicated by the coefficient value. The research hypotheses to be tested are formulated in the form of statistical hypotheses as follows:

H0: ρzx = 0, which means that EEntrepreneurial Knowledge has no significant effect on student Entrepreneurial Interest.
H1: ρzx > 0, which means that EEntrepreneurial Knowledge has a significant impact on student Entrepreneurial Interest.
The Significance test of path analysis is completed by comparing the probability value of 0.05 with the probability of Sig. The basis for the decision is explained as follows:

1. If the probability value of 0.05 is greater than or equal to the probability of Sig (0.05≥sig), then H$_0$ is rejected and H$_1$ is accepted. Therefore, Entrepreneurial has a significant impact on students’ Knowledge of Entrepreneurial Interest.
2. If the probability value of 0.05 is lower than or equal to the probability of Sig (0.05≤sig), then H$_0$ is accepted and H$_1$ is rejected. Therefore, Entrepreneurial Knowledge has no significant impact on students’ Entrepreneurial Interest.

Based on data analysis using SPSS.20, the results obtained as follows:

Table 4: The Coefficient of the Effect of Entrepreneurial Knowledge Substructure on Entrepreneurial Interest

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>6.908</td>
<td>3.642</td>
<td>7.540</td>
<td>.000</td>
</tr>
<tr>
<td>Entrepreneurial knowledge</td>
<td>.442</td>
<td>.038</td>
<td>.121</td>
<td>.667</td>
</tr>
</tbody>
</table>

Source: primary data analysed in 2019

Table 4 shows that the Sig. Coefficient is 0,000 which is lower than the probability value of 0.05 (0.05> 0.000), which indicates that H$_0$ is rejected and H$_1$ is accepted so the path coefficient is significant. In other words, Entrepreneurial Knowledge has a significant effect on University students’ Entrepreneurial Interest in West Java. The Entrepreneurial Knowledge variable has a positive effect on the EEntrepreneurial Interest variable. This suggests that changes in EEntrepreneurial Knowledge will have an impact on interest in entrepreneurship. Positive values indicate a direct relationship. The greater the students’ Entrepreneurial Knowledge, the greater their interest in entrepreneurship will be. Similarly, the lower the students’ Entrepreneurial Knowledge, the lower their interest in entrepreneurship will be. Through Entrepreneurial subjects, students may get the opportunity to learn more about the ins and outs of entrepreneurship. Their understanding may change their perspectives, from being reluctant to undertake entrepreneurship to want to try to become an entrepreneur. In which case, knowledge of entrepreneurship flow, alongside risk management must be the main focus of the basic knowledge of entrepreneurship (H. H. Liu & Chou, 2015).
The Effect of Self-efficacy on Entrepreneurial Interest

The path analysis model for partial testing of the effect of Self-efficacy on Entrepreneurial Interest is illustrated in the following figure:

Figure 4. The Effect of Self-efficacy Substructure on Entrepreneurial Interest

The partial test is indicated by the coefficient value. Research hypotheses to be tested are formulated through the following statistical hypotheses:

\[ H_0: \ \rho_{zy} = 0, \text{ therefore Self-efficacy has no significant effect on students’ Entrepreneurial Interest of the students.} \]

\[ H_1: \ \rho_{zy} > 0, \text{ which means that Self-efficacy has a significant effect on students’ Entrepreneurial Interest.} \]

The Significance test of path analysis is conducted by comparing the probability value of 0.05 with the probability of Sig. The basis for the decision is presented below:

1. If the probability value of 0.05 is greater than or equal to the probability of Sig (0.05≥sig), then \( H_0 \) is rejected and \( H_1 \) is accepted. It means that there is a significant effect of Self-efficacy on Entrepreneurial Interest of the students.
2. If the probability value of 0.05 is lower than or equal to the probability of Sig (0.05≤sig), then \( H_0 \) is accepted and \( H_1 \) is rejected. It means that there is no significant effect of Self-efficacy on the Entrepreneurial Interest of the students.

Based on data analysis using SPSS.20, the results are as follows:

Table 5: The Path Coefficient at the Effect of Self-efficacy Substructure on Entrepreneurial Interest

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficients ( B )</th>
<th>Standardised Coefficients ( \beta )</th>
<th>( T )</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.657</td>
<td>1.820</td>
<td>1,460</td>
</tr>
<tr>
<td></td>
<td>Self-efficacy</td>
<td>,387</td>
<td>,401</td>
<td>,167</td>
</tr>
</tbody>
</table>

1. Dependent Variable: Entrepreneurial interest

Source: data analysis, 2019
Table 5 indicates that the Sig. coefficient is 0.003 which is lower than the probability value of 0.05 or (0.05 > 0.000). Based on this result, $H_1$ is accepted and $H_0$ is rejected, so the path coefficient is significant. Therefore, it can be concluded that Self-efficacy has a significant effect on University students’ Entrepreneurial Interest in West Java. The Self-efficacy variable has a positive effect on the Entrepreneurial Interest variable. This can also mean that changes in students’ Self-efficacy will have an impact on their Entrepreneurial Interest. Positive values indicate a direct relationship. The higher the Self-efficacy, the higher the Entrepreneurial Interest of the students will be. Similarly, the lower students’ Self-efficacy, the lower students’ Entrepreneurial Interest will be. If the awareness of the importance of entrepreneurship and the perspective of risk management in entrepreneurship is possessed by University students, then their interest in entrepreneurship will emerge naturally. Increasing entrepreneurial self-efficacy appears to be an important mechanism for improving intentions and participation rates in entrepreneurial activities (Kickul, Wilson, & Marlino, 2008).

The Effect of Entrepreneurial Knowledge on Self-efficacy and Its Impact on Entrepreneurial Interest

The indirect effect of Entrepreneurial Knowledge on students’ Entrepreneurial Interest is determined from the sum of indirect effects through the Intervening variable, that is, Self-efficacy. Indirect effect is calculated by adding up the direct effect of Entrepreneurial Knowledge on Entrepreneurial Interest with the results of the multiplication coefficient of Entrepreneurial Knowledge on Self-efficacy, and the coefficient of Self-efficacy on Entrepreneurial Interest. The following results may serve as responses to the research questions.

Figure 5. The path diagram of the effect of Entrepreneurial Knowledge on Self-efficacy and Its Impact on Entrepreneurial Interest

$$\varepsilon_1 = 0.367$$

$$\varepsilon_2 = 0.459$$

$$P_{yx} = 0.149$$

$$P_{zy} = 0.167$$

$$P_{xz} = 0.121$$
1. Direct Effect: 
\[ Y = \rho_{yx}X + \rho_{y}\varepsilon_1 \]
\[ = 0.149X + 0.367\varepsilon_1 \]
\[ Z = \rho_{zx}X + \rho_{zy}Y + \rho_{z}\varepsilon_2 \]
\[ = 0.121X + 0.167Y + 0.459\varepsilon_2 \]

2. Indirect Effect = \( P_{xy} \times P_{zx} \times P_{zy} \)
\[ = 0.149 \times 0.121 \times 0.167 \]
\[ = 0.003 \]

3. Total Effect = Direct effect + Indirect effect
\[ = (0.149 + 0.167 + 0.121) + 0.003 \]
\[ = 0.440 \]

These results indicate that the effect of Entrepreneurial Knowledge variable on Self-efficacy is 0.149 (14.90% in percentage), while the effect of Self-efficacy on Entrepreneurial Interest is 0.167 (16.70% in percentage). Entrepreneurial Knowledge has a direct effect of 0.121 (12.1% in percentage) on Entrepreneurial Interest. Moreover, Entrepreneurial Knowledge has an indirect effect of 0.109 (10.9% in percentage) on Entrepreneurial Interest. Therefore, the total effect of Entrepreneurial Knowledge on Self-Efficacy which has a concurrent impact on Entrepreneurial Interest is 0.440 or 44%. Therefore, the research hypothesis about the effect of Entrepreneurial Knowledge on Self-efficacy and its impact on University students’ Entrepreneurial Interest West Java is proven. The results of direct, indirect, and total effect of Entrepreneurial Knowledge, Self-efficacy, and Entrepreneurial Interest are clarified in the following table:

**Table 6: Recapitulation of the path analysis results**

<table>
<thead>
<tr>
<th>Effect among variables</th>
<th>Direct</th>
<th>Indirect</th>
<th>Total effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Knowledge on Self-efficacy</td>
<td>0.149</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Knowledge on Entrepreneurial Interest</td>
<td>0.121</td>
<td>0.003</td>
<td>0.440</td>
</tr>
<tr>
<td>Self-efficacy on Entrepreneurial Interest</td>
<td>0.167</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Primary data analysed in 2019

Based on the research results, it can be seen that Entrepreneurial Knowledge affects Self-efficacy and has an impact on the emergence of University students’ Entrepreneurial Interest in West Java. The results are consistent with the results of interviews conducted by researchers in which respondents admitted that they have a desire for entrepreneurship, yet so far they have not been ready to take the necessary risks and face uncertainty which is an unavoidable elements of entrepreneurship. In addition, there is a lack of information on how to start entrepreneurship, amidst increasingly intense business competition and innovation. In fact,
respondents feel that knowledge of entrepreneurship obtained at Universities still falls short (Etzkowitz, 2017). Therefore, even though entrepreneurship courses are provided by Universities, they are not sufficient to increase students’ confidence to undertake entrepreneurship.

Conclusions and Recommendations

Entrepreneurial activity is a central factor in economic development; it drives economic growth and creates new economic wealth and employment. Therefore, it is important to understand the conditions that promote the emergence of entrepreneurs in different contexts and amongst different groups more effectively (Padilla-angulo & Sánchez-medina, 2019). Based on research results regarding the effect of Entrepreneurial Knowledge on Self-efficacy and its impact on University students’ Entrepreneurial Interest in West Java, the researchers have made several conclusions: Entrepreneurial Knowledge obtained by students has been considered sufficient, although the knowledge in applying leadership, as well as in business planning, is still deficient. However, the overall entrepreneurial knowledge gained is sufficient to start an entrepreneurship. Moreover, University students’ self-efficacy in West Java is also considered to be adequate. Unfortunately, the adequate level of Self-efficacy is not accompanied by a strong sense of confidence to start an entrepreneurship. In addition to appropriate Entrepreneurial Knowledge and Self-efficacy, University students’ Entrepreneurial Interest in West Java is also satisfactory. Yet, despite a high interest in entrepreneurship, personal interest and willingness to move out of their comfort zone and take risks in entrepreneurship is still low. Entrepreneurial Knowledge has a positive effect on University students’ Self-efficacy in West Java. Moreover, it also has a positive effect on students’ Entrepreneurial Interest. Meanwhile, Self-efficacy has an effect on University students’ Entrepreneurial Interest in West Java. To conclude, Entrepreneurial Knowledge has an effect on Self-efficacy and an impact on University students’ Entrepreneurial Interest in West Java. The study results are expected to be beneficial in informing researchers about community conditions, preserving researchers’ desire and passion towards entrepreneurship, and allowing them to be able to think critically about entrepreneurial problems that arise in the community. The research results are also expected to help researchers practice finding solutions to problems and challenges related to entrepreneurship in the future. In addition, the results are expected to help improve the quality of Entrepreneurial Knowledge as well as students’ Self-efficacy. In order to establish strong self-confidence in starting an entrepreneurship, it is suggested that as the main source of knowledge and self-efficacy, Universities can improve students’ mentality and motivation. For instance, this can be done by inviting talented young entrepreneurs and providing the opportunities for students to have direct conversations with either novice or successful business people. In order to generate personal interest and willingness to get out of one’s comfort zone and take risks in entrepreneurship, Universities need to encourage or “force” the students to realise business plans. Subsequently, Universities
can observe the progress for several months with special supervision from appointed lecturers such as Entrepreneurship Lecturers. Such assistance may open opportunities for students to discuss obstacles faced in the field. Last but not least, all research has limitations; therefore, researchers suggest that further research is conducted on University students’ Entrepreneurial Interest by involving other variables with more complex research methods in order to obtain more accurate information. Future research can monitor the potential for young entrepreneurs in the University environment.

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