

The Mediating Role of Universities Environment in the Relationship Between Self-Efficacy, Family Environment and Entrepreneurial Intention

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Abstract

In today's world development, entrepreneurial education has a vital role besides functioning to improve life quality—productivity expected to reduce the number of unemployed in Indonesia. One solution to solve these conditions is to develop an entrepreneurial culture. Thus, the younger generation, e.g. students, can change their mindset from job seekers to job creator. Most educated young people tend to avoid this choice and even think as entrepreneurs, as they prefer to work in the company. One of the reasons is that they dare not take up risky jobs and desire to work as employees with a fixed salary every month. This paradigm has ingrained in most Indonesians who wish to work in an office. Entrepreneurship is the ability to create a business and instil an entrepreneurial spirit for students. This study investigates the role of self-efficacy, family environment and universities toward entrepreneurial intention among students in Indonesia context. The design of this study is a quantitative approach through a self-administered questionnaire. A total of 150 undergraduate students have participated in this study and collected by using a convenience sampling technique. This study used universities environment as a mediating variable and analysed using structural equation modelling through partial least square (SEM-PLS). This study found that self-efficacy and family environment have a significant positive relationship on entrepreneurial intention. We also found that universities' environment does not mediate the

relationship between self-efficacy and family environment on entrepreneurial intention among Indonesia students. In conclusion, this study indicated that universities environment does not play a mediating role in influencing the entrepreneurial intention. Also, the family environment is a determinant factor in this investigation. In line with this study's findings, we suggest the universities pay attention to developing students' self-efficacy and creating an excellent universities environment to increase entrepreneurial intention among undergraduate students.

Keywords

Self-efficacy, family environment, universities environment, entrepreneurial intention, and undergraduate students in Indonesia context

1. Introduction

In the development era, entrepreneurial education plays a vital role besides teaching to improve the quality of life and productivity (Laukkanen, 2000). Also, it can reduce the rate of unemployment (Audretsch et al., 2001). One way that can be used to solve the unemployment issue is by developing an entrepreneurial culture (Davis, 2002; Mouhammed, 2010). In this case, entrepreneurship can create a business and develop an entrepreneurial spirit among students. This matter is expected to change the younger generation's mindset from job seekers to create jobs through entrepreneurship. Most educated young generation tends to avoid choosing as job creators or even unthinkable to become an entrepreneur. They more prefer to work in a company. One reason that causes them does not brave is a risk. So, they prefer to work as an officer with a fixed monthly salary compared to being an entrepreneur. This paradigm already embedded in the youngest generation, especially in Indonesia who prefer to work as an officer (Tambunan, 2007). The lower entrepreneurial intention has led to a slowdown in national economic growth, dragging the unemployment rate higher. Anggadwita & Palalić (2020) states with such a large population; currently, the number of entrepreneurs in Indonesia is at 1.4%. This figure is very small compared to Thailand entrepreneurs that reached 3%, Malaysia 5%, and Singapore 7% (Central Bureau of Statistics Indonesia, 2016).

One way to increase entrepreneurial awareness is by developing entrepreneurial intention by looking at the present issue. The students are expected to create jobs for at least themselves and attempt to realise their potency (Smilor, 1987). In general, three factors influence entrepreneurial intention, namely physical, psychic, and environmental factors. Physical factor refers to personal health that necessary to sustain the entrepreneurial activities. The psychic factor is personality (need for achievement, self-efficacy), motives, attention, and feelings. At the same time, environmental factors consist of family, school, and community environments (Wulandari, 2013). Also, Indiarti & Rokhima (2008) stated that one factor influencing entrepreneurial intention is personality, including achievement needs and self-efficacy. The second factor that affects entrepreneurial intention is the family environment. Suhartini (2011) said that the family environment has an enormous part in preparing children to become entrepreneurs in the future. She added that the family is initially responsible for the education of children. In other words, the family is the foundation for the child's behaviour and personal development. The third factor is the education environment.

In this case, universities have an equally important role in developing students' entrepreneurial character, the nation's young generation. Universities are an important role in creating resilient entrepreneurs, where universities are expected to transform entrepreneurial characteristics to their students, especially business students. They are the primary goal of producing economics scholars ready to enter the work environment, either independently or working for others (Syarifudin, 2011). Based on the facts, many parties' entrepreneurial intention programs should be concerned. The entrepreneurship program's main target is the younger generation because it belongs to the productive age group. When young people in a nation do not have an entrepreneurial vision, they will become a potential market for multinational corporations. Natural wealth will be exploited by other nations, while the nation's children are quite satisfied to be active consumers of other nations' work (Asmani, 2011). The present study investigates the role of self-efficacy, family environment and universities toward entrepreneurial intention among students in Indonesia context.

2. Literature Review

2.1 Entrepreneurial Intention

The intention is a psychological condition representing a commitment to act in the future (Yusliza et al., 2020). The entrepreneurial intention is the ability to meet life's needs, promote a business, or create new businesses with one's strength (Anggadwita and Dhewanto, 2016). Meanwhile, Kristiansen and Indarti (2004) define entrepreneurial interest as a psychological symptom to focus attention and do something about the entrepreneur with pleasure because it benefits him. From previous definitions, we concluded that the entrepreneurship is the desire, interest and willingness to work hard to meet the needs of life and create new businesses without feeling afraid of the risks that will occur and always learning from failures in entrepreneurship.

2.2 Self-Efficacy

Self-Efficacy is an individual's belief in his/her ability to carry out tasks or perform an action necessary to achieve a particular outcome (Bandura, 2010). Besides that, Robbins, and Judge (2007) stated that self-efficacy is known as the social cognitive theory or social reasoning, which refers to the individual's belief that he or she can carry out a task. Self-efficacy can drive a person's performance in various fields, including entrepreneurial interests (Luthans, 2008). Therefore, in creating a business required a self-efficacy to he or she abilities to be successful. By the following the previous explanation, we concluded that self-efficacy is a person's self-confidence in achieving goals. Also, Bandura (2010) mentioned that self-efficacy consists of several dimensions: magnitude (difficulty level), strength and generality.

Also, Bandura (2010) elaborated that the magnitude is a person's ability to complete tasks with different difficulty levels. Thus, self-efficacy can be shown by the level of difficulty imposed on individuals against challenges with different levels to succeed. Individuals will try behaviour that they feel capable of doing and avoid behaviour that is felt to be outside the limits of their perceived ability. Strength relates to the individual's confidence in his/her abilities. Individuals have strong confidence and persistence in the endeavours that will be achieved despite difficulties and obstacles. With self-efficacy, the power of higher effort can be obtained. The stronger feeling of self-efficacy will make a higher persistence, then higher possibility activities are selected and carried out successfully. Then, generality relates to behaviour in which individuals feel confident with their abilities. It depends on their understanding of their limited abilities on a broader and varied range of activities and situations.

2.3 Family Environment

The family is a foundation stone for behaviour, character, intelligence, talents, interests, and potentials to develop optimally (Ibrahim et al., 2020). Thus, the family is the most important factor for developing a child's potential (Ibrahim et al., 2019). The family environment is a unity between father, mother, children, and other family members. The family has an important role in preparing children to achieve a good future for themselves, their families and society (Ibrahim et al., 2020). A study conducted by Bandura (2010) stated that the family environment significantly affects the pupil's interest in the entrepreneur.

2.4 Universities Environment

The educational or universities environment is the great potential to encourage students to develop their interests in an academic environment that motivates students to be independent (Yusliza et al., 2020). So, likely, these students will also have an interest in being independent. The effect of the educational environment to the pupil's interest in entrepreneur has studied by Bandura, (2010). He found that the education environment has a significant effect on entrepreneurial intention. The Figure 1 below is the conceptual framework in this study. It developed from previous findings of various relevant literature.

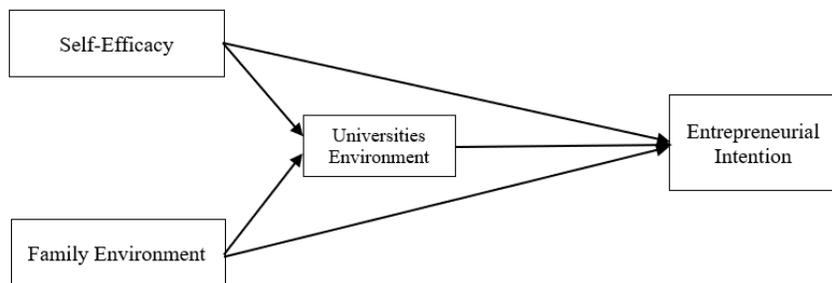


Figure 1. Conceptual Framework

3. Methodology

This cross-sectional study is designed using a quantitative approach. A total of 150 undergraduate students from one of the universities in Indonesia has participated in this study and collected by using a convenience sampling technique through a self-administered questionnaire. This study uses universities environment as a mediating variable. The measurement scale of the item is 1 (strongly agree) to 5 (strongly disagree). The data analysed using structural equation modelling through partial least square (SEM-PLS) by assisting statistical software, namely XLSTAT.

4. Results and Discussion

As mentioned in the previous section, this study analyses the relationship between Self-Efficacy and Family Environment to entrepreneurial intention. The mediating role of universities environment in the relationship between self-efficacy and family environment to entrepreneurial intention. In the below table, we report the result of model summary, including the coefficient of determination (R^2), simultaneous test (Fstat), R (bootstrapping), standard error, and Critical ratio (bootstrapping).

Table 1. The result of the model summary

R^2	F	Pr > F	R^2 (Bootstrap)	Standard error	Critical ratio (CR)
0.799	59.491	0.000	0.822	0.067	11.861

Table 1 shows that this study's three variables can explain their relationship with entrepreneurial intention, which is 0.799 or 79.9 per cent. They are remaining 0.201 or 20.1 per cent explained by the others variable, which does not include this investigation. The F value indicates that Self-Efficacy, Family Environment and University Environment were simultaneously significant to entrepreneurial intention. Using a bootstrapping technique, we found that the determination coefficient's value is 0.822 or 82.2 per cent. The standard error is 0.067, and the critical ratio is 11.861 (higher than 1.96 or significant at level 0.01). Also, R^2 (bootstrapping) is higher than the original R^2 . Further, in the next table, we report the result of hypotheses testing.

Table 2. The result of hypotheses testing

Latent variable	Coefficient	Standard error	t	Pr > t	f ²	Value (Bootstrap)
Self-Efficacy	0.181	0.093	1.946	0.058	0.084	0.213
Family Environment	0.805	0.102	7.869	0.000	1.376	0.767
University Environment	-0.126	0.077	-1.637	0.109	0.060	-0.053

Table 2 displays that self-efficacy and family environment have a significant positive relationship on entrepreneurial intention. This study found that universities environment mediates the relationship between self-efficacy and family environment on entrepreneurial intention. The family environment regression coefficient is 0.805. It means that assuming an increase in the 1 per cent family environment will increase entrepreneurial intention as much as 80.5 per cent—the magnitude of this variable categorised as high. Referring to the f², the effect size contributing to self-

efficacy, family and universities environment is 0.060 or 6 per cent. It categorised as a small effect. Further, Figure 2 below is the original result of structural equation modelling – Partial Least Square (Bootstrapping) using XLSTAT.

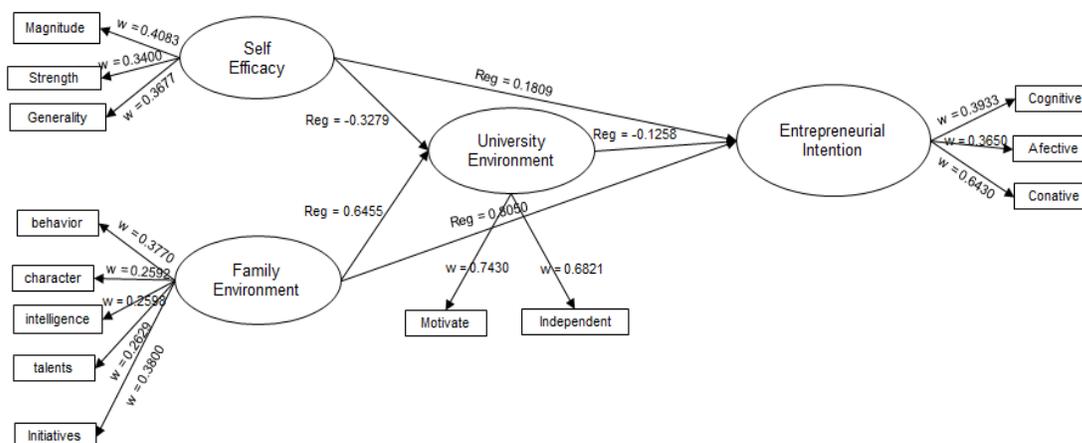


Figure 2. The result of structural equation modelling – Partial Least Square (Bootstrapping) using XLSTAT

5. Conclusion

In conclusion, the self-efficacy and family environment have a significant positive relationship on entrepreneurial intention. Unfortunately, the universities' environment does not mediate the relationship between self-efficacy and family environment on entrepreneurial intention among Indonesia students. In conclusion, this study indicated that universities environment does not play a mediating role in influencing the entrepreneurial intention. Also, the family environment is a determinant factor in this investigation. In line with this study's findings, we suggest the universities pay attention to developing students' self-efficacy and creating an excellent universities environment to increase entrepreneurial intention among undergraduate students.

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