
IMPACT OF ENTREPRENEURIAL SELF EFFICACY ON ENTREPRENEURIAL INTENTION IN PT KARYA LENCANA MAS

By

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Abstract: *Entrepreneurial self-efficacy refers to a person's belief in their ability to successfully achieve the tasks of entrepreneurship. Self-efficacy has been found to contribute significantly to performance. It will determine the level of motivation and effort exerted as well as how long entrepreneurs will persevere that is factors which may be factor for entrepreneurial success. The purpose of this research is to know whether there is the impact of entrepreneurial selfefficacy on entrepreneurial intention at PT Karya Lencana Mas. Research design used in this research is descriptive research design and correlational research design. Research methods which used are descriptive statistic analysis, validity and reliability test, normality test, coefficient correlation, coefficient of determinant, simple linear regression analysis and Z testing. The conclusion of this research is entrepreneurial selfefficacy has impact on entrepreneurial intention at PT Karya Lencana Mas.*

INTRODUCTION

Businesses play a vital role in fostering economic growth and development. The success of a business can be caused by many factors. One of factors in a business's success is the entrepreneur. Entrepreneurship is crucial to increasing productivity, competition, and innovation; is valuable to an economy and creates jobs. The growth of a business is to a certain extent a matter of decisions made by an entrepreneur. People who start up and run businesses need to know their own strengths and weaknesses because entrepreneurship involves the ability to build a founding team with complementary skills and talents. Entrepreneurship is the ability to create and build something from practically nothing. It is initiating, doing, achieving and building an enterprise or organisation.

An entrepreneur is one who creates and grows a new enterprise and demonstrates characteristics of risk taking and innovation. Creating surviving companies requires for total reliance on entrepreneurship and the need for entrepreneurs both potential and existing to possess good entrepreneurial characteristics and business practices that can enable them create sustainable companies. For companies to survive and succeed in their business operations, it is pertinent that its owners possess certain entrepreneurial characteristics and carry out specific business practices. Entrepreneurs often create new technologies, develop new products or process innovations, and open up new markets.

Faced with high uncertainty, entrepreneurs who are in the process of establishing firms, must determine an appropriate course of action. Business planning has received great attention from entrepreneurship and strategy as a central activity to make sense of business environments and identify an appropriate course of action. Organizational development depends on the characteristics of an entrepreneur. An entrepreneur should have several special characteristics that help them to become a successful businessman. The company should have the ability to explore new ideas, take risks to work reasonably, to monitor progress towards the goals in action at risk, understanding the business implications of a wider range of ideas, have the ability of reading opportunities, and develop a long-term relationship of mutual trust with others, ability to learn and apply it in practice management, as well as being able to identify strengths and weaknesses. If they have their competencies will an impact on the achievement of business performance.

According to Alles (2018, p.115), entrepreneurial self efficacy has significant impact on entrepreneurial intention. Entrepreneurial self-efficacy refers to a person's belief in their ability to successfully achieve the tasks of entrepreneurship. These tasks include developing new product and market opportunities, building an innovative environment, initiating investor relationships, defining core purpose, coping with unexpected challenges, and developing critical human resources. Self-efficacy has been found to contribute significantly to performance. Entrepreneurial self-efficacy affects the choice of setting, activities, skill acquisition, effort expenditure, and level of persistence of entrepreneurs. It will determine the level of motivation and effort exerted as well as how long entrepreneurs will persevere that is factors which may be instrumental for entrepreneurial success. Entrepreneurs with high levels of entrepreneurial self-efficacy have the confidence in their ability to attain high levels of performance and set higher and more challenging goals which strongly influence positive performance outcomes.

This research is done at PT Karya Lencana Mas. The company is engaged in distributor of motorcycle. The company want to increase the revenue from sales of product. Therefore, the company should determine the appropriate business strategy in developing the business. The sales return and time in fulfilling sales order in year 2017-2019 is as follows:

Table 1.1

Sales Return and Time in Fulfilling Sales Order in Year 2018-2020

Year	Sales Return (Unit)	Time in Fulfilling Sales Order (Day)
2018	15	2
2019	18	5
2020	25	7

Source: PT Karya Lencana Mas (2022)

It can be known that there is increasing of sales return and time in fulfilling sales order in year 2018-2020. It shows that the company cannot implement adaptive business strategy in adjusting product with market demand. The company also cannot implement management in fulfilling sales order properly. The owner of the company does not have individual confidence to his abilities. The low of self efficacy shows that the owner does not have confidence to begin the new investment and take the business into successful business. The owner give up easily, avoid the risk and business problem. This condition can obstruct the development of business. The owner often avoid to make sales in certain area

because the owner avoids the high marketing cost and difficulties in making sales. The entrepreneur should have intention to take opportunity. The owner feels that the current condition is sufficient for conducting the business without considering the new opportunity such as finding the new market area and increasing business activities with increasing the stock. The entrepreneur should consider the business risk but the entrepreneur should have self efficacy in conducting the business. The owner of the company cannot get opportunity quickly such as fulfilling high demand of product with increasing the number stock because the owner doesn't have confidence in fulfilling the high demand from customer.

Based on description above, the writer want to conduct the research with title "**Impact of Entrepreneurial Self Efficacy on Entrepreneurial Intention in PT Karya Lencana Mas**"

Based on the background study above, the writer can take problem identification as follows "Does entrepreneurial self efficacy have impact on entrepreneurial intention at PT Karya Lencana Mas?"

Due to limitation of times, ability and knowledge, the writer will focus on entrepreneurial self efficacy as independent variable. The writer will also focus on entrepreneurial intention as dependent variable. The dimensions of entrepreneurial self efficacy are attitudes, subjective norms and perceived behavioral control. (Doanh, 2019, p.1850). The dimensions of entrepreneurial intention are adaptive, leadership, management and technical. (Smither, 2018, p.201)

The purpose in conducting this research is to know whether there is the impact of entrepreneurial self efficacy on entrepreneurial intention at PT Karya Lencana Mas.

5. Benefits of the Study

The benefits of this study are:

- a. For writer, this research can provide additional knowledge and experience in entrepreneurship.
- b. For the company, this research gives suggestion for company in increasing the entrepreneurial intention.
- c. For other researcher, this research can be used as reference to next research that related with this research topic

LITERATURE REVIEW

1. Entrepreneurship

According to Mariotti (2018, p.3), entrepreneur a person who assumes the risks of organizing and managing a business for the sake of potential rewards. According to Jogdankar (2017, p.250), entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. According to Audretsch (2018, p.22), entrepreneurship is a way of managing that involves pursuing opportunity without regard to the resources currently controlled.

2. Entrepreneurial Self Efficacy

According to Doanh (2019, p.1850), entrepreneurial self efficacy is as an individual's confidence in the ability to accomplish the entrepreneurial process. According to Hinrich (2018, p.16), entrepreneurial self-efficacy is the conviction that one can successfully execute the entrepreneurial process.

According to Doanh (2019, p.18), dimensions of entrepreneurial self efficacy are as follows:

1. Attitudes

The influential level of self-efficacy on business start-up intention depends on each specific context. One of the contribution of the self-efficacy theory is to discover the links among belief, attitude, intention and behaviour. The individual's intention and behaviour are significantly influenced by the belief of his/her ability to perform this specific task effectively whereas the theory of planned behaviour also argued that perceived behavioural control and attitude towards behaviour are affected by people's control belief. The person's belief may influence on his or her intention and behaviour and an individual's attitude towards behaviour can be effected by his or her belief of the results of this particular behaviour. A person, who has high beliefs of ability to perform a specific task, can have high intention to touch this particular achievement. Thus, an individual's entrepreneurial self-efficacy can influence on his or her attitude toward entrepreneurship

2. Subjective norms

Subjective norms reflect the perceived social pressure in terms of performing or not performing the particular behaviour. In subjective norms refer to an individual's perceptions of salient people, including family, friends, relatives and reference others, who would or would not approve of the decision to run his or her own business. In addition, based on perspectives of both internal and external motivation, subjective norms are also seen as one of the context factor, which can have positive or negative effects on entrepreneurial self-efficacy and entrepreneurial intention as well. A person's entrepreneurial self-efficacy may increase in case of significant people approving his or her decision to become an entrepreneur but if salient others would not approve this decision, his or her entrepreneurial self-efficacy can be lower.

3. Perceived behavioral control

Perceived behavioural control refers to the extent to which a personal control belief in terms of the activities being studied. Perceived behavioural control is as the perception of easiness or difficulty in the fulfilment of the behaviour of interest. This construct consists of not only being able to have the essential skills to run a business and achieve success but also the perception about controllability of the behaviour. Entrepreneurship research emphasizes the importance of perceived behavioural control as a mechanism for overcoming awareness of the greater technological, financial, legal uncertainties which are often related to new ventures. Controllability perception has positive effect on the intention to become a founder. Perceived behavioural control into two components include the availability of resources required to conduct the behaviour and the focal individual's self-confidence in the capacities to perform the behaviour. Perceived behavioural control is identified by control beliefs involving in the availability of factors (market opportunities, resources, role models, social capitals) which might facilitate or impede performance of behaviour. Perceived behavioural control is related to an individual's perception in terms of the difficulty in performing a specific behaviour. The person's perceived behavioural control and attitude toward behaviour can be determined through his or her belief control. If a person has strong self-efficacy of running a business, he or she can perceive the low risk in terms of performing business start-up. Thus, people, who have high entrepreneurial self-

efficacy, can have high level of willingness to start a business. In other word, entrepreneurial self-efficacy can influence perceived behavioural control positively.

3. Entrepreneurial Intention

According to Elitha (2020, p.151), entrepreneurial intention is one of the individual factors that can affect behavior to choose entrepreneurship as their career choice based on their belief and decision associated with past and future evaluation. According to Saraih (2018, p.2), entrepreneurial intention is the decision to become an entrepreneur and create a new business is a deliberate and conscious decision that requires time, considerable planning and a high degree of cognitive processing.

According to Smither (2018, p.201), the dimensions of entrepreneurial intention are as follows:

1. Adaptive

Adaptive capacity refers to the ability of the team to maintain focus on the external environment. In this sense the external environment includes clients who are within the same organization, but outside of the team itself, and influences completely external to the organization that impact the team's ability to meet its goals. In particular, this capacity focuses on maximizing performance, while continually adjusting and aligning the team itself to respond to those needs and influences. Adaptive capacity is cultivated through attention to assessments, collaborating and networking, and planning.

2. Leadership

Leadership capacity refers to the ability of both the team leader and the individual members of the team to set direction for the team and its resources and also guide activities to follow that direction. Leadership capacity is cultivated through attention to visioning, establishing goals, directing, motivating, making decisions, and solving problems.

3. Management

Management capacity is the ability of the team to ensure effective and efficient use of its resources. Management capacity is accomplished through careful development and coordination of resources, including people (their time and expertise), money, and facilities.

4. Technical

Technical capacity is the ability to design and operate products and services to effectively and efficiently deliver services to customers. The nature of that technical capacity depends on the particular type of products and services provided by the team and greater organization.

4. Relationship Between Entrepreneurial Self Efficacy and Entrepreneurial Intention

According to Elitha (2020, p.151), there is relationship between entrepreneurial efficacy with entrepreneurial intention. While it has been indicated above that entrepreneurial self efficacy has a significant influence on firm performance. The fact that entrepreneurial self efficacy can enact the entrepreneurial mindset which involves real action in pursuing entrepreneurial opportunities could suggest that the entrepreneurial self efficacy and performance relationship can be mediated by the entrepreneurial mindset. In order to survive in the current competitive business environment, small business owners need to continuously seek new opportunities and develop strategies to exploit them. Entrepreneurial traits like the entrepreneurial mindset and openness to experience were deemed as important factors for ensuring entrepreneurial success in difficult times. The

entrepreneur acts on this belief through openness to experience which enables him/her to proactively seek new knowledge and combine ideas through creativity, the result is the development of a tangible innovation that can have a direct consequence on the firms' performance. Entrepreneurs with high levels of entrepreneurial self efficacy often set challenging growth expectations for their businesses and persevere in their efforts to accomplish the set goals.

According to Sadriwala (2018, p.11), there is relationship between entrepreneurial efficacy with entrepreneurial intention. Small-firm performance and organizational outcomes are affected by personal traits. Self-efficacy is considered as a personal trait of entrepreneurs that affects small-firm performance. Self-efficacy is defined as the perceived personal ability to execute target behaviors and to attain designated performance goals by increasing optimism, perseverance and resilience. Individuals with high-efficacy beliefs initiate and persist in their behaviors despite uncertainty and scarce resources, interpreting failures as learning experiences. Self-efficacy can be assessed through both general traits and entrepreneurial traits. General self-efficacy is considered as a broad and stable sense of personal competence to deal effectively with a variety of stressful situations. Entrepreneurial self-efficacy is defined as a person's belief in his/her ability to successfully launch an entrepreneurial venture.

According to Saraih (2018, p.5), there is relationship between entrepreneurial efficacy with entrepreneurial intention. Self-efficacy has an extensive theoretical foundation and empirical research support in predicting future performance. Entrepreneurial self efficacy can lead to task-specific effects. Specifically speaking, as entrepreneurs have entrepreneurial self efficacy, which means that they hold strong beliefs in their own abilities to accomplish tasks in entrepreneurial areas, they establish challenging goals, display persistence, invest efforts regarding entrepreneurial tasks, and recover rapidly from failure. For example, entrepreneurs with entrepreneurial self efficacy are likely to set challenging growth expectations for their firms and persist in their efforts to accomplish these goals. Furthermore, the effects of these invested efforts are reflected in performance. In other words, entrepreneurial self efficacy transforms entrepreneurs' beliefs into efforts, which, in turn, improve firm performance

5. Theoretical Framework and Hypothesis

Theoretical framework of this research is as follows:

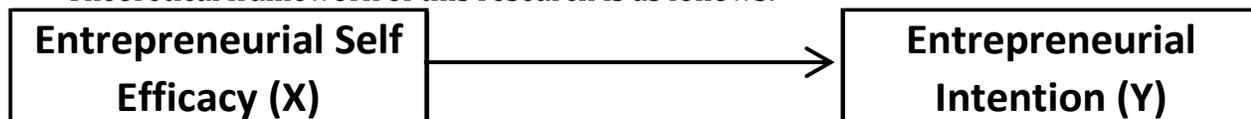


Figure 1. Theoretical Framework

Note:

X: Entrepreneurial self efficacy (Independent Variable)

Y: Entrepreneurial intention (Dependent Variable)

The writer determines H₀ (Hypothesis Null) and H_a (Hypothesis Alternative) as shown below:

H₀: Entrepreneurial self efficacy has no impact on entrepreneurial intention at PT Karya Lencana Mas.

H_a: Entrepreneurial self efficacy has impact on entrepreneurial intention at PT Karya

Lencana Mas.

RESEARCH METHODOLOGY

Research design used is descriptive method and correlational method. According to Fitzpatrick (2018, p.95), descriptive research involves collecting and analyzing data to characterize a group, concept or phenomenon. According to Melynk (2018, p.21), the purpose of correlational research is to examine the relationship between variables. The research object is PT Karya Lencana Mas. The location of the company is Jl. Aksara No.117 Medan. Time of research is October 2020 until March 2021. The population that is being used by the writer is all customers in PT Karya Lencana Mas which is 259 customers. The sample in this company is 157 customers. Research methods which used are descriptive statistic analysis, validity and reliability test, normality test, coefficient correlation, coefficient of determinant, simple linear regression analysis and Z testing.

FINDING AND DISCUSSION

The result and analysis of this research are as follows :

1. From the validity testing, the validity value of entrepreneurial self efficacy is in high and very high level validity. The questions of entrepreneurial self efficacy is valid because the validity value is over than 0.3. The validity value of entrepreneurial intention is in high and very high level validity. The questions of entrepreneurial intention is valid because the validity value is over than 0.3
2. From the reliability testing, the reliability value of entrepreneurial self efficacy and entrepreneurial intention are in very high level validity. Therefore, the questions of entrepreneurial self efficacy and entrepreneurial intention is reliable in this research because the reliability value is over than 0.6.
3. From normality testing, the significant value of entrepreneurial self efficacy is 0.227 and significant value of entrepreneurial intention is 0.293. It can be determined that the data of entrepreneurial self efficacy and entrepreneurial intention are in normal data distribution because the significant value is higher than 0.05.
4. From descriptive statistics, it shows that the average of respondent is disagree about the entrepreneurial self efficacy and entrepreneurial intention. The company cannot manage entrepreneurial self efficacy properly in maintaining entrepreneurial intention at PT Karya Lencana Mas.
5. In correlation test, the coefficient of correlation is 0.831. It can be known that entrepreneurial self efficacy has strong and positive relationship with entrepreneurial intention in PT Karya Lencana Mas.
6. From result of coefficient of determination testing, it can be known that the amount of coefficient of determination is 69.1%. It can be determined that 69.1% of entrepreneurial intention can be described by the entrepreneurial self efficacy.
7. From result of linear regression analysis, the linear regression equation is $Y = 2.407 + 1.180X$. It can known that the coefficient of regression is 1.180. It means that if there is increasing of entrepreneurial self efficacy in amount of 1 unit, there is increasing entrepreneurial intention in 1.180 unit.
8. The result of Z test shows that entrepreneurial self efficacy has significant impact on entrepreneurial intention. From the result of Z test, entrepreneurial self efficacy has z

count 10.37 that is over than z table (1.96).

CONCLUSION

Based on research in the company, the conclusion of this research is that entrepreneurial self efficacy has impact on entrepreneurial intention at PT Karya Lencana Mas. The result of Z testing shows that the entrepreneurial self efficacy has significant impact on entrepreneurial intention because Z count is higher than Z table. The outcomes of regression analysis confirms that there is positive relationship between entrepreneurial self efficacy and entrepreneurial intention. There is a positive relationship between entrepreneurial self efficacy and entrepreneurial intention implying that enhancement of entrepreneurial self efficacy leads to better entrepreneurial intention. It means that greater displays of entrepreneurial self efficacy by company will lead to higher levels of entrepreneurial intention. This implies that an increase in each of this entrepreneurial self efficacy attributes in company will lead to improved levels of entrepreneurial intention which is good for achieving organizational goals. From result of linear regression analysis, the linear regression equation is $Y = 2.407 + 1.180X$. It can known that the coefficient of regression is 1.180. It means that if there is increasing of entrepreneurial self efficacy in amount of 1 unit, there is increasing entrepreneurial intention in 1.180 unit.

RECOMMENDATION

1. The entrepreneur should increase the motivation in conducting the business to achieve the company's goals. The high motivation of employee can increase the entrepreneur's effort in solving the problem. The mindset is important for entrepreneur because with the positive mindsent can increase the entrepreneurial self efficacy. The entrepreneur should make good relationship with customer. The company can receive the feedback from customer in improving the product and service quality. The good collaboration between employee can increase the business performance.
2. The entrepreneur should maintain innovative environment. The company should give opportunity to employee in developing the creativity. The employee's participation should be increased in order that the employee can give suggestion to company in improving the business activities. The company should conduct innovation in providing product and service based on customer's expectation. Besides that, the entrepreneur should increase the effort in conducting business expansion. The entrepreneur can maintain business network in increasing the fund for business activities

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