



Entrepreneurial Self-Efficacy In Entrepreneurial Intention: The Mediating Role Of Entrepreneurial Education

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Abstract

Unemployment, poverty and social inequality are big challenges for Indonesia in entering the free market and global competition. Today, individuals with a college degree experience stiff competition and difficulty in finding employment. Limited employment opportunities which have resulted in high unemployment rates have increased awareness of the importance of entrepreneurship. However, students' interest in entrepreneurship is still relatively low, causing them to hesitate to start a business because they are risk averse. Entrepreneurial intention, as the main predictor of entrepreneurial behavior, is important in understanding the entrepreneurial process. Factors influencing entrepreneurial intentions, especially entrepreneurial self-efficacy, have been widely researched. Apart from that, the role of the entrepreneurial ecosystem in forming entrepreneurial intentions has also received attention. This research investigates the influence of the entrepreneurial ecosystem, entrepreneurial education, and individual factors such as entrepreneurial self-efficacy on entrepreneurial intentions among business students. The findings show that the entrepreneurial ecosystem has a positive effect on entrepreneurial intentions, in line with previous research in the Western context. In addition, entrepreneurial education and individual factors such as entrepreneurial self-efficacy mediate this relationship. Practical implications include the need for universities to support students in developing an entrepreneurial mindset and improve entrepreneurship education to foster creativity. Limitations, such as the focus on business students and the cross-sectional design, offer avenues for future research to explore broader populations and use longitudinal designs.

INTRODUCTION

Starting a new business is a complex process that involves a variety of things, ranging from desire, risk evaluation, uncertainty, perseverance, and enthusiasm (Newman et al., 2019). Therefore, how entrepreneurship starts until it becomes a real behavior is very important to

understand. In this case, intention can be an important first step in understanding the entrepreneurial process. Entrepreneurial activities among students as the educated young generation in Indonesia need attention. One of the crucial things that needs to be done is a transformation of mindset, from looking to creating jobs. Students need to be encouraged to be confident that they are capable and will succeed in entrepreneurship. This is where education plays a strategic role through the cultural impact produced. Education can foster entrepreneurial awareness (Peterman & Kennedy, 2023) and then play a role in creating young entrepreneurs of the future (Peterman & Kennedy, 2023).

Entrepreneurship education aims to equip individuals with the knowledge, skills, and attitudes necessary to start and manage a business. Research shows that entrepreneurship education can increase entrepreneurial intention by increasing entrepreneurial self-efficacy. Entrepreneurial self-efficacy refers to an individual's belief in their ability to succeed in entrepreneurial activities. This belief is important because it can affect an individual's motivation, perseverance, and performance in the context of entrepreneurship. Several studies have examined the mediating role of entrepreneurial self-efficacy in the relationship between entrepreneurship education and entrepreneurial intention. For example, research by Saoula et. al. (2023) shows that entrepreneurship education plays a significant role as a mediator in the relationship between self-efficacy, family support, entrepreneurial motivation, and entrepreneurial intention. Another study by Wang et.al. (2020) also found that entrepreneurial self-efficacy mediates the influence of entrepreneurship education and entrepreneurship policies on students' entrepreneurial intentions.

Intention is an important factor that determines a person's behavior and entrepreneurial behavior is determined based on entrepreneurial intention (Al-Ghazali & Afsar, 2021; Altinay et al., 2012; Fayolle & Liñán, 2014; Liñán & Fayolle, 2015). Some researchers have emphasized the importance of this as the first step towards entrepreneurial behavior, namely starting a business (Alferaih 2017; Zapkauet al., 2015). Entrepreneurial intentions show an individual's commitment to start a new business (Alferaih, 2017). Entrepreneurial intention (ENI) refers to the perception of an individual in carrying out entrepreneurial activities by planning a new business, focusing his attention and experience on the establishment of a new business and looking for possible opportunities for innovative business ideas (Al-Ghazali & Afsar, 2021; Do & Dadvari, 2017; Obschonka et al., 2017).

In Alferaih's research (2017), previous academic research showed that intention is the single best predictor of planned behavior such as starting a business (Alferaih, 2017). The factors influencing entrepreneurial intention have been extensively researched (Alammari et al., 2019; Elnadi & Gheith, 2021). One of the most important factors and the best predictor of individual entrepreneurial intention and success, is entrepreneurial self-efficacy (Dheer & Lenartowicz, 2019; Doanh & van Munawar, 2019; Elnadi & Gheith, 2021). Entrepreneurial self-efficacy is consistently associated with an individual's intention to engage in entrepreneurial activities and is a key predictor of entrepreneurial intention (e.g. Alferaih, 2017; Bullough et al., 2014; Laviolette et al., 2012; Moghavvemi et al., 2016 ; Entrepreneurial self-efficacy (ESE) is a person's confidence related to tasks in the entrepreneurial process (Bilgiseven & Kasimoğlu, 2019). Entrepreneurial self-efficacy is the final construct of the theory of planned behavior (Ajzen, 1991; Alferaih, 2017). However, although many studies have explored the relationship between entrepreneurship

education, entrepreneurial self-efficacy, and entrepreneurial intention, there is still a gap in the literature regarding how these factors interact in different contexts. For example, research by Le et.al. (2023) shows that entrepreneurial empathy and self-efficacy can interact to influence social entrepreneurship intentions, but this study does not specifically examine the role of entrepreneurship education.

Most previous research has focused on exploring how different characters and personalities can influence the formation of entrepreneurial intentions. However, the environmental factors represented by the entrepreneurial ecosystem cannot be ignored and entrepreneurial intentions can be better studied when the interaction between individual and contextual factors is considered (Alammari et al., 2019; Elnadi & Gheith, 2021; Schmutzler et al., 2019). Bruns et al. (2017) in Ali et al. (2019) define an entrepreneurial ecosystem (ECS) as a set of multidimensional factors that interact with entrepreneurial activities on economic growth. Meanwhile, the interaction of these two factors is only beginning to be explored (Elnadi & Gheith, 2021; Schmutzler et al., 2019).

Therefore, this study aims to fill the gap by exploring the mediating role of entrepreneurial self-efficacy in the relationship between entrepreneurship education and entrepreneurial intention. This research is expected to make an important contribution to the entrepreneurship literature by providing a deeper understanding of the underlying mechanism of the relationship between entrepreneurship education and entrepreneurial intention, as well as practical implications for the development of a more effective entrepreneurship education curriculum.

LITERATURE REVIEW

Entrepreneurial Self-Efficacy (ESE)

Entrepreneurial Self-Efficacy (ESE) is a concept that refers to an individual's belief in their ability to succeed in entrepreneurial tasks. This concept comes from the theory of self-efficacy developed by Bandura (1989) in the framework of social cognitive theory. ESE plays a crucial role in influencing an individual's entrepreneurial intentions, motivations, and behaviors in the context of entrepreneurship. Systematic research by (Newman et.al., 2019) identifies that ESE has a strong theoretical foundation and diverse dimensions that include personal skills, individual traits, the ability to initiate relationships with investors, and acquired knowledge. ESE measurements are often done through scales that include a variety of entrepreneurial tasks, such as opportunity identification, risk management, and managerial capabilities. A study by (Duong, 2023) shows that ESE can mediate the relationship between entrepreneurship education and entrepreneurial intention. Entrepreneurship education can improve ESE, which in turn increases an individual's intention to start a business. The study also highlights that perceived barriers can moderate the relationship between ESE and entrepreneurial behavior, suggesting that individuals' confidence in their abilities can be influenced by their perception of external barriers. Overall, the literature shows that ESE is a key factor in the entrepreneurial process, influencing entrepreneurial intentions and behaviors through various mechanisms. Entrepreneurship education, social support, and practical experience are some of the factors that can improve ESE, which in turn can increase entrepreneurial intent and success. Further research is needed to explore the interactions between ESE and other factors in different

contexts, as well as to develop effective interventions to improve ESE among aspiring entrepreneurs.

Entrepreneurial Intention

Entrepreneurial intention (EI) is an individual's intention to start a new business and is an important predictor of entrepreneurial behavior. Various studies have shown that EI is influenced by a number of factors, including entrepreneurial education, self-efficacy, social support, and other contextual factors. Entrepreneurship education, in particular, has been identified as a key factor that can improve EI by equipping individuals with the knowledge, skills, and attitudes necessary to start and manage a business. Research by Silva & Nishantha (2023) shows that personal and contextual factors play an important role in shaping EI and early entrepreneurial behavior. This study emphasizes the need for systematic empirical research to incorporate the personal, contextual and antecedent factors of EI. In addition, research by Fitri et. al. (2023) identified nine latent constructs that affect students' EI, including entrepreneurship education, self-efficacy, creativity, and motivation. This study develops a conceptual framework that can be used as a reference to understand the factors that drive entrepreneurial intention among students.

Entrepreneurial Education

Entrepreneurship education has also undergone a significant evolution in terms of pedagogy. Research by shows that academic discussions about pedagogy in entrepreneurship education have evolved from a teacher-guided instructional model to a constructivist perspective that places more emphasis on practice-based learning experiences. The study highlights the importance of connecting teaching with a "real-world" environment to improve the effectiveness of entrepreneurship education. Furthermore, research by Hagg & Gabrielsson (2020) highlights the relevance of pedagogical models and the integration of technology in entrepreneurship education. The study found that diverse models and methods are used in entrepreneurship education, with a primary focus on practice. Elements of Education 4.0, such as student-centered learning and connection to societal needs, are also identified as essential components in modern entrepreneurship education. Overall, the literature shows that entrepreneurship education has a significant impact on EI by improving individual self-efficacy and entrepreneurial skills. Further research is needed to explore the interaction between entrepreneurship education and other factors in various contexts, as well as to develop effective interventions to improve EI among aspiring entrepreneurs.

METHODS

The respondent criteria are third- and final year S1 active students who have participated in entrepreneurship-related trainings, courses, or seminars. The selection of third- and last-year S1 students is in line with the opinion of Eid et al. (2019), where they are more likely to have an interest in entrepreneurship. The respondents came from university students in Semarang who according to Umar (2009) have a business incubator and a Student Activity Unit (UKM) related to entrepreneurship. A sample is a part of a population that consists of several members selected from the elements of the population. The sampling method uses sampling probability, which is a sampling method that gives equal probability to every element in the selected population. The

sampling technique used was Proportionate Stratified Random Sampling so that 139 respondents were obtained. This research method uses quantitative research, namely the SMART-PLS program.

RESULTS AND DISCUSSION

The path coefficient test is used to show the direction of the relationship between variables and can determine whether a hypothesis has a positive or negative direction. If the score is in the range of 0 to 1, it can be said to be positive. However, if the score is in the range of -1 to 0, it can be said to be negative.

Table 1. Total Effects

Hypothesis	Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (IO/STDEVI)	P Values
Hypothesis 1	EE -> EI	0,567	0,567	0,077	7,343	0,000
Hypothesis 2	EE -> ESE	0,314	0,325	0,107	2,942	0,003
Hypothesis 3	ESE -> EI	0,178	0,187	0,067	2,662	0,008
Hypothesis 4	EE -> EI-> ESE	0,276	0,279	0,073	3,800	0,000

Source: Processed data, 2024

Based on the table above, it can be stated that all hypotheses in total have a significant effect with a p value of $0.000 < 0.05$. So, all hypotheses are accepted. Regarding H1, the findings show that the entrepreneurial ecosystem has a positive and significant influence on entrepreneurial intentions. These findings are similar to previous researchers in the context of Western studies (Westhead and Solesvik, 2016; Sun et al., 2017) who argue that entrepreneurship education effectively encourages students' entrepreneurial intentions to become entrepreneurs.

In addition, the university allows students to interact with successful entrepreneurs to get innovative ideas regarding new business start-ups. Entrepreneurial motivation from teachers and peers is very important for students in shaping their entrepreneurial intentions (Barba-Sánchez and Atienza-Sahuquillo, 2018). In H2, H3, and H4, the results showed that entrepreneurial self-efficacy mediated the relationship between entrepreneurship education, entrepreneurial mindset, and creativity to entrepreneurial intention positively. These findings are in line with previous researchers (Yang, 2014; Wardana et al., 2020).

The results of the study show that university management facilitates students regarding entrepreneurship education and makes them skilled in handling business activities and developing an entrepreneurial atmosphere which ultimately leads to entrepreneurial self-efficacy. Therefore, individuals who perceive a higher level of entrepreneurial self-efficacy can easily identify opportunities, create an entrepreneurial mindset, and think more creatively to commercialize new ideas in the form of product development.

CONCLUSION

Based on the findings of the research, we offer some practical advice for educators and policymakers. Universities need to support students in developing an entrepreneurial mindset to become entrepreneurs. Universities can continue to improve the quality of entrepreneurship education by expanding the teaching materials used in entrepreneurship courses to foster student creativity. This will encourage a variety of different learning experiences, not only

focused on classroom teaching methods but also developing extra-curricular activities of entrepreneurship, which in particular succeed in shaping entrepreneurial intentions in students' mindsets. This study provides several limitations that will be considered for future research opportunities. The target population is focused only on business students. Future research may consider other provinces or students in other majors in the country such as vocational, IT, and engineering school students, and increase the sample size to generalize the results. In addition, the nature of this study is a cross sectional design. Data was collected through self-administered questionnaires. Further research can be carried out on the impact of entrepreneurship and creativity education by using entrepreneurial awareness as a mediator among students with the help of longitudinal research design to increase contributions in the field of entrepreneurship. Further research also needs to examine the influence of entrepreneurship education and entrepreneurial mindset by using creativity as a mediator and expand this model of entrepreneurial intention to measure actual entrepreneurial behavior.

SUGGESTION

1. Self-Efficacy and Entrepreneurial Intention: This research can explore the relationship between self-efficacy (self-confidence) and the intensity of becoming an entrepreneur. Focus on how self-confidence influences a person's intention to start a business
2. Mediating Entrepreneurship Education: You can research the mediating role of entrepreneurial education factors. How entrepreneurship education influences the relationship between self-efficacy and entrepreneurial intensity
3. Influence of Relationship Support: consider including social support factors (relationship support) in research. How support from the surrounding environment influences the relationship between self-efficacy and entrepreneurial intensity.

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