

How the Impact of Business Model, Technology and Knowledge, Networking, and Attaining Financial Competencies on Woman Entrepreneurial Intention for Rural Youth

Ahmad Fawaiq Suwanan^{1*}, Dediek Tri Kurniawan², Rani Dwiastika Listyani Puteri³, Joko Sayono⁴

^{1,2,3,4} Universitas Negeri Malang, Malang, Indonesia

*Corresponding Author. Email: ahmad.suwanan.fe@um.ac.id

ABSTRACT

Entrepreneurship is a process to create many new idea and solution. In this era, being entrepreneur is not only for men but there are women. Women's entrepreneurship plays a substantial role in increasing employment rates. This study aims to examine the relationship between entrepreneurs' managerial competencies (business model development, knowledge and technology, networking, communication, creativity, and innovation, and attaining finance competencies) and entrepreneurial intention for youth women in rural area. This study involves 360 rural youth women in East Java, Indonesia. Based on this processed data, two competencies that influence on entrepreneurial intention are administrative competency and business model development competencies. However, five competencies (creativity and innovativeness, networking, communication, technology, and knowledge and attaining finance) have no significant effect on entrepreneurial intention for women youth in rural area. Both competencies can be a reference in developing program or policy for woman entrepreneur in rural area.

Keywords: *Entrepreneur's managerial competencies, women entrepreneurship, rural youth, rural area.*

1. INTRODUCTION

Indonesia is one country that has higher youth unemployment every year (1). Based on data from Indonesia Statistics Centre, the unemployment rate in August 2020 was 7.07% which increased by 1.84% compared to August 2019. Youth unemployment is an unemployment on age 15-24 year (2). There are approximately 29.12 million people (14.28 percent) of the working age population who have been affected by the Covid-19 pandemic, consisting of unemployed labor force due to the pandemic (2.56 million people), temporarily unemployed (1.77 million people), and the working population who experienced a reduction in working hours due to Covid-19 (24.03 million people). Youth unemployment spread on many areas, but the highest rate of unemployment is in rural area because

there has less job opportunity so many rural youths migrate to the city for applying for a job.

Entrepreneurship has been considered as one of the potential solutions for poverty and many social challenges (3); (4) Entrepreneurship can improve economic efficiency, bring innovation into labor markets and production, creates new jobs, and enhances employment rate (5). Entrepreneurship is a knowledge about how to optimize many aspects and use the choice well. It is also about how to manage all input to get more output. Entrepreneurship is important to boost economic growth. Based on David McClelland, countries can be more prosperous if more than 20 percent of their citizen have entrepreneurship skill (6). Entrepreneurship can solve many problems in a country, such as poverty, economy crisis, and unemployment (7).

An entrepreneur needs a set of competencies to operate a business, called entrepreneurial competencies. Competence is a series of abilities, traits, and behaviors (8). Competence is often defined as "what kind of people" and "what they can do" not about "what they might do" (9). Entrepreneurial competencies is a knowledge, ability, that can help increase the performance. The previous research showed that rural youth need a set of competencies to get prepared for launching a business (5). There are some entrepreneurial competencies, such as: analyze ability, take opportunity, find market needs, increase competencies to be better, and communication ability (10). classify entrepreneur competencies for rural youth into several categories: strategic, communicative, psychological, and opportunistic competencies. With entrepreneurial competencies, other problems also can be solved (5). If we can upgrade, the quality of individual can be higher. If quality of human increase, many sectors can increase because there is better management.

Women's entrepreneurship plays a substantial role in reducing unemployment rates. The issue about women's entrepreneurship had a high attention (11); (12), especially in providing the role of women's entrepreneurship in promoting economic growth, reducing poverty rate and ensuring sustainable development. In this era, entrepreneur are not only for men but there are women. There are many women as an entrepreneur. Based on study conducted by (13), women entrepreneur has some motivation to be entrepreneur, such as: capital, family business, hobby, etc. some challenges on time management, competition, customer pleasure, innovation, marketing strategy, financial management, etc. Ministry of Women Empowerment and Child Protection Indonesia, Linda Gumelar on APEC Women Bali 2013, small business subject in Indonesia 60% are women on food and handicraft (14)

This study aims to examine the relationship between entrepreneurs' managerial competencies (business model, technology, and attaining financial competencies) and entrepreneurial intention for youth women in rural area. This study will conduct on East Java, Indonesia. This paper will explain about what the determinant factors of woman entrepreneurial intention for rural youth is.

1. Entrepreneurship

Entrepreneurship is a process to create many new idea and solution (15). Based on (16) entrepreneurship is a wealth creator by innovation and creation. Entrepreneurship is some knowledge about how to optimize many aspects and use the choice well. It also about how to manage all inputs to get more output. Entrepreneurship is important in many countries because it can boost economic growth and reducing

unemployment rate. According to David McClelland study, a country can be more prosperous if at least two percent of the society have entrepreneurship skills (6)

2. Woman Entrepreneur

Women entrepreneur is a woman that can optimize input production. Many factors that can lower and obstruct their motivation to be woman-entrepreneur, such as: Women factor, social-culture, emotional factor, administrative factor, and education factor. Factor that can boost their motivation are role model, support from family and friends, and education (17).

3. Entrepreneurial Competencies

Competencies are a knowledge and ability to solve the problems. So, entrepreneurial competencies are a knowledge or ability that must be owned by entrepreneur to do their job and solve the problem. Based on (18), entrepreneurial competencies are a competency that has focus on business opportunity. Based on (19) Entrepreneurial Competencies are the aspects that can increase entrepreneurship. Based on (10), the entrepreneurial competencies that must be owned by entrepreneurs including:

1. Analyze ability with systematic
2. Ability to find opportunity and optimize input.
3. Ability to find consumer's needs
4. Ability to study hard to get more competencies
5. Communication ability.

2. METHODS

This study aims to examine the effect of entrepreneurs' managerial competencies on entrepreneurial intention for rural youth. The entrepreneur's managerial competencies consist of seven competencies: administrative competency, network building, business model development, knowledge and technology, creativity, innovation, and attaining finance. 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 which will be distributed for women youth in rural area. The location of this research focus on East Java, Indonesia. The target respondent in this study is the youth. This study used Partial Least Square-Structural Equation Model (PLS-SEM) for analyzing data. In processing data, the researcher used software SPSS and SmartPLS.

Intention to be entrepreneur using six items measuring entrepreneurial intention. The measurement of

entrepreneurs' managerial competencies adopted from (19). Entrepreneurs' managerial competencies consists of administrative competency, creativity and innovation, network building, knowledge and technology, business model development and attaining financial competency. All items in all variables used seven-point Likert scales ranging from 1 "strongly disagree" and 6 "strongly agree". Before distributing the questionnaire, the researcher conducted a pre-test for 40 respondents.

Research hypothesis:

H1 : Administrative competency positively influences on entrepreneurial intention in the rural youth.

H2 : Attaining financial positively influences on entrepreneurial intention in the rural youth.

H3 : Business model competency positively influences on entrepreneurial intention in the rural youth.

H4 : Communication competency positively influences on entrepreneurial intention in the rural youth.

H5 : Creativity and Innovativeness positively influences on entrepreneurial intention in the rural youth.

H6 : Knowledge & technology competency positively influences on entrepreneurial intention in the rural youth.

H7 : Networking competency positively influences on entrepreneurial intention in the rural youth.

3. RESULTS AND DISCUSSION

Table 1 shows the demographic respondent in this research. After distributed questionnaires, the researchers received about 360 respondents to be processed in data analysis. This research used woman respondents in rural area (Table 1). The demographic profile of the respondents in this research can be shown in Table 1. The age of respondents that less than 20 years old is about 60.2% and 39.2% our respondents age is 20-30 years old. Based on their family background, 61.1% have a family who own a business. Most of respondents have ever attended formal learning related entrepreneurship (77.8% respondents) and attended on informal learning related entrepreneurship (77.3%).

Table 1. Demographics Respondent

<i>Characteristic</i>	<i>Frequency</i>	<i>%</i>
<i>Age</i>		
Less than 20 years old	142	39.2%
20 – 30 years old	218	60.2%
Total	360	100,00%
<i>Status</i>		
Single	357	99.2%
Married	3	0.8%
Total	360	100,00%
<i>Do you have a family that own business (entrepreneur)?</i>		
Yes, I do	220	61.1%
No, I don't have	140	38.9%
<i>Have you ever attended formal learning about entrepreneurship?</i>		
Yes, I have	280	77.8%
No, I have not	80	22.2%
<i>Have you ever attended informal learning about entrepreneurship?</i>		
Yes, I have	193	77.3%
No, I have not	167	22.7%
<i>Location</i>		
Kabupaten Blitar	34	9.4
Kabupaten Jombang	16	4.4
Kabupaten Kediri	41	11.4
Kabupaten Lumajang	2	.6
Kabupaten Madiun	3	.8
Kabupaten Malang	140	38.9

<i>Characteristic</i>	<i>Frequency</i>	<i>%</i>
Kabupaten Mojokerto	13	3.6
Kabupaten Nganjuk	13	3.6
Kabupaten Ngawi	4	1.1
Kabupaten Pasuruan	30	8.3
Kabupaten Ponorogo	2	.6
Kabupaten Probolinggo	8	2.2
kabupaten Situbondo	1	.3
Kabupaten Sumenep	3	.8
Kabupaten Tuban	9	2.5
Kabupaten Tulungagung	4	1.1
Kabupaten Lamongan	11	3.1
Kabupaten Pamekasan	5	1.4
Kabupaten Trenggalek	21	5.8

Validity and Reliability

In measuring reliability, the loading for reflective constructs are calculated to accomodate a cut-off point of 0.7 (Hair et al., 2011). From the results of data processing, the loading factor value has a value of more than 0.7 so that all items are declared valid except for one item from new working competency, namely NETW4

(0.666). This item will be removed from the model. In examining the convergent validity, composite reliability (CR), the average variance extracted (AVE), and outer loadings were determined. Some latents which have loadings below 0.5 are deleted. After conducting several tests, the results are summarized in Table 2.

Table 2. Validity and Reliability Test

	Cronbach's Alpha	rho_A	CR	AVE
Administrative competency (AC)	0.923	0.929	0.945	0.812
Attaining Financial (AF)	0.909	0.912	0.932	0.733
Business model competency (BM)	0.923	0.924	0.942	0.765
Communication competency (COM)	0.885	0.889	0.916	0.687
Creativity and Innovativeness (CI)	0.916	0.916	0.937	0.748
Entrepreneurial Intention (EI)	0.924	0.925	0.940	0.725
Knowledge & technology competency (KT)	0.931	0.932	0.948	0.783
Networking competencies (NET)	0.879	0.890	0.918	0.739

Average Variance Extracted (AVE)

Source: Processing Data from SmartPLS

1.1. Hypotheses Test

Table 4 shows the results of the processed data in hypothesis test of this study. The processed data used the PLS-SEM bootstrapping method. The results has been confirming that there is significant relationship between administrative competency and entrepreneurial intention ($\beta = 0.208$, $t = 2.655$, $p < 0.008$) and business model competencies and entrepreneurial intention ($\beta = 0.340$, $t = 3.909$, $p < 0.000$). Therefore, H1 and H3 are accepted. However, this study was unable to explain the relationship between attaining finance competency and

entrepreneurial intention ($\beta = -0.030$, $t = 0.513$, $p < 0.609$), communication competency and entrepreneurial intention ($\beta = -0.063$, $t = 0.744$, $p < 0.457$), creativity & innovativeness competency and entrepreneurial intention ($\beta = 0.090$, $t = 1.292$, $p < 0.197$), knowledge & technology competency and entrepreneurial intention ($\beta = 0.090$, $t = 1.373$, $p < 0.170$), and networking competency and entrepreneurial intention ($\beta = 0.127$, $t = 1.672$, $p < 0.095$),. therefore, H2, H4, H5, H6 and H7 are not supported and rejected.

Table 3. Hypothesis Test

	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T Statistics (O/STDEV)</i>	<i>P Values</i>	<i>Decision</i>
AC → EI	0.208	0.208	0.078	2.655	0.008*	H1 accepted
AF → EI	-0.030	-0.029	0.059	0.513	0.609	H2 rejected
BM → EI	0.340	0.338	0.087	3.909	0.000*	H3 accepted
COM → EI	-0.063	-0.056	0.084	0.744	0.457	H4 rejected

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Decision
CI → EI	0.090	0.087	0.070	1.292	0.197	H5 rejected
KT → EI	0.090	0.086	0.066	1.373	0.170	H6 rejected
NET → EI	0.127	0.132	0.076	1.672	0.095	H7 rejected

Business model competency (BI); Administratif competency (AC); Knowledge & Technology competency (KT); Attaining Financial (AF); Creativity and Innovativeness (CI); Entrepreneurial Intention (EI); Communication competency (COM); Networking competency (NET)

Source: Processing Data from SmartPLS

In addition, the R² was 0.467 (adjusted R²= 0.456), which means that 46.2 % of entrepreneurial intention is explained by exogenous variables in this study.

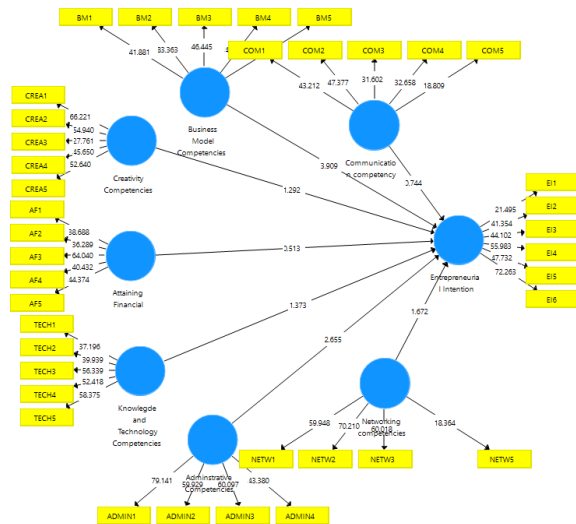


Figure 2. Path Analysis
Sources: processed data with SmartPLS

Discussion

According to this research, two competencies that influence on entrepreneurial intention are administrative competency and business model development competencies. Business model development is a process of creating long-term value through customers, markets, and business relationships. Competence in developing a business model requires rural youth to be able to seize opportunities in their surroundings (mapping village potential), formulate appropriate business models, as well as business management plans. Besides, administrative competency is also vital part in entrepreneurial competencies. Administrative competencies are defined as a competency which included competencies in organizational, managerial, and technical aspects. Both competencies can be a part to develop program or policy for woman entrepreneur in rural area.

This previous study indicated that innovative established firm and start-up intentions are significantly influenced by several competencies including

administrative competency, business model development, knowledge and technology, creativity and innovation, network building and financial competency (19). The previous study confirmed how entrepreneurial competencies influenced on entrepreneurial intention (5), 2020; (19).

Entrepreneurial competence can be a reference for developing entrepreneurial training in rural areas, both formal and informal training. Rural youth in developing new business is the starting point for the emergence of new SMEs in rural areas. Young generations tend to have better mastery of technology and knowledge in business than the older generation. Rural youth are the capital in long-term and sustainable village development. Mapping the village potential is important in developing new business. The village government needs to develop an entrepreneurial ecosystem in the village and foster an entrepreneurial mindset for rural youth.

Building the Woman Entrepreneurship in Youth Villager

Entrepreneurship has been considered one of the potential solutions for reducing poverty rate and solving many social challenges (3); (21). Entrepreneurship decreases unemployment, increases the people’s productivity, and improves people’s income (5). The study showed that entrepreneurship can overcome The problem of poverty (21). Women today are not only playing a single role as a housewife, but also playing a dual role. In other words, housewives do not only play a role in the domestic sector, but also play a role in the public sector. Housewives who work in the public sector, such as: traveling around, petty trading, food stalls, domestic helpers, salons, employees, shopkeepers, factory workers, trading in the market and so on. (20) defined the motivation factor from women entrepreneurs: “hold on to the life by oneself (balance factor), “prove oneself” (push factor), “self-confidence” (emotional factor), “children” (push factor), “justice” (pull and push factor), Innovation” (pull factor), “mobbing” (emotional factor), and “dream” (emotional and pull factor).

4. CONCLUSIONS

Based on this processed data, two competencies that have significant effects on entrepreneurial intention for woman youth in rural area are administrative competencies and business model development competencies. However, five competencies (creativity and innovativeness, networking, communication, technology, and knowledge and attaining finance) have

no significant effect on entrepreneurial intention for women youth in rural area. Women can play important role for rural development. Woman entrepreneurship can be a way for women to play two roles at the same time as housewives and financial support for their family. Stakeholders should consider those competencies in developing program or formulating policy for woman entrepreneur, especially in the rural area.

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