The Influence of Psychological Character, Entrepreneurial Managerial Competence, Communication and Network Competencies, and Self-Management Competencies on the Entrepreneurial Intention of Rural Adolescents

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ABSTRACT
The concept of entrepreneurship becomes so essential to be explored. In a big concept, entrepreneurship considered a change agent to the economic growth of many nations. In solved unemployment, one possible way of integrating young people into the labor market is to increase youth entrepreneurship. In the new paradigm in entrepreneurship, the process of entrepreneurship can be resulted by process or direct experience in the field, and the talent can be learned and taught. This study aims to examine the effect of the one package of entrepreneurial competencies on the intention to be entrepreneurship in youth. The target respondent in this study is the youth from a village in Indonesia. In the first step, this study tried to examine each competency cluster: psychological character, managerial and strategic, communication and networking, and self-management. All of the clusters tested partially into four models (model 1 – model 4). This study found that several competencies need to be considered in developing entrepreneurial competencies in rural youth, both soft and hard competencies. In the tests conducted, ten competencies that have proven to influence entrepreneurial intention (locus of control, innovation, business model competency, administrative competency, networking skills, communication skills, managing people, emotional control, and flexibility). In the second step, this study tried to test all competencies in simultaneously (model 5). This test resulted that only for competencies (locus of control, innovativeness, business model competency, and administrative competency) significantly had a positive effect on entrepreneurial intention.

Keywords: entrepreneurial intention, managerial competencies, rural youth

1. INTRODUCTION

Today, the concept of entrepreneurship become so essential to be explored. In a big concept, entrepreneurship considered as a change agent to the economic growth of many nations [1]. When entrepreneurship grows and impacts economic growth, it will be followed with subsequent prosperity, and potential impacts to the wealth, living standards, and well-being of populations [2]. Besides contributing to economic growth, entrepreneurial contribute to knowledge and technology adoption. Policymakers considered that the development of entrepreneurship and start-up intention could solve the problem of a high unemployment rate in many countries [3]. Sustained entrepreneurship creates autonomous jobs and is the driver of employment creation as well [4]. In the end, all parties, including academicians, practitioners, and policymakers, encourage to cultivate the entrepreneurial mindset among society [5]. This, because entrepreneurship so crucial in a sense to improves economic efficiency, brings innovation into labour markets and production, creates new jobs, and enhances employment rate [6].

The concept of entrepreneurship feels very important at this time, the COVID-19 period. The COVID-19 pandemic not only forced office or company operations...
to close but also encouraged the layoffs of employees. The condition also caused a setback in efforts to reduce unemployment. Indonesia’s Labour Ministry recorded about 1.2 million workers are laid off from 74,430 companies because of the COVID-19 pandemic. Based on data from the Ministry of Manpower and BPJS Ketenagakerjaan, there are 2.8 million workers directly affected by COVID-19. They consist of 1.7 million formal workers laid off, and 749.4 thousand terminate the employment contract. Based on Indonesia Statistic Centre or Badan Pusat Statistik (BPS), unemployment has recorded about 5.34% or 7 million people in August 2018. In 2017, the population of Indonesia reached more than 260 million people. Based on the report “Macroeconomic Analysis Series: Indonesia Economic Outlook” by LPEM FEB UI, the Covid-19 pandemic will significantly affect the economic condition. Indonesia’s GDP in 2020 is projected to grow slower at 2.4%-2.6% in 2020.

In the COVID-19 period, economic pressures cannot be ignored. Long-term planning is needed to recover economic conditions. The lockdown policy in preventing the spread of COVID-19 is mostly carried out in urban areas. The condition raises the opportunity for rural areas to take the forefront in the economic foundation. This condition gave a momentum to build sustainable economies in rural areas. This is also more likely to occur with the presence of village youths who are studying or working in urban areas and are returning home. They can foster rural economy faster with entrepreneurship. The conditions of distance learning or online make them have time to develop their business. In the long-term, rural youth will stay to develop the village. They can develop small business with entrepreneurship. New entrepreneurs will become a new employer that open new job in reducing the number of unemployed. Entrepreneurship has played an essential role in the economic prosperity and social stability of many developed countries. Based on data from the Indonesia Statistic Centre, Indonesia’s economy based on GDP in 2019 grew 5.02%.

In the new paradigm in entrepreneurship, the process of entrepreneurship can be resulted by process or direct experience in the field, and the talent can be learned and taught [7]. In Indonesia, many educations at each level established an entrepreneurship education. Most education institutions include entrepreneurship in their course. Entrepreneurship education in Indonesia mostly has failed to create new entrepreneurs because an entrepreneur is not a favorite career choice for the student, although they are students in the entrepreneurship department [8]. It needs the role of universities to prepare the student and to produce quality entrepreneurs [7]. Education institution has provided a teaching model to build entrepreneurial and managerial competencies, so the student can be ready to be an entrepreneur in the future. The education system is a critical area that is easy to intervene for entrepreneurship as a viable alternative to dependent employment [9].

The entrepreneurial system required the development of entrepreneurs with specific abilities and competencies, the most important of which is entrepreneurial competencies [6]. Many previous studies have discussed the factors associated with entrepreneurial intention among the youth. Entrepreneurial intention is defined as a person’s desire to own a business or start an enterprise [10]. The previous research conducted the study to test the relationship between psychological characteristics toward entrepreneurial intention [1]. These results have shown that innovativeness, self-confidence, propensity to take a risk, need for achievement, and tolerance for ambiguity is positively related to entrepreneurial intention among undergraduate students Universiti Malaysia Sabah (UMS). However, the focus of control is not significantly related to entrepreneurial intention. The other researchers also found that psychological capital (hope, resilience, and self-efficacy) have positive effects on start-up intention [11]. The four dimensions of motivation to become an entrepreneur (i.e., being-innovative, hope, altruism, and raw model motivation) have a significant effect on entrepreneurial intention [8]. The research conducted in public university students in Madrid, Spain, found that the six dimensions of personality traits affect entrepreneurial intention [12].

The intentions of rural youth to build entrepreneurial SMEs will be strengthened if they are empowered by entrepreneurial competencies [6]. The younger entrepreneurs may feel financial constraints, such as difficulties getting bank loans or finding other investors. Mitigate the condition; the youth can undergo two roles in their life, working in an organization, and starting a business. Inline, Jack Ma (CEO Alibaba) argued follow good boss in the best choice in the aged 20s and joined an excellent company to learn how to do things properly. Young entrepreneurs are the main driving force of rural development, and the sustainability of rural development can be greatly influenced by close attention to the abilities of entrepreneurs and the competencies of young people and the improvement of these competencies [6].

This study aims to examine the effect of the one package of entrepreneurial competencies on an intention to be entrepreneurship in youth villager. The target respondent in this study is the youth from some villages in Indonesia. This research will be interesting because the government is indeed focusing on village development. Based on the results of Village Potential Data Collection or Pendataan Potensi Desa (PODES), there were 83,931 administrative areas of the village level. The Village Development Index or Index Pembangunan Desa (IPD) showed the level of development in villages with underdeveloped, developing, and independent status. The
Results of the IPD categorization resulted in 14,461 underdeveloped villages (19.17 percent), 55,369 developing villages (73.40%), and 5,606 independent villages (7.43%). With abundant natural resources, village management is still unable to be optimal. According to data from the Indonesian Central Statistics Agency, the number of poor residents in rural areas is 15.15 million people (March 2019). This figure is greater than the number of poor residents in urban who reached 9.99 million people in the same period. In percentage, the number of poor people in rural areas is 12.85%. Even so, the number of poor residents in rural areas is relatively down from 2018, which was recorded at 15.54 million people. This condition is a concern of the Indonesian government in optimizing the potential of villages in accelerating economic development in rural areas. Since 2015, the government has allocated budgets to rural areas through the village fund.

2. METHOD

This study aims to examine the effect of psychological characteristics and entrepreneurs’ managerial competencies on an intention to entrepreneurial intention in rural youth. The entrepreneurial competencies in this research formulated into four clusters: psychological character, managerial and strategic, communication and networking, and self-management. All competencies will use as the independent variable. The entrepreneurial intention will act as the dependent variable. This study used questionnaires as collecting data method. The target respondent in this study is the youth. This study used Structural Equation Model (SEM) for analyzing data. In processing data, the researcher used software SPSS and LISREL.

Research Hypothesis:
H1a : Locus of control positively influences on entrepreneurial intention in the rural youth.
H1b : Propensity to take risk positively influences on entrepreneurial intention in the rural youth.
H1c : Self-confidence positively influences on entrepreneurial intention in the rural youth.
H1d : Need for achievement positively influences on entrepreneurial intention in the rural youth.
H1e : Tolerance of ambiguity positively influences on entrepreneurial intention in the rural youth.
H1f : Innovativeness positively influences on entrepreneurial intention in the rural youth.
H2a : Business model competency positively influences on entrepreneurial intention in the rural youth.
H2b : Administrative competency positively influences on entrepreneurial intention in the rural youth.
H2c : Knowledge & technology competency positively influences on entrepreneurial intention in the rural youth.
H2d : Attaining financial positively influences on entrepreneurial intention in the rural youth.
H3a : Communication skill positively influences on entrepreneurial intention in the rural youth.
H3b : Networking skill positively influences on entrepreneurial intention in the rural youth.
H3c : Managing people positively influences on entrepreneurial intention in the rural youth.
H4a : Flexibility positively influences on entrepreneurial intention in the rural youth.
H4b : Personal credibility positively influences on entrepreneurial intention in the rural youth.
H4c : Handling stress positively influences on entrepreneurial intention in the rural youth.
H4d : Emotional control positively influences on entrepreneurial intention in the rural youth.
H4e : Open mindset positively influences on entrepreneurial intention in the rural youth.

After have distributed the questionnaire, the researchers received about 748 questionnaires to process in the next step. The total respondents who participated in this study were 748 people consisting of 192 males (25.7%) and 556 females (74.30%). Based on religion, the majority of respondents were Islam (95.1%). Based on age, the respondents were 520 people (69.5 %) between 16 and 20 years old, 215 people between 21 and 25 years old (28.7%), while 13 people were above 25 years old (1.7 %). Based on their hometown, the respondents in this study came from 25 provinces in Indonesia, and the highest number came from East Java (83.3%). The respondent also asked their family
background. The majority of respondents recognized if they came from an entrepreneur family (59.2 %), while 40.8% of respondents did not have an entrepreneur background in their family.

3.2. Validity Measurement

To test validity, the researcher using Confirmatory Factor Analysis (CFA) [13]. The purpose of this test to make sure all dimensions or variables proper to the next statistical test. item will be significant if a loading factor higher than 0.5. The first processed data showed that there are some items which not fulfill loading factor’s standard ≥ 0.5. The items are LC1, LC2, LC3, LC5, LC7, PR2, PR3, PR4, PR6, SC1, SC2, SC3, SC4, SC6, NA2, NA3, NA4, NA6, TA3, TA4, TA6, IN1, and IN5. These items will be deleted, and we process the second running LISREL. After the cut-off dimension, which not proper in this test, the researcher did second running. On second running LISREL, all variables have been proper loading factor criteria ≥ 0.5. the CR value was in the range 0.66 - 0.93 that indicated fulfill the reliability criteria CR ≥ 0.7. This condition was also in VE. The VE value was in range 0.5 – 0.7 and indicated that the variables fulfill VE ≥ 0.5.

3.3. Reliability measurement

The purpose of reliability is how to ensure reliability for each used item reliable to measure a variable. to use the construct reliability (CR) and variance extracted (VE) when the model used is structural equation modeling (SEM) to show data reliability. The use of CR will be proper if the item fulfills reliability criteria, the value CR ≥ 0.70 and VE ≥ 0.5.

3.4. Descriptive Statistics

Descriptive statistics are statistics that organize and analyze data and numbers in order to provide regular, concise, and transparent data so that specific meanings can be drawn. all variable had the mean in “high category”. The maximum value was in range 5.33 to 6.00, while the minimum value was 1.00 to 2.20.

It should be noticed that the propensity to take a risk (PR) has the highest means, while the networking skill (NS) has the lowest means. For the standards deviation, locus of control is the highest value with 1.06587.

3.5. Hypothesis Test

This study has five research models for measuring the relationship among variables (Table 1). In model 1, the researchers examined the influence of psychological character on entrepreneurial intention. Model 2 tested the relationship between managerial and strategic competencies on entrepreneurial intention. Model 3 focused on the effect of communication skills on entrepreneurial intention. Model 4 was to find out the effect of self-management on entrepreneurial intention. In the last, model 5 determined the effect of psychological character, managerial stratégie, communication sille, and self-management together on entrepreneurial intention. Each variable is proxy by several supporting dimensions.

In the first test, the researcher used path analysis to measure 13 hypotheses in four models, model 1 to model 4. Nine hypotheses were supported, and the hypothesis was not supported. Two hypotheses in model 2 were supported. This result indicated that locus of control had a positive effect on the entrepreneurial intention on the rural youth (β = 0.2, t-value (2.62) ≥ 1.645), and innovativeness had a positive effect on the entrepreneurial intention on the rural youth (β = 0.52, t-value (7.35) ≥ 1.645). Based on model 1, H1a and H1f were accepted. In model 2, two hypotheses were supported, and two hypotheses were not supported. Based on the result, business model competencies had a positive effect on the entrepreneurial intention of the rural youth (β = 0.50, t-value (8.76) ≥ 1.645). Administrative competencies had a positive effect on the entrepreneurial intention of rural youth (β = 0.25, t-value (4.45) ≥ 1.645). However, attaining financial did not have a positive effect on the entrepreneurial intention of rural youth (β = -0.05, t-value (-1.07) ≤ 1.645). The same result occurred in the knowledge of technology, which did not have a positive effect on entrepreneurial intention (β = -0.70, t-value (1.38) ≤ 1.645). Based on model 2, H2a and H2b were accepted while H2c and H2d were rejected.

Based on the result of model 3, all variables had a positive effect on the entrepreneurial intention of rural youth. The result indicated that H3a, H3b, H3c were accepted. The test resulted that the networking skill proved had a positive effect on the entrepreneurial intention of rural youth (β = 0.24, t-value (4.01) ≥ 1.645). Networking skills positively

Influenced the entrepreneurial intention of rural youth (β = 0.19, t-value (2.59) ≥ 1.645). Managing people positively related to the entrepreneurial intention of rural youth (β = 0.27, t-value (4.76) ≥ 1.645). In model 4, two hypotheses were supported, and another two hypotheses were rejected. The processed data resulted that emotional control (β = 0.27, t-value (2.58) ≥ 1.645) and flexibility (β = 0.23, t-value (2.86) ≥ 1.645) had positive influence on the entrepreneurial intention of rural youth. In other side, handling stress (β = 0.05, t-value (0.52) ≤ 1.645) and personal credibility (β = 0.07, t-value (0.89) ≤ 1.645) did not have positive effect on the entrepreneurial intention of rural youth. In conclusion, H4a and H4d were accepted while H4b and H4c were rejected.

Model 5 in this research to test all dimension on independent and dependent variable in simultaneously. Based on path analysis test for Model 5, four hypotheses supported and nine hypotheses were not supported. This
result indicated that locus of control had a positive influence to entrepreneurial intention ($\beta = 0.17$, t-value $(2.23) \geq 1.645$), innovativeness had a positive influence to the entrepreneurial intention of rural youth ($\beta = 0.16$, t-value $(1.66) \geq 1.645$), business model had a positive influence to the entrepreneurial intention of rural youth ($\beta = 0.31$, t-value $(3.53) \geq 1.645$), and this condition also occurred in administrative competency who had a positive influence to the entrepreneurial intention of rural youth ($\beta = 0.26$, t-value $(3.50) \geq 1.645$). Otherwise, attaining financial ($\beta = -0.09$, t-value $(1.54) \leq 1.645$), knowledge of technology ($\beta = 0.04$, t-value $(0.62) \leq 1.645$), network skill ($\beta = 0.11$, t-value $(1.38) \leq 1.645$), communication skill ($\beta = -0.06$, t-value $(-0.78) \leq 1.645$), managing people ($\beta = 0.02$, t-value $(0.26) \leq 1.645$), emotional control ($\beta = -0.11$, t-value $(-1.02) \leq 1.645$), handling stress ($\beta = 0.06$, t-value $(0.78) \leq 1.645$), personal credibility ($\beta = -0.02$, t-value $(-0.33) \leq 1.645$), and flexibility ($\beta = -0.01$, t-value $(-0.15) \leq 1.645$) did not have a positive influence to the entrepreneurial intention of rural youth.

### 3.6. Goodness of Fit Model

This study used structural equation modeling (SEM) analysis using LISREL 8.80 to test the model fit. SEM gives more goodness-of-fit indices for the full structural model, giving more superior empirical results [24]. The fit model achieved if there are at least 4-5 indicators of goodness of fit, but the criteria must be covered in each GOF measurement: absolute fit measures, incremental fit measures, and parsimonious fit measure. Based on the result of processing data, the fit statistics were excellent (RMSEA $\leq 0.08$; RMR $\leq 0.05$; NFI $\geq 0.90$; TLI $\geq 0.90$; CFI $\geq 0.90$; IFI $\geq 0.90$; GIF $\geq 0.90$; IFI $\geq 0.90$), thus further confirming an excellent fitting model.

### 4. DISCUSSION

#### 4.1. Youth Entrepreneurship in Decreasing the Poverty

The economic development of the village with various abundant natural resources becomes homework for the government. This is inseparable from the rural economic conditions that are still lagging behind. Based on the data from Badan Pusat Statistik (BPS) or the Indonesian Central Statistics Agency, the number of poor people in March 2019 was 25.14 million people, decreasing 0.53 million people from September 2018 and decreasing 0.80 million people towards March 2018.

The number of poor people in the urban area in March 2019 fell about 136.5 thousand people from September 2018 (from 10.13 million people in September 2018 to 9.99 million people in March 2019). Meanwhile, the number of poor people in rural areas fell about 393.4 thousand people (from 15.54 million people in September 2018 to 15.15 million people in March 2019). The poor population in Indonesia is still contributed from rural areas, about 60%. The number is higher than the poor population in urban areas.

<table>
<thead>
<tr>
<th>Model</th>
<th>Path</th>
<th>Coefficient</th>
<th>Path estimate</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>Locus of control – Entrepreneurial Intention</td>
<td>0.20</td>
<td>2.62**</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>Innovativeness – Entrepreneurial Intention</td>
<td>-0.52</td>
<td>-7.35**</td>
<td>Supported</td>
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<tr>
<td>Model 2</td>
<td>Business Model – Entrepreneurial Intention</td>
<td>0.50</td>
<td>8.76**</td>
<td>Supported</td>
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<td></td>
<td>Attaining Financing – Entrepreneurial Intention</td>
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<td>-1.07</td>
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<tr>
<td></td>
<td>Knowledge of Technology – Entrepreneurial Intention</td>
<td>0.70</td>
<td>1.38</td>
<td>Rejected</td>
</tr>
<tr>
<td></td>
<td>Administrative Competency – Entrepreneurial Intention</td>
<td>0.25</td>
<td>4.45**</td>
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<td>Model 3</td>
<td>Network Skill – Entrepreneurial Intention</td>
<td>0.24</td>
<td>4.01**</td>
<td>Supported</td>
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<td></td>
<td>Communication Skill – Entrepreneurial Intention</td>
<td>0.19</td>
<td>2.59**</td>
<td>Supported</td>
</tr>
<tr>
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<td>Managing People – Entrepreneurial Intention</td>
<td>0.27</td>
<td>4.76**</td>
<td>Supported</td>
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<td>Model 4</td>
<td>Emotional Control – Entrepreneurial Intention</td>
<td>0.27</td>
<td>2.58**</td>
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<td>Handling Stress – Entrepreneurial Intention</td>
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<td></td>
<td>Personal Credibility – Entrepreneurial Intention</td>
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<td>0.89</td>
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</tr>
<tr>
<td>Model 5</td>
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<td>2.23**</td>
<td>Supported</td>
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<td></td>
<td>Innovativeness – Entrepreneurial Intention</td>
<td>0.16</td>
<td>1.66**</td>
<td>Supported</td>
</tr>
<tr>
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<td>Business Model – Entrepreneurial Intention</td>
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<td>3.53**</td>
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</tr>
<tr>
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<td>Attaining Financing – Entrepreneurial Intention</td>
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<td>-1.54</td>
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<tr>
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<td>Administrative Competency – Entrepreneurial Intention</td>
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<td>3.50**</td>
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</tr>
<tr>
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</tr>
<tr>
<td></td>
<td>Flexibility – Entrepreneurial Intention</td>
<td>-0.01</td>
<td>-0.15</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Note: Estimate use $t \geq 1.65$ (one tailed)
Source: Processing Data from LISREL 8.8

Table 1 Path Coefficient and Hypotheses Test
Entrepreneurship has been considered one of the potential solutions for income poverty and many social challenges [14]. Entrepreneurship able to decrease unemployment, increase the people or resources productivity, and improve people’s income [6]. The study showed evidence of entrepreneurship in overcoming poverty [1]. The study of entrepreneurship is also interesting to discuss when related to the perspective of rural areas. The development of entrepreneurship in rural areas is challenging due to a lack of human resources, and it is not possible to use the traditional formal education approach [15].

The empowerment of rural youth is one of the concrete steps in developing rural entrepreneurship. A rural entrepreneur operating an enterprise is an individual who resides in the rural area and establishes an SME in the community that contributes to the economic development of his or her rural area [6]. This is based on the ability of young people who are still able to get new knowledge. They are also easily open mindsets towards something and a new way.

They are very open and mastered in technology. The youth in rural meet limitations in facilities and infrastructure in rural areas that are still lagging behind than in urban areas. More facilities need to be provided for prospective entrepreneurs [16]. Rural economies are often framed in terms of structural deficits arising from population loss, inadequate investment, limited levels of human capital, and aging populations [15].

4.2. Building the Entrepreneurship in Youth Villager

Government policies on entrepreneurship programs should focus more on prospective young to start new business ideas in market niches rather than limiting training programs to existing businesses because these businesses already have ongoing business activities [16]. The government can help in terms of providing subsidies to the youth who cannot compete with the existing firms [16]. Entrepreneurship training can be a way to strengthen the capacity of entrepreneurial spirit for youth in the village. Entrepreneurship training is defined as any educational program or educational process that develops entrepreneurial attitudes and skills [17]. This research succeeded in confirming if the competencies in youth village had a positive effect on the desire to become young entrepreneurs.

Based on this research, there are several competencies that need to be considered in developing entrepreneurial competencies in rural youth, both soft and hard competencies. In the test conducted, competencies proven to be influential in this research were the locus of control, innovativeness, business model competency, administrative competency, networking skill, communication skill, managing people, emotional control, and flexibility. These competencies can be the foundation in developing entrepreneurship training in accordance with village youth. This research grouped into three clusters, namely competency dealing business (innovativeness, business model competency, and administrative competency), competency dealing people (networking skill, communication skill, and managing people), and competencies were dealing self-management (locus of control, emotional control, and flexibility).

Based on the competencies, this research can develop three types of training and development: training in a business area, training in managing people area, and training in self-management. Two categories training: presentation methods and hands-on methods. The presentation method is a training method in which people who are trained are passive recipients of the information.

The hands-on method is a training method that involves people who are actively trained in the teaching process. Our paper suggested combining both of them in increasing effective results, but the portion of the hands-on method is higher than the presentation method. The training (seminar/workshop) can include how business can be set-up and conducted by inviting successful entrepreneurs to share entrepreneurial knowledge in order to give new insight or ideas on when and how to overcome [16].

5. CONCLUSION

In the first step, this study tried to examine each competency cluster: psychological character, managerial and strategic, communication and networking, and self-management. All of the clusters tested partially into four models (model 1 – model 4). This study found that there are several competencies that need to be considered in developing entrepreneurial competencies in rural youth, both soft and hard competencies. In the tests conducted, ten competencies that have proven to influence entrepreneurial intention (locus of control, innovation, business model competency, administrative competency, networking skills, communication skills, managing people, emotional control, and flexibility).

In the second step, this study tried to test all competencies in simultaneously (model 5). This test resulted that only for competencies (locus of control, innovativeness, business model competency, and administrative competency) significantly had a positive effect on entrepreneurial intention. This research grouped into three clusters, namely competency dealing business (innovativeness, business model competency, and administrative competency), competency dealing people (networking skill, communication skill, and managing people), and competencies were dealing with self-management (locus of control, emotional control, and flexibility). Based on the competencies, this research can develop three types of training and development: training
in the business area, training in managing people area, and training in self-management.

REFERENCES


