

# The Effect of Entrepreneurship Literacy and University Support on Entrepreneurial Interest to Run Start-Up Business among Students

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**Abstract:** Universities in Indonesia nowadays actively have created entrepreneurial courses; in addition, the university also continues to facilitate students with various means of entrepreneurial practice to provide support for students in developing their business. Purposes of this research is to test relationship between Literacy Ability in Entrepreneurship, University Support, and Entrepreneurial Interest among students. With survey research design, results found that entrepreneurial literacy ability significantly influences Entrepreneurial Interest, but organizational support variables do not significantly influence the Entrepreneurial Interest.

**Keywords:** *Literacy Ability in Entrepreneurship, University Support, Entrepreneurial Interest, University Student*

## I. INTRODUCTION

In the past decade, the government through various policies and programs continues to encourage, so that universities, especially universities, facilitate students in addition to being scientists, they are also prepared to become business creators and creative economic developers. The government hopes that the more students become scholars, the more jobs will be created in Indonesia. Without the creation of massive new jobs, formal education graduates will not get employment opportunities to fulfill their daily needs. As a result, the number of unemployed will continue to increase and the poverty rate will continue to increase, both among people who are not educated, and even people who are highly educated.

It seems that the government is not only unrequited, because the university gives a positive response to the government's wishes. Various universities have done curriculum renewal by considering elements of entrepreneurship, not even a number of universities that directly declare themselves as educational institutions forming scientific-based young entrepreneurs.

Universities actively, creatively, structured and systematically have created entrepreneurship courses or at least renewed teaching program units from existing courses by incorporating elements of entrepreneurship, so students have literacy skills about scientific-based entrepreneurship. In addition, the university also continues to strive to facilitate students with various means of entrepreneurial practice, as well as collaborating with companies to provide support for students in developing their business.

In the current era of information technology, universities should no longer be burdened with creating business practices for students. Especially now that online applications are available that can be used by students to build information technology-based startups, known as startups. The university's task is only to motivate, introduce, teach, and improve the skills and creativity of students to use these applications to build a concrete startup.

Government and university synergies seem successful. It is marked by the increasing number of students who are interested, take part and try to develop startups to sell various products. However, university support for students is not enough to deliver students success and success in developing startups. Learning from startups who experience slowness in their growth, or stalled, even bankruptcy, then there are other factors that determine the success, including: entrepreneurial literacy ability of startups themselves.

In the interaction between students and learning resources in lectures, workshops, seminars or public lectures on "Information Technology-based Entrepreneurship", "e-Commerce", "e-Business", "e-Marketing" or other allied topics it appears that literacy skills the entrepreneurship of the students will also determine the quality of questions, deepening in discussion groups, to the creation of accurate strategies in various startups that are developed. Therefore, in this study, we will examine the effect of entrepreneurial literacy skills and university support on entrepreneurial intentions to open up the startup. This test is certainly important to assist universities in increasing their contribution to the successful development of startups among students.

There are two research purposes, first purposes is want to know whether the variable Entrepreneurial Literacy Ability has a positive and significant effect on the variable Entrepreneurial Intentions to Open StartUp. And the second purpose is want to know whether the variable University Support (Organizational Support) has a positive and significant effect on the variable Entrepreneurial Intentions to Open a StartUp.

## **II. Literature Review**

### **II.1. Entrepreneurial Awareness**

In fact, since the New Order government, Indonesia has begun to open up to foreign investors to encourage domestic economic growth. However, not all regions are able to attract the investors who arrive. This happened, because at that time, government officials at the central and regional levels were suspected of not having the awareness, insight and readiness for entrepreneurship.

Now, as awareness of the importance of entrepreneurship grows, the government has tried to make breakthroughs, policies and institutions to develop entrepreneurship, such as the Indonesia's Creative Economy Agency (Bekraf) formed with Presidential Regulation No. 6 in 2015. The Bekraf has a vision to build Indonesia to become one of the world economic powers in the creative economy in 2030. In addition, the Government through the Human Resources Empowerment Ministry of Cooperatives also continues to collaborate with universities to encourage students to develop entrepreneurship. Concrete manifestation of the business, the Ministry of Cooperatives and SMEs has initiated the Student Entrepreneurs Movement in collaboration with 59 state universities throughout Indonesia since 2018.

The growth of entrepreneurial awareness will certainly be a momentum for the rise of the Indonesian economy above the strength of the nation itself, especially the entrepreneurial scholars. They will create a new atmosphere in the form of a new company or industry with a science and technology approach. Moreover, the presence of information technology, especially the internet in all lines of life (internet of things - IoT) has been unstoppable, even has caused disruption in the business world (Kasali, 2017)<sup>[1]</sup> and changes in consumer behavior and attitudes today (Kartajaya, 2018)<sup>[2]</sup>.

### **II.2. Information Technology based business stubs**

One form of utilizing IoT is the establishment of information technology-based start-up businesses, often called startups. Where, anyone can build a website that functions as an online store to sell various products, such as stores in general.

The presence of technology entrepreneur scholars has presented various startups, even the world technopreneur has given birth to ways that are set as standards (platforms), such as Facebook, Twitter, Amazon and Google for doing business online (Wardhana & Makodian, 2010<sup>[3]</sup>; Simon, 2013<sup>[4]</sup>). This has led to a shift competition from between companies to between platforms (Kasali, 2018<sup>[5]</sup>). The technopreneur scholars also continue to compete to create new startup models. For them, the act of creation is a normal way to refresh, increase attractiveness, provide uniqueness and competitiveness for the startups it builds. Their principle is that without creation, the business will end (Thiel, 2015<sup>[6]</sup>).

### **II.3. Literacy Ability in Entrepreneurship**

In general, entrepreneurial literacy can be understood as awareness of the importance and existence of entrepreneurship, the ability to identify, discover, observe, analyze, process, use entrepreneurial knowledge

proportionally to create businesses (Hendro, 2011<sup>[7]</sup>), evaluate business information critically, organize and integrate it into existing knowledge, and communicate it to all relevant parties effectively, legally and ethically (Lien, Gunawan, Aruan, Kusuma, & Adriyanto, 2014<sup>[8]</sup>). Judging from the above understanding, the success of startup development is not just a matter of web programming ability, but is also determined by the ability of entrepreneurial literacy. Therefore, the literacy ability must be improved from time to time.

Students who want to develop startups should motivate themselves and equip themselves with techniques for reading literature (Setiawan, 2012<sup>[9]</sup>); don't be the opposite, They just immerse themselves in various games, films and music that can be enjoyed in the internet environment (Tapscott, 2013<sup>[10]</sup>). In addition, they also need to make observations on startup practices that occur, analyze competitors' strategies, always learn and develop logical ways of thinking to create systems with new and more precise strategies.

#### **II.4. University Support**

Organizational factors in encouraging the existence of conducive entrepreneurial activities, especially in the world of higher education, there are several factors that need to be considered, such as university policies, incentives given to students who are interested in becoming entrepreneurs, organizational culture, the quality of entrepreneurship education provided, and the network owned by universities with business and industry (Walter, Schmidt, & Walter, 2016<sup>[11]</sup>).

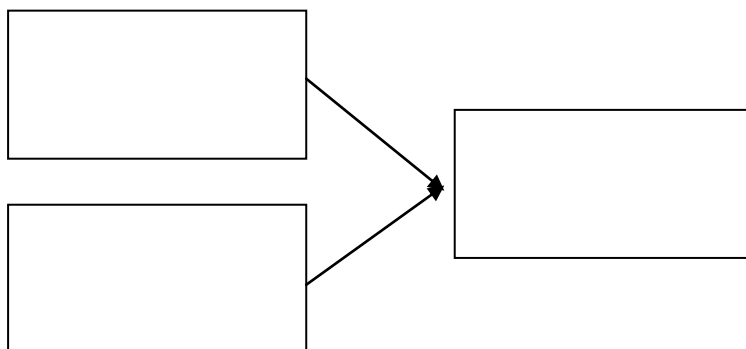
Research from Huyghe and Knockaer (2015) <sup>[12]</sup>appears that organizational culture inside and outside higher education has shown a positive influence on students' interest to become entrepreneurs. Positive and massive support from universities tends to motivate students to be confident in looking at their future as entrepreneurs.

#### **II.5. Entrepreneurial Interest (to run Start Up Business)**

Entrepreneurial interest is the desire, interest, and willingness to work hard or have a strong will to be independent or try to fulfill their needs without feeling afraid of the risks that will occur, as well as a strong will to learn from failure. Wijaya (2014) <sup>[13]</sup>expressed that interest in entrepreneurship as a willingness to work hard and diligently to achieve the progress of his business, a willingness to bear various risks associated with doing business, he was willing to take new paths and ways, a willingness to live frugally, and a willingness to learn from. Meanwhile, Wilson, Kickul, & Marlino (2007) <sup>[14]</sup>argues the measurement of entrepreneurial interest in wanting to start an independent business, both from 'quite interested' to 'very interested.'

In general, interest can be interpreted as a relatively settled tendency for someone to feel attracted to a particular field and feel happy to be involved in various activities related to that field; thus individuals who are interested in becoming entrepreneurs generally feel attracted and tend to be happy with the entrepreneurial profession. Because the individual is aware to be interested in something, then the interest itself is built by three basic things, namely thinking and understanding something (cognitive), feeling happy (affective) and the desire to act (conative); Individuals who are interested in becoming cognitive entrepreneurs have sufficient understanding of the benefits, challenges, and risks to be faced, feel happy with their choices, and will act as they believe.

From discussion above, research model can be described as follows:



*Fig. 1. Research Model*

## The Effect of Entrepreneurship Literacy and University Support on Entrepreneurial Interest to Run.

From the above model, hypotheses proposed in this study are:

H1: Entrepreneurship Literacy variable has a positive and significant effect on Entrepreneurial Intentions to run a Start Up Business

H2: Organizational Support variable has a positive and significant effect on Entrepreneurial Intentions to run a Start Up Business

### III. RESEARCH METHODS

The research design is a survey using a questionnaire, with the sampling technique used was purposive sampling. Questionnaire consisted of two parts; the first part was a question to explore information about the demographic profile of students and their desire to become entrepreneurs, as well as the fields they enjoyed if they would become entrepreneurs. While the second part contains questions to explore the understanding of entrepreneurial literacy and university support, as well as an entrepreneurial interest to run a start-up business in the future.

The study was conducted in the university environment. Each student was asked to readiness to fill out a questionnaire and the research was conducted from March to November 2019.

Research data will be processed uses multiple linear regression analysis, with the formula:

$$Y = \beta X_1 + \beta X_2 \quad (1)$$

Where:

Y = Entrepreneurial Interest

X<sub>1</sub> = Literacy Ability in Entrepreneurship

X<sub>2</sub> = University Support

β = Regression coefficient

### IV. RESEARCH RESULTS

Results from data analysis:

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.346 <sup>a</sup>	.120	.102	3.58693

Source: Primary Data (2019)

The Adjusted R square is 0.102. It shows that only 10.2% of intentions to make a startup are affected by the ability of entrepreneurial literacy and university support. While the rest (89.8%) is influenced by other factors (self efficacy, parent opinion, economic condition, etc.).

Table 2. ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	171.424	2	85.712	6.662	.002 <sup>a</sup>
Residual	1260.873	98	12.866		
Total	1432.297	100			

Source: Primary Data (2019)

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The Significant number (0.002) which is far below 0.05 in the table shows literacy ability and university support together influence Entrepreneurial Interest.

Table 3. Regression Coefficient Tests

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	33.611	2.173		15.470	.000
	literasi	-.287	.085	-.321	-3.372	.001
	organisasi_support	-.165	.161	-.098	-1.028	.307

Source: Primary Data (2019)

The table above shows that:

1. The entrepreneurial literacy ability variable significantly influences the intention to make a startup (number sig. Is 0.001 or below 0.05). This shows that the variable of entrepreneurial literacy ability significantly influences Entrepreneurial Interest variable. While the negative number (-0.287) shows that the effect of entrepreneurial literacy ability on the intention to build a startup is negative which means the more a person has a high entrepreneurial literacy ability, he tends not to intend to make a startup.
2. Meanwhile, organizational support variables (organizational support) do not significantly influence the Entrepreneurial Interest (sig. Is 0.307 or above 0.05). This shows that the support organization for students does not influence the student will intend to make a startup or not.

The fact obtained from the processing of the questionnaire data, that the more a person has a high entrepreneurial literacy ability, he tends not to intend to make a startup does not seem to match the expectations and views of Setiawan (2012) and Tapscott (2013).

Meanwhile, the results of questionnaire data processing which showed that university support did not significantly influence the intention to build a startup were not in accordance with the research of Huyghe and Knockaer (2015).

The two findings are certainly interesting to follow up in order to find the reason why students who are increasing their entrepreneurial literacy skills actually tend to have no intention of making a startup; On the other hand, it is also necessary to explore the reasons why university support does not significantly influence the intention to develop the startup. However, due to time constraints, the researchers only followed up on the first case by distributing follow-up questionnaires.

To find out the reason of the respondent, the researchers tried to make a short questionnaire and distributed it to respondents who were students who were taking e-Commerce courses in the Information Systems study program. Where as one of the objectives of the course is to foster a desire to develop an information technology-based startup (startup). Respondents consisted of 25 men and 24 women. Because of the age and status of the respondents in the range as students (homogeneous), the distribution of the second questionnaire, although not the respondents filling in the first questionnaire, but the results are considered to be representative.

The entrepreneurial literacy is clarified in 2 groups, first (positive): literacy in the form of information, concepts, theories, literature studies, case studies & practitioners' experiences; second (negative): information about risks, problems, failures & cases that occur in internet-based entrepreneurship.

When the respondent was asked: "The large amount of literacy in the form of information, concepts, theories, literature studies, case studies & experiences of practitioners gives rise to:", majority of respondent says they will be careful in making decisions to run a start-up.

And when the respondent was asked the second question: "After you get information about risks, problems, failures & cases that occur in Internet-based Entrepreneurship, do you still intend to develop internet-based entrepreneurship?",

majority of respondent says they still want to know more and explore internet-based entrepreneurship before they want to run a strat-up.

Most likely the amount of literacy is positive makes students feel that they are still far from the ideal standard of someone who will build a startup. Meanwhile, when the negative entrepreneurial literacy increases, there is a decrease again, leaving only 20 percent of students who still intend. It is likely that the number of literacy that is negative makes students aware that they do not have the ability to take risks or face problems that may occur.

## V. CONCLUSION

1. Judging from his behavior, the more a student has a high entrepreneurial literacy ability, he tends not to intend to make a startup business. Meanwhile, University Support does not significantly influence the intention to build startups.
2. Student who experiences positive literacy increases is more cautious, hesitant, even afraid of failure, because he feels that he is still far from the ideal standard of a startup builder.
3. Student who experiences an increase in negative literacy takes the attitude to postpone or even is not interested to run a startup business, because he feels that he has not been able to bear the risk and many problems that may occurs.

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