

Effect of Entrepreneurship Education and Soft Skills on Entrepreneurship Intentions

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ABSTRACT

SMEs have an important role in the economy, as an absorber of labor and contributor to GDP, in line with the development of SMEs. The purpose of this paper is to examine the success of small and medium enterprises (SMEs) in Jakarta, as well as to contribute to knowledge about the determinants of the success of SMEs in Jakarta, especially North Jakarta. This study was conducted using a convenience sample survey method on 60 SMEs operating in North Jakarta. With Smart PLS V.03 analysis to examine the effect of brand reputation, service excellence, and reliable delivery on the success of SMEs, it is found that brand reputation, service excellence and reliable delivery have a significant effect on the success of SMEs. Based on these results, it implies that the success of SMEs is generally related to customers and competition. Good brand reputation, excellent customer service and reliable delivery are the means of success for SMEs.

Keywords: Brand Reputation, Service Excellence, Reliable Delivery, SME Success

1. INTRODUCTION

The problems that arise in Indonesia today in the economic, manufacturing, and social sectors include unemployment, a decline in economic activity, a decline in production, an increase in layoffs of employees, and a decline in state economic spending. Based on the results of a survey conducted by the Central Statistics Agency in 2020, the Indonesian economy in 2020 experienced a growth contraction of 2.07% compared to 2019. From the production side, the deepest growth contraction occurred in the Transportation and Warehousing Business Field, as much as 15.04%[1].

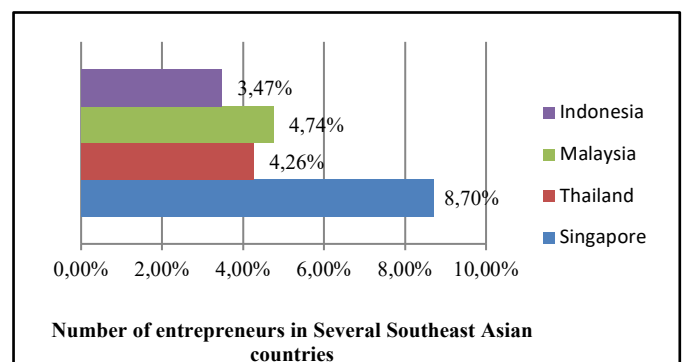
One of the driving factors for the Indonesian economy are micro, small and medium enterprises. At present, according to the Central Statistics Agency [1] the number of Micro, Small and Medium Enterprises (MSMEs) reaches 64 million. MSMEs account for 60.34% of Indonesia's Gross Domestic Product (GDP). In Indonesia, the total operating business reached 99.9%.

According to Herustiati [3], 2020 is the most difficult year for Micro, Small and Medium Enterprises (MSMEs) owners both demand and supply wise. Several ideas have emerged that may restore Indonesia's economic conditions, one of which is the National Economic Recovery (PEN) policy to strengthen the foundation for the sustainability of small businesses in Indonesia. Other assistance programs include monetary and non-monetary assistance such as credit interest rate subsidies, credit restructuring, productive assistance and MSME assistance. Various strategies and policies are focused on fostering innovation and creativity, so that the production of goods and services can foster the

motivation to build or continue a business during the Covid-19 pandemic.

According to the Minister of State-Owned Enterprises [4], "the level of entrepreneurship in Indonesia is still lower than other countries in Southeast Asia, where the number of Indonesian entrepreneurs alone is only 3.47% of the total population. If you look at neighboring countries such as Malaysia and Thailand, the level of entrepreneurship is already around 4.74% and 4.26%, respectively. Meanwhile, Singapore is the highest at 8.7%". The following is data on the number of entrepreneurs in several Southeast Asian countries in 2021.

Table 1. Number of entrepreneurs in several Southeast Asian countries in 2021



Source : Publication of the Ministry of SMEs

As many as 48% of SMEs are only able to survive for three months [5]. MSMEs have the opportunity to grow in difficult times like today. The community must be encouraged to take opportunities as entrepreneurs with the support of government policies.

To set up a business, one requires the intention to become an entrepreneur. According to Wiyanto [6], entrepreneurial intention is how daring someone is to try and start a business. The intention shows how much effort a person plans to do. Fostering entrepreneurial intentions within the community can motivate people to choose entrepreneurship as a career choice. In this study, the factors that are being tested towards entrepreneurial intentions are entrepreneurship education and soft skills. According to Micozzi [7], entrepreneurship education is intended to foster an entrepreneurial culture, market the creation of new businesses, and to stimulate an entrepreneurial mindset through learning and education.

Universities contribute directly by providing entrepreneurship education to students as the younger generations. Universitas Tarumanagara as a university, in its curriculum includes matters related to entrepreneurship in the form of entrepreneurship curriculum and courses, seminars, and practices. The purpose of entrepreneurship education is for students to have the mentality and understanding of entrepreneurship, so that when students graduate, they are expected to have the intention to become entrepreneurs which can later reduce unemployment and drive the economy in Indonesia forward. Entrepreneurship education is believed to be able to shape the behavior, attitudes, and mindsets of students to become true entrepreneurs and to lead students to choose entrepreneurship as a career choice.

Soft skills are often disregarded, putting more emphasis on scientific education. According to the literature and competency framework of the South African Institute of Chartered Accountant [8], students need to develop several soft skills, namely communication (verbal and non-verbal), problem solving, team work, time management, and leadership. According to Boyce [9] and Barrie [10], soft skills are skills that can be honed independent from certain fields of study because they are not a special subject.

These skills can be acquired through various ways, from academic and non-academic learning. There are many platforms such as on and off campus organizations, Youtube, Facebook, communities, and so on. Various skills yield various positive impacts, including innovation and creativity. According to Rahmatulla and Halim [11], soft skills needed by students to be able to generate entrepreneurial intentions include discipline, creativity, cooperation, skills, communication, honesty, and grit. These factors encourage the formation of innovation and creativity, with growth of entrepreneurial intentions as the desired end result.

2. LITERATURE REVIEW AND HYPOTESIS

2.1. *Entrepreneurial Intention*

According to Paul [12], in Theory of Planned Behavior, entrepreneurial intention is the effort to start a business and be carried away in entrepreneurial behavior and carry out entrepreneurial activities that are motivated by several factors, such as beliefs, needs, values and desires.

According to Linan and Chen [16], entrepreneurial intention is the beginning of an operation to build a new long-term business. Interest in entrepreneurial intentions which is increasingly being studied, is believed to be related to character.

2.2. *Entrepreneurship Education*

Entrepreneurship education is intended to foster an entrepreneurial culture, market the creation of new businesses, and to stimulate an entrepreneurial mindset through learning and education [7]. According to Suryana [13], entrepreneurship education is a discipline that reviews values, skills, and attitudes in facing challenges. Entrepreneurship is the skill in in starting, growing and creating something.

2.3. *Soft Skills*

Kechagias [17] explained that soft skills are intrapersonal and interpersonal (socio-emotional) skills, which are important for self-development, social involvement and success in the workplace or work environment.

According to Weber et al [18], soft skills are a person's interpersonal skills or abilities and behaviors needed to practice technical skills and other understandings.

2.4. *The Effect of Entrepreneurship Education on Entrepreneurial Intentions*

The level of entrepreneurial intention among students is influenced by the frequency of which students receive entrepreneurship education [14]. Previous research by Frank et al, [15], shows that entrepreneurship education has a positive and significant influence on entrepreneurial intentions, because entrepreneurial education is supposed to attract the public, especially the younger generation, to be prepared to become entrepreneurs who contribute to economic development. Furthermore, this research hypothesis is as follows:

H1 : Entrepreneurship education has a positive effect on entrepreneurial intentions for Faculty of Economics and Business students in Universitas Tarumanagara.

2.5. The Influence of Soft Skills on Entrepreneurial Intentions

Research conducted by Karunia, Sudarsih and Sunardi [19], suggests that there is a positive and significant influence of soft skills on entrepreneurial intentions, where the more soft skills possessed, the higher the entrepreneurial intention. According to Rahmatulla and Halim [11], there is a positive and significant influence of soft skills on entrepreneurial intention. Indicators of soft skills needed by students in order to generate entrepreneurial intentions, include discipline, creativity, cooperation, skills, communication, honesty, and grit. Based on this, the hypothesis in this study is as follows:

H2 : Soft Skills have a positive effect on entrepreneurial intentions for Faculty of Economics and Business students in Universitas Tarumanagara

The research model is as follows: coming from Management majors, as many as 106 respondents (59.4%), and most of them live in DKI Jakarta, as many as 129 respondents (73.7%). The options used Likert scale.

4. RESULT AND DISCUSSION

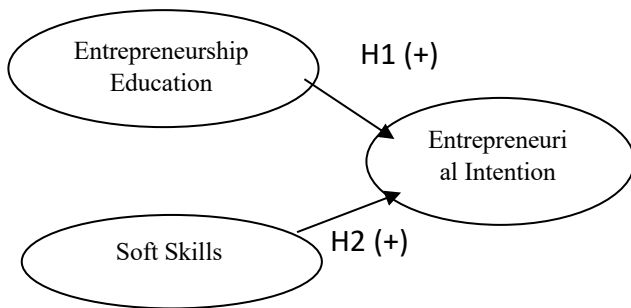


Figure 1. Research Model

3. RESEARCH METHOD

This study is a quantitative study. The population is students of the Faculty of Economics and Business, Universitas Tarumanagara. In this study, non-probability sampling was used as a sample selection technique. Based on data obtained from 175 student respondents, the characteristics of the respondents in this study are as follows, the majority of respondents are women, as many as 90 respondents (51.4%), most respondents were 21 to 22 years old, at 98 respondents (56.%), most respondents was in semester 6, as many as 76 respondents (43.4%), the majority of respondents

Based on the validity and reliability testing of the variables, from the 15 criteria used, the AVE value is greater than 0.5 and the loading factor is greater than 0.5:

Table 2. Loading Factor

	Entrepreneurship education	Soft Skills	Entrepreneurial Intention
PK1	0.741		
PK2	0.644		
PK3	0.756		
PK4	0.716		
SS1		0.709	
SS2		0.787	
SS3		0.700	
SS4		0.789	
SS5		0.558	
NB1			0.630
NB2			0.640
NB3			0.725
NB4			0.725
NB5			0.794
NB6			0.718

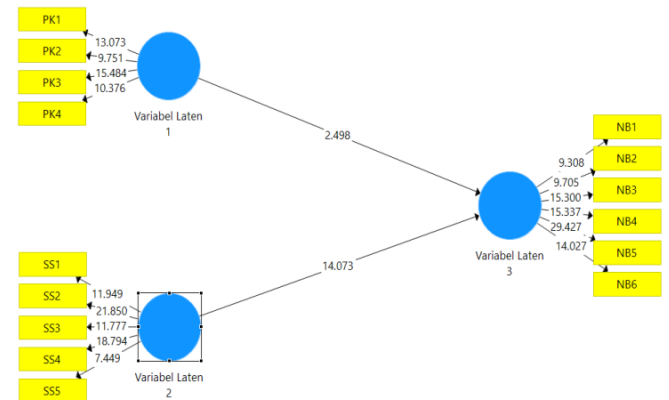


Figure 2. Path Coefficients

By using Smart PLS analysis Ver. 3, the theoretical model that has been described in the previous path diagram is analyzed based on the data that has been obtained. The t-statistics value of the result is as follows:

Table 3. *Path Coefficients (Original Sample, T-Statistics, P-Values)*

	<i>Original Sample</i>	<i>T Statistic</i>	<i>P Value</i>
Entrepreneurship Education → Entrepreneurial Intention	0.168	2.498	0.013
Soft Skills → Entrepreneurial Intention	0.655	14.073	0.000

Source : Processed data, 2021

Based on the path coefficient in table 3, it is shown that soft skills have the greatest influence (0.655) compared to entrepreneurship education (0.168). The table also indicates that H1 and H2 are supported.

The first hypothesis testing shows that entrepreneurship education has a positive and significant effect on entrepreneurial intentions. This supports the findings of Krisantana [20]. Entrepreneurship education plays important role for students to improve knowledge and insight into the importance and ways to start and run a business at the students of the Faculty of Economics and Business, Universitas Tarumanagara.

Hypothesis testing shows that soft skills have a positive and significant influence on entrepreneurial intentions, as found by Sunardi [19] Thus, in this study, it shows that soft skills have an effect on entrepreneurial intentions. In entrepreneurship, soft skills help regulate the business, this makes soft skills as provisions that should be prepared if one wishes to be an entrepreneur. Soft skills include the ability to communicate, manage time, and lead.

5. MANAGERIAL IMPLICATION

The results may serve as input for Universitas Tarumanagara to expand the entrepreneurship courses, especially during this pandemic which supports online business activities. Universitas Tarumanagara can also provide a friendly forum and environment to support students in learning social skills and understanding entrepreneurship.

Students of the Faculty of Economics and Business, Universitas Tarumanagara, may be able to hone and train soft skills by learning through platforms such as Youtube and Facebook as well as through organizational activities in a community both on and off campus. Students can also explore the benefits of learning from entrepreneurship education courses as one of the compulsory subjects for all students in the curriculum, to encourage the emergence of entrepreneurial intentions and become an entrepreneur.

6. CONCLUSION AND SUGGESTIONS

Based on the objectives in this study, it was found that entrepreneurship education, as well as soft skills have a positive and significant influence on entrepreneurial intentions. This shows that the knowledge gained from entrepreneurship education and skills learned from various platforms can foster entrepreneurial intentions in students of the Faculty of Economics and Business, Universitas Tarumanagara.

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