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### Entrepreneurial Interest and Self-Efficacy as Predictors of Entrepreneurial Readiness in the Era of the Industrial Revolution 4.0

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#### Abstract

Technological advances in the industrial sector can make humans easier to become entrepreneurs, but in fact entrepreneurs in Indonesia are still relatively few, this research aims to see how the influence of interest in entrepreneurship and self-efficacy on entrepreneurial readiness in the era of the industrial revolution 4.0 on students. Respondents in this study totaled 153 students who

had taken entrepreneurship classes. The results showed that entrepreneurial interest and self-efficacy are simultaneous predictors of entrepreneurial readiness in the era of the industrial revolution 4.0 in students. This can be interpreted, if entrepreneurial interest and self-efficacy increase simultaneously, then entrepreneurial readiness in students experiences a significant increase.

**Keywords:** Entrepreneurial Interest, Self-Efficacy, Entrepreneurial Readiness, Revolutionary Era 4.0

#### Introduction

The industrial revolution 4.0 has created a new production model where robots are used effectively in production, this new production model has begun to change daily life, production and labor relations as deeply as the first industrial revolution (Kurt, 2019) <sup>[8]</sup>. Therefore, fresh graduates who will enter the industrial world or start a business must have the readiness for entrepreneurship. Entrepreneurship or doing business is a pillar that can develop the nation's economy to develop the country through its contribution to state revenue. However, the number of entrepreneurs in Indonesia is very small, compared to other countries, recorded in 2016 the number of entrepreneurs in Indonesia amounted to 3.1% of the total population (Antara in Danil *et al.*, 2022) <sup>[5]</sup>.

Indonesia's economy is largely driven by small, micro and ultra-micro businesses, but the ratio of the number of entrepreneurs to the total population in Indonesia is still behind other ASEAN countries. Singapore has 7%, Malaysia has 6%, Thailand has 5%, while Indonesia is still below 3% (Rantung, 2020) <sup>[11]</sup>. According to a survey conducted by Youth Co:Lab (UNDP) in 2016 showed that the entrepreneurial readiness of young people in Indonesia reached 81%, but only 8% of that number actually became entrepreneurs (Putry *et al.*, 2020) <sup>[9]</sup>. In addition, the mental resilience and entrepreneurial competencies of youth are still weak (Putry *et al.*, 2020) <sup>[9]</sup>. The low number of entrepreneurs in Indonesia is certainly one of the reasons why Indonesia's per capita income is below the average of other countries. Desire is a component within the individual that refers to the desire to perform certain behaviors. Desire (interest) is assumed to capture factors that motivate and that have a strong impact on behavior. Therefore, interest can be used as a reasonable approach to understanding who will become entrepreneurs (Suharti & Sirine, 2012) <sup>[12]</sup>. In addition to entrepreneurial interest, entrepreneurial readiness must also be balanced with self-efficacy. Self-efficacy is an important factor in influencing entrepreneurial readiness (Gaddam, 2008) <sup>[6]</sup>. Self-efficacy is a belief in himself that he is able to start a new business (Wahyuningsih & Usman, 2019) <sup>[13]</sup>. Entrepreneurial readiness is also expected to be embedded in every student. This is considered important because readiness is the right predictor to assess a person's behavior in entrepreneurship (Irsyada *et al.*, 2018) <sup>[7]</sup>.

Previous research conducted by Irsyada *et al.*, (2018) <sup>[7]</sup> entitled "Contribution of Entrepreneurial Interest and Self Efficacy to Entrepreneurial Readiness in the Era of the Industrial Revolution 4.0 Informatics Engineering Students in Malang" using descriptive and regression analysis techniques. The results showed that entrepreneurial interest and self-efficacy contributed to entrepreneurial readiness in the era of the industrial revolution 4.0 informatics engineering students in Malang with an effective contribution of 67.4%. Meanwhile, the subject of this research, entrepreneurial interest and self-efficacy on entrepreneurial readiness is psychology students who have taken entrepreneurship courses. Although psychology students have

been given entrepreneurship lectures, interest in entrepreneurship does not necessarily arise in students. From the professional data of 332 alumni of the Faculty of Psychology class of 2016-2021, there are only 18 people who are entrepreneurs. While the remaining 314 people work for other people's companies, some are still unemployed or looking for work, and some are continuing to master's degree. There is a desire for students to become entrepreneurs, but it is not balanced with "readiness" (mental, capital) for entrepreneurship, which has resulted in the low number (5.42%) of alumni who become entrepreneurs in the era of the industrial revolution 4.0.

### Research Methods

This type of research is descriptive quantitative research using the survey method, which is a critical observation and investigation to obtain precise information about a particular problem and object in a certain community group area or location. This research was conducted in October 2023 at Satya Wacana Christian University, precisely at faculty of Psychology. The population used in this study were all undergraduate students' class of 2019-2022 who had taken entrepreneurship or entrepreneurial psychology courses. Sampling that will be carried out by researchers is non probability sampling with convenience sampling technique. The data collection technique in this study used Google Forms.

### Research Variables

#### 1. Entrepreneurial Interest (Baughn *et al.*, 2006) <sup>[1]</sup>

Entrepreneurial Interest is the ability to motivate oneself to do something (business) to meet life needs and solve problems, advance the business or start a new business with a sense of pleasure because it provides benefits for himself to try to meet his life needs without fear of the risks he will face, always learn from his failures, and develop the business he created, with the following aspects: Perceived course vocation, Perceived social support, Strategic skills mastery.

#### 2. Self-Efficacy (Chen *et al.*, 1998; Chen *et al.*, 2001) <sup>[2,3]</sup>

Self-efficacy is a person's belief in his ability, in this case, entrepreneurial activity to achieve success and predetermined goals. This Self Efficacy scale was created by Chen *et al.*, (1998) <sup>[2]</sup> but was further developed by Chen *et al* (2001) <sup>[3]</sup> with the focus of the scale on entrepreneurial self-efficacy (ESE). This scale was created by refining the concept of self-efficacy in the context of entrepreneurship. ESE is considered particularly appropriate for studying self-employment as a task-specific construct rather than a global disposition, helping to overcome the problem of lack of specificity in previous entrepreneurial personality research. Self-efficacy beliefs vary in three aspects: Magnitude, Strength, Generality.

#### 3. Entrepreneurial Readiness (Coduras *et al.*, 2016) <sup>[4]</sup>

Readiness for individual entrepreneurship is defined as the confluence of a set of personal traits (or features) that distinguish individuals with readiness for entrepreneurship especially competent to observe and analyze their environment in such a way that they channel their high creativity and productivity, so that they can use their ability to dare and the need for self-achievement. With the following aspects: Personal/family-based characteristics, Economic/entrepreneurial background, psychological traits.

## Results and discussion

Linear Regression results with OLS (Ordinary Least Square) method:

Variables	Coefficient Standardized	Coefficient Unstandardized	t-Count	Sig.
Constant	-	4,411	2,035	0,044
Entrepreneurial Interest (X <sub>1</sub> )	0,392	0,290	5,383	0,000
Self-Efficacy (X <sub>2</sub> )	0,474	0,388	6,497	0,000
R <sup>2</sup> : 0,660				
Adjusted R <sup>2</sup> : 0,655				
F-statistik: 145,493, Sig. = 0,000				
N: 100				
Dependent Variable (Y): Entrepreneurial Readiness				

The results of Linear Regression analysis show that the probability value of  $F_{\text{count}}$  (0.001) ( $\text{sig.F}$ ) < Level of Significant (0.05). This means that the variables of entrepreneurial interest and self-efficacy simultaneously affect entrepreneurial readiness in the era of the industrial revolution 4.0 in SWCU Psychology students. This can be interpreted, if entrepreneurial interest and self-efficacy increase simultaneously, then entrepreneurial readiness in the era of the industrial revolution 4.0 in SWCU Psychology students has increased significantly. The results of this study are in accordance with the results of research by Irsyada *et al.*, (2018) <sup>[7]</sup>; Yuli *et al.*, (2018); Yunita (2020); Faishal (2022) which states that entrepreneurial interest and self-efficacy have a significant effect on entrepreneurial readiness. The entrepreneurial interest possessed by students will affect the readiness of these students who initially choose to become job seekers to become job creators. Because, if students have a high interest in entrepreneurship, then they will not run out of ideas in producing something new.

### Conclusions

1. The results showed that entrepreneurial interest and self-efficacy were partially positive and significant predictors of entrepreneurial readiness in the era of the industrial revolution 4.0 in SWCU Psychology students. This can be interpreted, if entrepreneurial interest and self-efficacy increase, then entrepreneurial readiness in SWCU Psychology students will experience a significant increase.
2. The results showed that entrepreneurial interest and self-efficacy are simultaneous predictors of entrepreneurial readiness in the era of the industrial revolution 4.0 in SWCU Psychology students. This can be interpreted, if entrepreneurial interest and self-efficacy increase simultaneously, then entrepreneurial readiness in SWCU Psychology students will experience a significant increase.

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