

CHAPTER II

LITERATURE REVIEW

2.1 Literature Review

2.1.1 Entrepreneurship

Shane & Venkataraman (2000), state that entrepreneurship is a field of study that discusses how to discover, assess, and exploit opportunities to create goods and services in the future, as well as their impact on various parties. From their perspective, entrepreneurship involves a complex process that includes careful market research, product or service innovation, as well as the ability to manage risks and uncertainties. It involves research on how individuals or groups can identify opportunities around them, evaluate the potential for success and associated risks, and utilize these opportunities to create new products or services that benefit society.

In exploring opportunities, entrepreneurship also addresses creativity, innovation, and the ability to adapt to changes in the business and market environment. Through research and learning in entrepreneurship, individuals can develop the skills needed to become successful entrepreneurs, including leadership, risk management, and the ability to build strong networks and relationships. Moreover, entrepreneurship also plays a crucial role in driving economic growth, creating job opportunities, and enhancing the overall welfare of society.

Therefore, entrepreneurship is not only about resources and stages to discover, assess, and exploit opportunities but also about a group of individuals who undertake this process (Hitt et al., 2011). That expands the meaning of entrepreneurship, which involves complex interactions between various factors, including individual motivation, leadership skills, and the courage to take risks. Being an entrepreneur means not only acting as a leader who directs business strategy and makes critical decisions but also as an individual who inspires and motivates others around them.

2.1.2 Entrepreneurial Intention

Unlike entrepreneurship, entrepreneurial intention discusses an individual's intention to engage in entrepreneurship, to build their own business. The intention to become an entrepreneur will be the first step in the process of change and sometimes becomes a sustained and lengthy stage in the process of creating a successful business (Lee & Wong, 2004). An entrepreneur certainly has a high intention to engage in entrepreneurship, which makes them daring to turn that intention into a successful business endeavor.

Entrepreneurs and aspiring entrepreneurs can discover inspiration, ideas, and methods to strengthen their entrepreneurial intention and transform it into successful behaviors (Liñán & Fayolle, 2015). The explanation reinforces the existence of factors that indeed influence someone's entrepreneurial intention. According to Walipah & Naim (2016), there are several contextual factors that influence someone's entrepreneurial intention, namely:

1. Academic Support, refers to the support provided by educational institutions, such as universities or training institutions, in providing the knowledge, skills, and resources needed to establish a new business.
2. Social Support, refers to the support provided by a person's social environment, including family, friends, and local communities, in supporting someone's entrepreneurial aspirations.
3. Environmental Support, refers to external factors in the business and social environment that facilitate and support the development and growth of new businesses, such as government policies and economic or cultural factors.

And then, according to Angeline & Puspitowati (2023), entrepreneurial intention is defined as how future entrepreneurs have a firm determination as an individual to start a business. This reflects a strong commitment and willingness to face challenges that may arise in the journey of becoming an entrepreneur.

Other than that, according to Yildırım et al. (2015), entrepreneurial intention is an individual's mind to start a new business that will encourage them to

develop and manage a new business idea. This shows a strong inner drive to take real steps in starting and developing their own businesses, as well as readiness to face various challenges that may arise during the process.

Therefore, it can be concluded that entrepreneurial intention refers to a strong drive from an individual to initiate and develop a new business, and it serves as the initial step in the journey towards becoming an entrepreneur.

2.1.3 Support Structure

Government support structures in the context of entrepreneurship refer to the framework or system provided by the government to support entrepreneurs in starting, developing, and running their businesses. Government support itself can take the form of a series of training activities, mentoring, as well as providing information related to entrepreneurial activities and licensing, to be a supporter of success and empower SMEs (Tandelilin, 2022).

That is also supported by research from Garg (2018), who stated that government policies and various forms of government support play a key role in enhancing the success of SMEs and have a positive impact and correlation with the performance of a business. Where the success of a business or SME has a positive impact on the economy of a country. That's why most countries around the world focus their attention on efforts to support the growth of the Micro, Small, and Medium Enterprises (MSMEs) sector to achieve economic stability (Mahmood Jasra Scholar et al., 2011).

In research conducted by Phillips et al. (2014), the barriers faced by female entrepreneurs are divided into three general categories: the first being difficulties in personal development and responsibilities, the second being challenges in accessing resources, and the third being discrimination and social bias. However, the study also mentions that these barriers can be overcome with the presence of support structures that can facilitate the success of women-owned businesses.

2.1.4 Knowledge

In entrepreneurship, knowledge refers to a comprehensive understanding of various aspects of business, markets, industries, and related practices necessary for managing and developing a business. However, broadly speaking, knowledge is the result of human understanding of a particular object, while skills are the ability to influence other individuals in a similar organizational context (Prayetno & Ali, 2020). In other words, knowledge provides the foundation for skills, but skills also require extensive experience and practice to be well-developed.

According to P. T. Nguyen et al. (2020), factors influencing performance include abilities, motivation, and opportunities. This indicates that knowledge of entrepreneurship impacts individual performance (Kalio et al., 2022). This indicates that knowledge is a crucial foundation for individuals as it influences their overall abilities and performance. Knowledge can be honed through various means, such as training or education. In the context of entrepreneurship, individuals can expand their knowledge through entrepreneurship-related learning or training. The purpose of training and learning in the field of entrepreneurship is to enhance individuals' skills, understanding, and knowledge so that they can become successful entrepreneurs (Liu et al., 2019).

Thus, entrepreneurial knowledge encompasses the entirety of understood information about various business aspects, ranging from practical knowledge to theoretical concepts, systematically organized through a rational and logical cognitive process (Prayetno & Ali, 2020). With entrepreneurship-related knowledge, an entrepreneur can make informed and strategic decisions in managing various aspects of their business, thereby optimizing performance and achieving business objectives. Therefore, entrepreneurial knowledge is not just about accumulating information but also about the ability to apply it effectively and efficiently in running a business.

2.1.5 Operation Risk

Although women are globally recognized for their diligence and dedication in completing tasks effectively, a lack of business skills, which are typically more prevalent among men, can hinder entrepreneurship, especially when facing operational risks that may pose significant barriers to starting a business (Al-Kwafi et al., 2020). These operational risks can pose significant obstacles, especially for women who are just starting their businesses, as they may not yet have sufficient resources or experience to overcome them.

According to Basell Committee on Banking Supervision (BCBS) (2021), operation risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events that could affect the operations of a business entity. Furthermore, according to Basell Committee on Banking Supervision (BCBS) (2021), Operational risk encompasses various possibilities, such as:

4. Operational errors in business processes
5. Business system failures
6. Regulatory breaches in business processes
7. Information security vulnerabilities related to business

According to OCBC NISP (2023), Operational risk is the possibility of negative impacts arising during business operations, encompassing a range from the production of goods to the overall management of the company. Additionally, they also explain that operational risk includes anything that may disrupt the flow of various business activities, whether technical or non-technical, such as human error, system or technological failures, regulatory changes, market uncertainties, natural events, and various other factors that can disrupt company operations.

Therefore, in the context of entrepreneurship, operational risk entails various risks that emerge during business operations, ranging from internal factors, such as managerial negligence, to external factors such as market

changes or regulations that impact the business. Thus, effective operational risk management is necessary to achieve long-term success in entrepreneurship.

2.1.6 Financial Support

In the context of entrepreneurship, financial support encompasses the provision or assistance of funds to a company or business entity with the aim of supporting its growth and operational sustainability. This includes various forms of assistance, such as initial capital funding, business loans, or investments, aimed at aiding the related business in developing and sustaining its operations.

When an entrepreneur is capable of utilizing the financial support they acquire, such as savings, loans, or insurance, it means that individual can develop their business and mitigate business risks, as a form of investment in the future of their venture. Therefore, financial inclusion is necessary so that everyone, regardless of their varying socioeconomic status, can have equal opportunities to obtain and access affordable financial services (Tony, 2023).

Several previous studies have identified that one of the main obstacles in the development of SMEs is the difficulty in obtaining financial support. Moreover, adequate resources are needed by new ventures to achieve success, even though obtaining funding from sources other than personal funds, family, or friends remains one of the major hurdles in establishing a new business (Metawea & Saad Metawea, 2020). Thus, it can be concluded that for some prospective entrepreneurs, difficulty in accessing capital often becomes a significant barrier. Therefore, adequate financial support is required to facilitate access to capital for prospective entrepreneurs, including women entrepreneurs, so that they can contribute maximally to economic growth and innovation in society.

2.1.7 Social Support

In the context of entrepreneurship, social support refers to the network of interpersonal relationships, mentorship, and community resources that provide

emotional, informational, and instrumental assistance to entrepreneurs throughout their entrepreneurial journey. And according to Khan Khayru et al. (2021), social support can come in the form of providing entertainment, attention, appreciation, or assistance, whether verbally or non-verbally, which will be received by an aspiring entrepreneur from others or group. Then, in social support, there are two important things. Firstly, the presence of reliable individuals whom the person can count on when they need help, and secondly, the level of satisfaction regarding the fulfillment of needs from the support received.

Then, family itself is defined as a background that can influence an individual's intention to start a business, and the family-related perspective indicates that family plays a crucial role as the initial foundation when making decisions to start a venture and achieve success as an entrepreneur (Shepherd & Krueger, 2002). In this context, the family provides the foundation of values, attitudes, and beliefs about entrepreneurship. Also, the community supports learning and growth through interaction and experience. Therefore, besides family, community also play a crucial role in shaping someone's entrepreneurial intentions.



2.2 Conceptual Framework

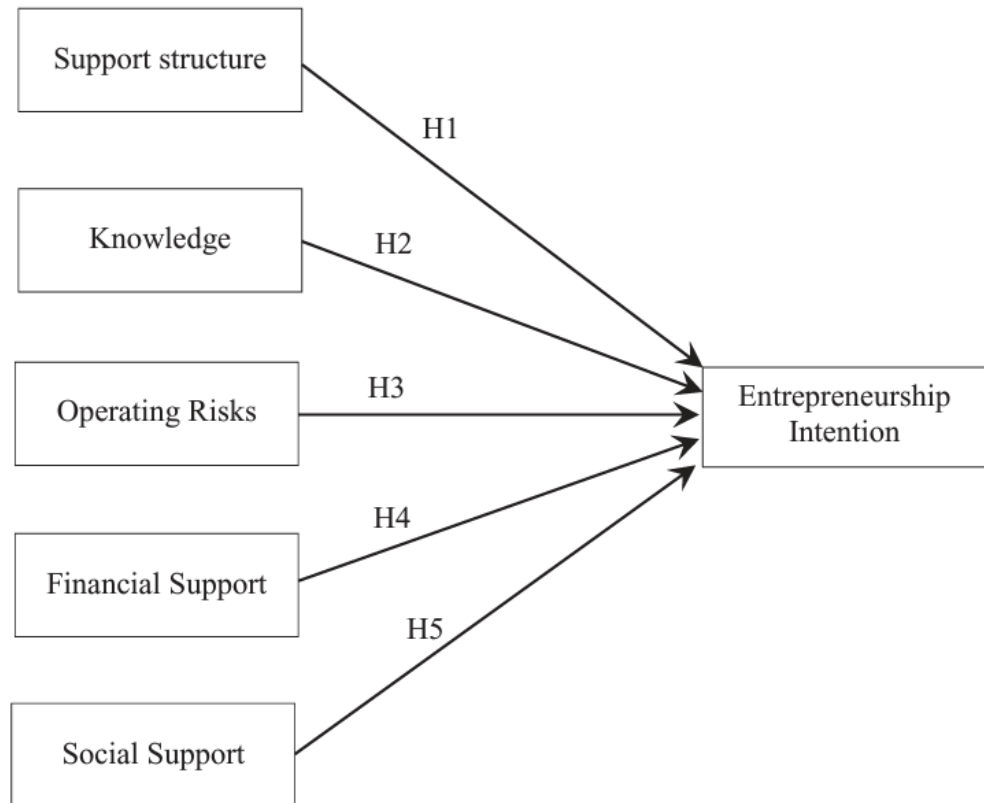


Figure 2.1 Research Model

Source: Al-kwifi et. al., 2020

Figure 2.1 above is a diagram representing the research model, followed by the research hypotheses as follows:

H1: The likelihood of female entrepreneurial intention is positively related to support structure.

H2: The likelihood of female entrepreneurial intention is positively related to enhanced knowledge.

H3: Operation risks are negatively associated with the likelihood of female entrepreneurial intention.

H4: The likelihood of female entrepreneurial intention is positively associated with accessing financial support.

H5: The likelihood of female entrepreneurial intention is negatively associated with a lack of social support.

2.3 Hypothesis

2.3.1 Relationship between Support Structure and Entrepreneurial Intention

Based on research conducted by Li & Islam (2021), found that perceptions of entrepreneurship policies (government structural support) have a positive effect on entrepreneurial intentions among Chinese students. This indicates that the government needs to pay attention to designing policies that support young entrepreneurs to enhance the entrepreneurial self-efficacy of college students.

Based on research conducted by Van Trang & Doanh (2019), shows a relationship between subjective norms, entrepreneurial intention, and structural support. The research results indicate that structural support, which negatively affects subjective norms, has a stronger impact on entrepreneurial intentions in Vietnamese society, as subjective norms play a crucial role in entrepreneurial intention. Therefore, in the study, it is mentioned that the government needs to issue policies and regulations that support the success of young entrepreneurs, for example, by supporting students in finding investors for their businesses.

H1: The likelihood of female entrepreneurial intention is positively related to support structure.

2.3.2 Relationship between Knowledge and Entrepreneurial Intention

Based on research conducted by Hutasuhut (2018), on the faculty of Economics students, the variable of entrepreneurial knowledge has a positive and significant impact on entrepreneurial intention. The results of the research show that the significance level of entrepreneurship knowledge is 0.220 or 22%. This indicates that entrepreneurship knowledge positively influences the entrepreneurial intentions of students.

Based on research conducted by (Tshikovhi & Shambare, 2015), shows a relationship between entrepreneurial knowledge, entrepreneurial intention, and personal attitude. The results of the research show that higher levels of entrepreneurial knowledge are positively related to higher levels of entrepreneurial intentions, with personal attitudes considered as mediating variables among them.

H2: The likelihood of female entrepreneurial intention is positively related to enhanced knowledge.

2.3.3 Association between Operational Risks and Entrepreneurial Intention

Based on a study by Coleman (2011), Operational Risks refer to the possibility of experiencing losses due to insufficient or malfunctioning internal procedures, personnel, technologies, or external circumstances. Based on his research, operational risk or oprisk can be classified as:

1. People Risks –Errors stemming from personnel incompetence or insufficient supervision.
2. Cumulative Interactive Risks – Gradual accumulation of minor mistakes resulting in significant losses.
3. Process and System Risks – Failures in technology systems or mishandling of data.
4. External Factor – When a significant and adverse event occurs, it will have a substantial negative impact on the entire related industry.
5. Randomness – Unexpected, high-impact occurrences resulting from low-probability events.

Based on research conducted by Herdjiono (2018), found that risk and loss aversion influence students' entrepreneurial intention. Whereas high-risk aversion and loss aversion would negatively impact students from being an entrepreneur. Indirectly, this indicates that operational risks can influence students' entrepreneurial intentions.

H3: The likelihood of female entrepreneurial intention is negatively related to operation risks.

2.3.4 Relationship between Financial Support and Entrepreneurial Intention

Based on research conducted by T. T. Nguyen (2020), they found that perceived access to finance is positively related to entrepreneurial intention. Their research provides evidence supporting theoretical arguments that individual perceived access to finance plays significant roles in the entrepreneurial intention and development of entrepreneurial perceived behavioral of university students.

Based on the research conducted by (Pohwani et al., 2023), their study proves that financial access is positively related to entrepreneurial intention. They also mention that financial access is very important for starting a business. So, financial access is the perfect combination to create a successful business model when someone has a strong entrepreneurial intention and a positive attitude towards entrepreneurship.

It appears that women's ability to launch their own businesses is directly influenced by their family's socioeconomic resources. This suggests that gender bias in the financial sector makes it more difficult for women to get the required capital to launch their own businesses, which in turn makes parental support essential (Molino et al., 2018).

H4: The likelihood of female entrepreneurial intention is positively related to financial support.

2.3.5 Association between lack of Social Support and Entrepreneurial Intention

Based on the research conducted by Neneh (2022), found that social support has a positive and significant influence on entrepreneurial intention. The research explains that social support can act as a bridge between entrepreneurial intention and an individual's level of self-efficacy. In other words, when someone has social support, it can help those who initially have low self-confidence in entrepreneurship to pursue and achieve the same level of willingness as individuals who already have high self-confidence. This also means that lack of social support could have made

female have lower self-confidence, which could lower their entrepreneurial intention.

Based on the research conducted by (Molino et al., 2018), shows that support from family and friends is positively related with entrepreneurial intention, with self-efficacy mediates the relation between the two variables. Their study also mentions that, although men receive significantly higher support from family and friends, women have a stronger connection between social support and both self-efficacy and entrepreneurial intention than men. Knowing that social support has an important role to women than men, it could be assumed that if there is a lack of social support, it could have made women give up their intention of becoming an entrepreneur. This social support can come from family, friends, community, or professional networks. Without this support, female may feel less confident and more worried about the risks associated with starting a business. Therefore, this research aims to analyze the negative association between lack of social support and entrepreneurial intention.

H5: The likelihood of female entrepreneurial intention is negatively associated with a lack of social support.

2.4 Previous Study

In conducting this research, the author refers to previous studies related to the variables and components present in this research. The following are the previous studies used for the research:

Table 2.1 Previous Studies

No	Researcher	Research Title	Journal	Findings
1	Al-Kwifi et al. (2020)	DETERMINANTS OF FEMALE ENTREPRENEURSHIP SUCCESS	Journal of Transnational Management Vol. 25 No. 1	The Impact of Support Structure, Knowledge, Operational

		ACROSS SAUDI ARABIA		Risks, Financial Support, and Social Support, on Entrepreneurial Intentions.
2	Shane & Venkataraman (2000)	THE PROMISE OF ENTREPRENEURSHIP AS A FIELD OF RESEARCH	Academy of Management Review Vol. 26 No. 1	Definition of Entrepreneurship.
3	Hitt et al. (2011)	Strategic Entrepreneurship: Creating Value for Individuals, Organizations, and Society Executive Overview	Academy of Management Perspectives Vol. 25 No. 2	Definition of Entrepreneurship.
4	Lee & Wong (2004).	An exploratory study of technopreneurial intentions: A career anchor perspective	Journal of Business Venturing Vol. 19 No. 1	Entrepreneurial intention is the first step of creating a successful business.
5	Liñán & Fayolle (2015).	A systematic literature review on entrepreneurial intentions: citation, thematic analyses, and research agenda	International Entrepreneurship and Management Journal Vol. 11 No 4	Relationship between entrepreneurial intention and successful behaviors.

6	Walipah & Naim (2016)	FAKTOR – FAKTOR YANG MEMPENGARUHI NIAT BERWIRAUSAHA MAHASISWA	Jurnal Ekonomi Modernisasi Vol. 12 No. 3	Contextual factors that influence someone's entrepreneurial intention; Academic Support, Social Support, and Environmental Support
7	Angeline & Puspitowati (2023)	PENGARUH ENTREPRENEURIAL ALERTNESS DAN ENTREPRENEURIAL SELF-EFFICACY TERHADAP ENTREPRENEURIAL INTENTION PADA MAHASISWA	Jurnal Manajerial dan Kewirausahaan Vol. 5 No. 1	Definition of entrepreneurial Intention.
8	Yıldırım et al. (2015)	Ready to Dare? A Case Study on the Entrepreneurial Intentions of Business and Engineering Students in Turkey	Procedia – Social and Behavioral Sciences Vol. 229	Definition of entrepreneurial Intention
9	Tandelilin (2022)	The role of government support in entrepreneurs' success in the context of micro	Contemporary Research on Management and Business	Form of support by the government.

		and small enterprises in Surabaya		
10	Garg (2018)	Factors Affecting the Business Performance of Small Businesses in Sekhukhune	Journal of Economics and Behavioral Studies Vol. 10 No. 4	Government support plays a key role to success of SMEs.
11	Mahmood Jasra Scholar et al. (2011)	DETERMINANTS OF BUSINESS SUCCESS OF SMALL AND MEDIUM ENTERPRISES	International Journal of Business and Social Science Vol. 2 No. 20	The effect of government support to economic stability.
12	Phillips et al. (2014)	The impact of government support initiatives on the growth of female businesses in Tshwane South Africa	Mediterranean Journal of Social Sciences Vol. 5 No. 15	Three general categories of barriers faced by female entrepreneurs.
13	(Prayetno & Ali (2020)	The Influence of Work Motivation, Entrepreneurship Knowledge and Advocate Independence on Advocate Performance	International Journal of Innovation Vol. 12 No. 3	Definition of knowledge & entrepreneurial knowledge.
14	T. Nguyen et al. (2020)	FACTORS THAT INFLUENCE EMPLOYEE PERFORMANCE: MOTIVATION,	Dinasti International Journal of Digital Business	Abilities influencing individuals' performance.

		LEADERSHIP, ENVIRONMENT, CULTURE ORGANIZATION, WORK ACHIEVEMENT, COMPETENCE AND COMPENSATION (A STUDY OF HUMAN RESOURCE MANAGEMENT LITERATURE STUDIES)	Management Vol. 1 No. 4	
15	Kalio et al. (2022)	IMPACT OF ENTREPRENEURIAL KNOWLEDGE ON ORGANIZATIONAL PERFORMANCE, A STUDY OF THE OIL AND GAS INDUSTRY IN PORT HARCOURT	EPRA International Journal of Environmental, Economics, Commerce, and Educational Management Vol. 9 No. 11	Knowledge of entrepreneurship impacts individuals' performance.
16	Liu et al. (2019)	Research on the effects of entrepreneurial education and entrepreneurial self- efficacy on college students' entrepreneurial intention	Frontiers in Psychology Vol. 10	Purpose of training and learning in the field of entrepreneurship.

17	Basell Committee on Banking Supervision (BCBS) (2021)	Revisions to the Principles for the Sound Management of Operational Risk	Bank for International Settlements	Definition of operational risks and several form of operational risks.
18	Tony (2023)	THE ROLE OF FINANCIAL INSTITUTIONS IN PROMOTING ENTREPRENEURSHIP AND ECONOMIC GROWTH	International Journal of Business Leadership and Management Vol. 1 No. 1	The importance of financial inclusion.
19	Metawea & Saad Metawea (2020)	The Role of financial institutions in supporting entrepreneurial success: Case of Egypt	American Journal of Business and Operations Research Vol. 1 No. 1	The importance of adequate resources to achieve new venture success.
20	Khan Khayru et al. (2021)	Study on The Relationship Between Social Support and Entrepreneurship Intention Experienced by Adolescents	Journal of Social Science Studies Vol. 1 No. 2	Form of social support.
21	Shepherd & Krueger (2002)	An Intentions-Based Model of Entrepreneurial Teams' Social Cognition An	Entrepreneurship Theory and Practice Vol. 27 No. 2	Influence of family support on individual's

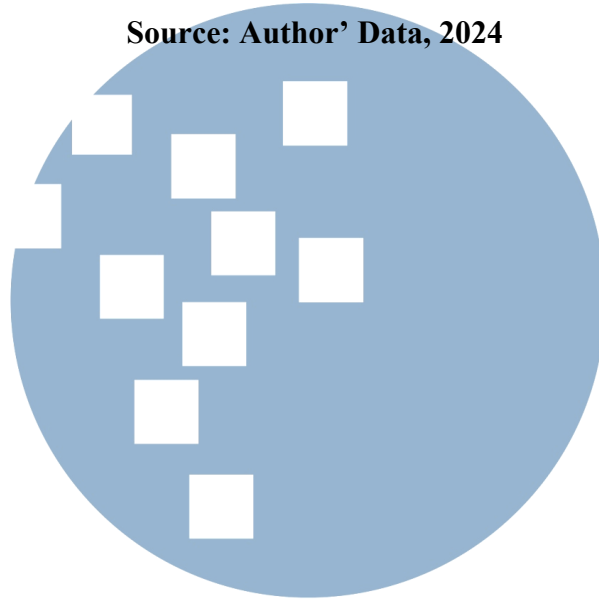
		Intentions-Based Model of Entrepreneurial Teams' Social Cognition		intention to start a business.
22	Li & Islam (2021)	Entrepreneurial Intention in Higher Vocational Education: An Empirically-Based Model With Implications for the Entrepreneurial Community	SAGE Open Vol. 11 No. 4	Entrepreneurship policies (government structural support) have a positive effect on entrepreneurial intention.
23	Van Trang & Doanh (2019)	The role of structural support in predicting entrepreneurial intention: Insights from Vietnam	Management Science Letters Vol. 9 No. 11	Relationship between subjective norms, entrepreneurial intention, and structural support.
24	Hutasuhut (2018)	The Roles of Entrepreneurship Knowledge, Self-Efficacy, Family, Education, and Gender on Entrepreneurial Intention	Dinamika Pendidikan Vol. 13 No. 1	Entrepreneurial knowledge has a positive and significant impact on the entrepreneurial intention of economics students.

25	Tshikovhi & Shambare (2015)	Entrepreneurial knowledge, personal attitudes, and entrepreneurship intentions among South African Enactus Students	Problems and Perspectives in Management Vol. 13 No. 1	Higher levels of entrepreneurial knowledge are positively related to higher levels of entrepreneurial intentions, with personal attitudes considered as mediating variables among them.
26	Coleman (2011)	Operational Risk	Wiley Encyclopedia of Operations Research and Management Science	Definition of operational risks & form of operational risks.
27	Herdjiono (2018)	RISK AND LOSS AVERSE: HOW ENTREPRENEURIAL INTENTION OCCUR	Academy of Entrepreneurship Journal Vol. 24 No. 3	High-risk aversion and loss aversion would negatively impact students from being an entrepreneur.

28	T. T. Nguyen (2020)	The impact of access to finance and environmental factors on entrepreneurial intention: The mediator role of entrepreneurial behavioral control	Entrepreneurial Business and Economics Review Vol. 8 No. 2	Perceived access to finance is positively related to entrepreneurial intention.
29	Pohwani et al. (2023)	Impact Of Financial Access On Entrepreneurial Intention: Mediating Role Of Attitude, Subjective Norm and Behavioral Control	City University Research Journal Vol. 13 No. 1	Financial access is positively related to entrepreneurial intention.
30	Molino et al. (2018)	Personality and social support as determinants of entrepreneurial intention. Gender differences in Italy	PLOS ONE Vol. 13 No. 6	The importance of family financial support for women to launch a business, and the positive effect of family support on entrepreneurial intention.
31	Neneh (2022)	Entrepreneurial passion and entrepreneurial	Studies in Higher	Social support has a positive and significant

		intention: the role of social support and entrepreneurial self-efficacy	Education Vol. 47 No. 3	influence on entrepreneurial intention.
--	--	---	-------------------------	---

Source: Author' Data, 2024



UMN

UNIVERSITAS
MULTIMEDIA
NUSANTARA