

The Effect of Entrepreneurship Education on Entrepreneurial Intention With Human Capital As A Mediating Variable For Students in Tangerang

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1
The Effect of Entrepreneurship Education on Entrepreneurial Intention With Human Capital As A Mediating Variable For Students in Tangerang

13
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11
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26
ABSTRACT

1
There are still 8.4 million unemployed people in Indonesia as of February 2022. The high unemployment is coupled with the low interest in entrepreneurship that exists with only about 1.65% of Indonesian population. The purpose of this study is to determine how entrepreneurship education and human resources affect student interest in entrepreneurship in Tangerang. This research was conducted using quantitative methods with 103 samples taken using non-probability sampling with judgmental sampling. Data analysis in this study used SEM techniques with SmartPLS. According to this study, human resources do not significantly affect entrepreneurial interest, but they do significantly affect entrepreneurial education and entrepreneurial interest. This study also discovered that the association between entrepreneurship education and student interest in entrepreneurship is not mediated by human resources.

INTRODUCTION

Indonesia has one of the labor problems, namely unemployment. Unemployment is a serious problem for Indonesia because there are still 8.4 million unemployed people recorded in February 2022 out of a total labor force of 144.01 million people (Nisa & Sugiharti, 2023). This can occur because of the imbalance between the existing jobs and the number of labor force, considering that the increase in the labor force but the increase in available jobs is only small. The large number of unemployed people will have an impact on other things such as crime, poverty, social inequality, and others (Nisa & Sugiharti, 2023).

The number of open unemployment in various provinces in Indonesia is quite high. Open unemployment is an individual who does not have a job and is looking for a job. It can be seen that the change in the open unemployment rate experienced a negative change in the period February 2021 - February 2022 (Nisa & Sugiharti, 2023).

This phenomenon is worrying because even though finding a job is getting more difficult every day, the interest and desire of the Indonesian people to become entrepreneurs is still very low. This is a serious thought for the government and the Minister of Trade (Mendag) Muhammad Lutfi said that the level of entrepreneurship in Indonesia is lower than other countries in ASEAN where there are only about 1.65% of Indonesia's population of more than 270 million people, while neighboring countries such as Singapore reached 7%, Malaysia 5%, and Thailand around 4.26% (Likuayang & Matindas, 2021).

In February 2022, based on data from the Central Bureau of Statistics (BPS), unemployment for the working-age population who are diploma or bachelor graduates was 4,087,384 people (Adrian et al., 2022). This can occur because the number of workers is increasing rapidly while the availability of jobs is not increasing so fast that many workers cannot be absorbed by employment. Workers who are not absorbed by employment eventually become unemployed, which will have many unfavorable impacts on various aspects. The number of unemployment that is still quite high in Indonesia, especially unemployment for the working-age population who are diploma or bachelor graduates, can be reduced if these graduates change their mindset to become job creators (entrepreneurs) and not job seekers or employees. This is similar to the government's expectation that sees universities as a potential source of individuals who have higher education and the desire to become entrepreneurs.

Since 1997, Higher Education has been promoting entrepreneurship education in higher education through a variety of initiatives, including Entrepreneurship Lectures (KWU), Business Work Lecture (KKU), Entrepreneurship Internship (MKU), New Entrepreneur Incubator (INWUB), and Business Consultation and Job Placement (KBPK). Along with its development, Dikti offers a program that is packaged into a student creativity program (PKM) which aims to facilitate students in being creative. Then, in 2009 Dikti held a student entrepreneurship program (PMW) as an effort to

improve the quality of university graduates by equipping students with various things needed to be able to develop a business (Susilaningsih, 2015).

To develop students' potential by manifesting it in the form of inventive, creative, and risk-taking behavior because they can handle it, entrepreneurship education is a planned and practical endeavor to raise students' intentions, intentions, competencies, and knowledge (Rosyanti & Irianto, 2019). Entrepreneurship education can affect entrepreneurial intentions because getting entrepreneurship education will increase intention, competence, and knowledge so that they can develop their potential in the form of innovation, creativity, and dare to take risks because they can be processed (Rosyanti & Irianto, 2019).

In addition to entrepreneurship education, we also recognize the concept of entrepreneurial university (Lestari et al., 2022). Entrepreneurial university is the utilization of opportunities due to environmental changes that can be accommodated through optimizing the commercialization and commoditization of services (Ginting, 2016). Entrepreneurial University can equip human resource competencies to be ready to become entrepreneurs because with more innovative and entrepreneurial learning, mindset and skills will be more developed by doing real practice which makes students more prepared to enter as entrepreneurs (Yasmin & Djuwita, 2020).

Even though the implementation of entrepreneurship education has been carried out in various ways by the government together with various universities in Indonesia and increasing the competence of human resources to become entrepreneurs, students' interest in becoming an entrepreneur after completing their education in college is still relatively small (Rizkalla et al., 2022). This can be seen from a pre-survey conducted by the author.

To find out that the same thing is happening in Tangerang, the author made a pre-survey of 30 students studying at various campuses in Tangerang in the form of a questionnaire using Google Forms. Many respondents to the questionnaire answered that they prefer to be employees because they feel that being an employee is more certain, guaranteed, safe, and not risky, while those who choose to be entrepreneurs do so because they continue their parents' business, want to have freedom, have more flexible time, and already have a business from college. In Tangerang itself, despite the growth of its campuses, there are still more than 19.8 million educated unemployed college graduates in 2020 (Central Bureau of Statistics, 2021). In Tangerang, the number of entrepreneurs is still relatively small with 638 companies including medium and large industrial companies (Statistics Indonesia, 2019). Based on these various considerations, the author chose Tangerang as the object of this research.

16 THEORETICAL REVIEW

The Effect of Entrepreneurial Education on Entrepreneurial Intention of Students

In order to increase one's knowledge, skills, and perspectives of entrepreneurship as a prospective career path or as a way to positively affect one's understanding of its role in society, entrepreneurship education typically employs an educational strategy (Mwasalwiba, 2012). Entrepreneurship education is an increase and development of the competencies needed by students to be able to build a business and run it successfully (Chimucheka, 2014). To develop students' potential by manifesting it in the form of inventive, creative, and risk-taking behavior because they can manage it, entrepreneurship education is a planned and implemented endeavor (Rosyanti & Irianto, 2019).

The definition of entrepreneurship education used by the author in this study is according to (Lorz, 2011), namely entrepreneurship education can increase the desire or interest to become an entrepreneur and provide prospective entrepreneurs with relevant skills.

Results from a study of students in entrepreneurship skills development (ESD) at a polytechnic in Zimbabwe who were about to complete a one-year course revealed that entrepreneurship education has a direct impact on entrepreneurial interest as well as other entrepreneurial traits. This demonstrates how entrepreneurship education directly affects students' intention to become entrepreneurs (Ndofirepi, 2020). The results of research on students from four private universities in Tangerang show that student entrepreneurial interest is positively impacted by entrepreneurship education. This demonstrates how receiving entrepreneurship education affects students' intentions to pursue their own businesses (Setiawan & Lestari, 2021). Based on the research results that the author describes, the research hypothesis is formed as follows:

H1: The Effect of Entrepreneurial Education on Entrepreneurial

20

The Effect of Entrepreneurship Education on Student Human Capital Development

The results of 70 earlier studies looking at the connection between entrepreneurship education and human capital demonstrate that entrepreneurship education has an impact on human capital development. The context of human capital discussed is the ability, knowledge, and other things that make an individual able to be productive in terms of entrepreneurship. This shows that entrepreneurial education affects how a person develops their human capital (Unger et al., 2011). The results of research on 109 articles from various journals conducted to identify human capital and entrepreneurial education are correlated, demonstrating the value of entrepreneurship education is influential in the development of human capital. Various kinds of education about entrepreneurship either in general or specifically have an influence on the development of human capital. This shows that entrepreneurship education has an influence on the development of an individual's human capital (Marvel et al., 2016). Based on the research results that the author describes, the research hypothesis is formed as follows:

H2: Entrepreneurship education has a positive effect on students' human capital development.

25

The Effect of Human Capital on Entrepreneurial Intention Students

The results of research on 70 previous studies conducted to identify the link between entrepreneurial intent and human capital demonstrate how human resources impact entrepreneurial intent. The context of human capital discussed is the ability, knowledge, and other things that make an individual able to be productive in terms of entrepreneurship. This shows that human capital has an influence on an individual's entrepreneurial intention (Unger et al., 2011). Results from other studies conducted to identify the link between human capital and entrepreneurial intention demonstrates how entrepreneurial ambition is influenced by human capital. An individual's capacity for entrepreneurship is influenced by their level of education, training, experience, and other human capital investments. This demonstrates that an individual's intention to pursue entrepreneurship is influenced by their human capital (Klein & Cook, 2006).

The results of research on the relationship between human capital and entrepreneurial intention show that human capital affects entrepreneurial intention. Human capital is a precursor before moving on to having the self-evaluation, which is a component of human capital, can strengthen the perception of an individual who has an impact on entrepreneurial intention. This shows that human capital has an influence on an individual's entrepreneurial intention (Krueger, 2017). Based on the research results that the authors describe, the research hypothesis is formed as follows:

H3: Human capital has a positive effect on student entrepreneurial intention.

4

Human Capital Mediates the Relationship between Entrepreneurship Education and Student Entrepreneurial Intention

According to research on human capital's role in mediating the link between entrepreneurship intention and education, entrepreneurs who are capable possess better levels of entrepreneurial success and competitiveness than those who are less qualified and competent. According to research, a company's human capital has a significant role in determining whether it succeeds or fails (Estrin et al., 2016). An individual's perception of formal learning about entrepreneurship education has a relationship with an individual's intention to start a business or become an entrepreneur, according to the findings of research on students at five US universities on human capital mediating the connection between entrepreneurial intention and business education (Zhao et al., 2005).

The findings of a study on managers at 14 significant Chinese enterprises revealed that the connection between entrepreneurship and a person's internal locus of control is mediated by human capital. The author's study will concentrate further on the human capital's mediating role in the connection between people's perceptions of entrepreneurship education and entrepreneurial intention (Hsiao et al., 2016). Based on the research results that the authors describe, the research hypothesis is formed as follows:

10

H4: Human capital mediates the relationship between entrepreneurship education and entrepreneurial intention of students.

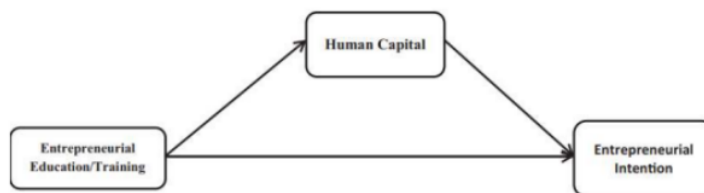


Figure 1. Conceptual Framework

METHODOLOGY

This research uses a quantitative approach using Exploratory Research Design. The sample in this study was 103 which were taken using non-probability sampling with judgmental sampling. Data analysis in this study used SEM (Structural Equation Modeling) technique with SmartPLS 3.

RESULTS

Convergent Validity

Convergent validity is measured by looking at outer loading and average variance extracted (AVE). The requirement for outer loading can be considered valid if the value is > 0.7 and the requirement for average variance extracted (AVE) can be considered valid if the value is > 0.5 (Hair Jr et al., 2021). Based on the data that the authors present in the table above, it shows that all variables in this study, namely entrepreneurial intention, entrepreneurship education, and human capital, have an outer loading value > 0.7 and an average variance extracted (AVE) value > 0.5 so that they can be declared valid.

Reliability

18

Reliability is measured by looking at Cronbach's alpha, composite reliability, and rho_A. The requirement for Cronbach's alpha can be considered reliable if the value is > 0.7 , the requirement for composite reliability can be considered reliable if the value is > 0.7 , and rho_A can be considered reliable if the value is > 0.7 (Hair Jr et al., 2021). Based on the data that the authors present in the table above, it shows that all variables in this study, namely entrepreneurial intention, entrepreneurship education, and human capital, have a Cronbach's alpha value > 0.7 , composite reliability value > 0.7 , and rho_A value > 0.7 so that they can be declared reliable.

Test Structural Model (Inner Model)



Figure 2. Inner Model Test Results

Table 1. R-Square Test Results

	R-Square
Entrepreneurial Intention	0.253
Human Capital	0.128

19

- a. The entrepreneurial intention variable has an R-Square value of 0.253, which means that 25.3% of the entrepreneurial intention variable can be explained by the entrepreneurship education variable and the rest can be explained by other variables.
- b. The human capital variable has an R-square value of 0.128, which means that 12.8% of the human capital variable can be explained by the entrepreneurship education variable and the rest can be explained by other variables.

After looking for the value of R-square in this study, the authors then look for the f-square value which is useful for being able to assess the effect of each relationship between variables in this study. The f-square value from the test results conducted by researchers is as follows:

Table 2. F-Square Test Results

	R-Square	
ED > EI	0.239	Pengaruh Menengah
ED > HC	0.159	Pengaruh Menengah
HC > EI	0.022	Pengaruh Kecil

Based on the data in the f-square test results table, it appears shows there is a moderate impact of entrepreneurship education on entrepreneurial intention. Entrepreneurship education on human capital has a medium effect. Then, human capital on entrepreneurial has a relatively small influence.

After looking for the value of f-square in this study, the authors then look for the value of the q² predictive relevance test which is useful for knowing whether the variable has predictive relevance and how strong it is. q² predictive relevance

After looking for the value of f-square in this study, the authors then look for the value of the q² predictive relevance test which is useful for knowing whether the variable has predictive relevance and how strong it is. q² predictive relevance from the test results conducted by researchers is as follows:

Table 3. Predictive Relevance q² Test Results

	SSO	SSE	Q ² =(1-SSE/SSO)
Entrepreneurial Intention	606.000	480.773	0.207
Entrepreneurship Education	808.000	808.000	
Human Capital	303.000	270.744	0.106

The value of q² 0.02 is considered to have a small influence, a value of 0.15 is considered to have a moderate influence, and a value of 0.35 is considered to have a strong influence (Ghozali & Latan, 2012). Based on the data in the table of predictive relevance q² test results, it appears that the entrepreneurial intention variable has moderate predictive relevance. The entrepreneurship education variable has no predictive relevance and the human capital variable has little predictive relevance.

DISCUSSION

Based on the results of data processing conducted by the authors in this study, it can be concluded that entrepreneurship education has an influence on student entrepreneurial intention. The indicator on entrepreneurship education that has the lowest mean value is ED2 which has the statement "The entrepreneurship course I got is one of the best" so that the author can draw the conclusion that there are still many students feel that the entrepreneurship education they get on campus is not the best.

Universities can play a role in improving this by providing entrepreneurship education programs that bring in lecturers who are entrepreneurship practitioners who may be widely known by many people, improving the standards of the course curriculum related to entrepreneurship by adopting the entrepreneurship curriculum used in world-renowned universities, conducting more in-depth socialization regarding entrepreneurship education programs held at universities. By knowing and understanding that the entrepreneurship education materials obtained are among the best, it is hoped that it will make students more confident and enthusiastic about studying

entrepreneurship education so that later it will increase the entrepreneurial interest of these students.

CONCLUSIONS AND RECOMMENDATIONS

Based on the author's data processing results, it can be said that there is no significant relationship between human capital variables and entrepreneurial intention, and that human capital variables do not mediate the relationship between entrepreneurship education and entrepreneurial intention. However, there is a significant relationship between entrepreneurship education variables and human capital.

The suggestion in this study is that the university can prepare an adequate business incubator so that students who have a good business plan can apply the theory they have learned directly and not experience various difficulties that might be faced because there is already a campus-owned business incubator that is ready to help students run their business ideas in real life by providing mentoring, direction, a way to pitch to investors to get an injection of funds that can make the business idea realized.

FURTHER STUDY

This study only uses three variables related to entrepreneurship. Future research is expected to include more and more specific variables such as self-efficacy, opportunity recognition, entrepreneurial knowledge, personality traits, and others. This research also only focuses on students who study and get courses related to entrepreneurship. Future research is expected to expand its focus to individuals who have worked but have received education related to entrepreneurship.

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Arioseno, Tannady, Lestari

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