# Analysis of Factors Influencing Interest in Student Entrepreneurship (Case Study on Students of Nusa Putra University)

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**Abstract.** We observed that students at Nusa Putra University show limited enthusiasm for starting their own businesses. This study aims to identify the factors influencing the level of student interest in entrepreneurship at Nusa Putra University. The research focused on students from the 2019 to 2022 cohorts and utilized a quantitative approach, collecting data through surveys or questionnaires. A sample of 20 students from each department was compiled into a single dataset. The study found that capital exposure does not significantly impact students' interest in starting a business ( = 0.053, p-value = 0.506). However, motivation was found to have a positive and statistically significant effect on entrepreneurial interest ( = 0.656, p-value = 0.000). Additionally, the social environment also positively and significantly influences students' interest in entrepreneurship ( = 0.136, p-value = 0.035). One limitation of this study is that it only considered students from one university. Additionally, the study was constrained by the limited number of variables examined. Despite these limitations, the findings highlight the significant role of motivation and social environment in fostering entrepreneurial interest among students.

**Keywords:** Capital, Motivation, Social Environment, Student Entrepreneurship Interest

## 1 Introduction

Students in Indonesia still have the mindset that if they want to have a successful career in the future, they must work for someone else. This mindset is one of the factors that cause the phenomenon of low interest in entrepreneurship among the young population of the country, especially among the student population. Being a worker is better than being a human being. Since there are currently many unfilled jobs and the need for


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entrepreneurs is very large, it is very important to foster interest in entrepreneurship in students from an early age. (Untitled, tn)

To kickstart this movement, one strategy is to instill an entrepreneurial mindset in today's students. It is a common expectation that students who have an entrepreneurial mindset will be able to start a successful career on their own. Improving the quality of existing human resources is one of the most important things that can be done to support the creation of new businesses. The influence of entrepreneurship education is one of the most important factors that play a role in the growth of entrepreneurial behavior, life, and activities.

Among the younger generation. Students need to use entrepreneurial learning patterns to equip themselves with knowledge that is essential to stimulate the entrepreneurial spirit in other students. Cultivating an entrepreneurial mindset among students should be emphasized more. Since academics predict educated young people who are capable of setting up their own businesses, one very credible alternative is to find ways to minimize the level of activism. But the fact remains that many students think that starting a business is not the best way to ensure future success. In fact, some students view business education as nothing more than a formality that must be completed to get good grades rather than as preparation for starting a business. (Zain et al., 2020)

Interest is an activity that develops naturally into a liking for something. To the extent that it continues on its own without any input from the doer. Researching the factors that attract people, especially students, to the field of entrepreneurship is the first step we need to take before launching a new company. This step is necessary as it will help increase the overall interest in starting a new business.

The second component is motivation, and motivation, which is a supporting factor, can influence the demand for entrepreneurship, especially among students. In addition, motivation is a factor that can be influenced by other factors. The last is the element of social environment, which often has an effect on a person's desire to start their own business. For example, it can potentially affect children's courage, confidence, and determination.

Observing asset and marketshare growth alone is not enough to provide a comprehensive picture of the development of the entrepreneurial industry. control measures that can help companies improve their performance in the future while identifying shortcomings in their operations throughout the financial year. (Maulana, n.d.)

We can determine the problems that we will explore in this research based on the background material that has been given. The problem is what factors influence the interest of Nusa Putra University students to become business owners. And to what extent do these different elements influence the interest of Nusa Putra University students to become business owners?

The purpose of this study, which is based on the definition of the problem that has been initiated, is to find out what factors affect the interest of Nusa Putra University students in entrepreneurship, as well as the extent to which these factors have an impact on entrepreneurial interest. This research is based on the definition of the problem that has been initiated.

# 2 Theoretical Foundation

## 2.1 Capital

One important component of entrepreneurial endeavors is capital. According to the findings of a study (Usaha & Self, 2022), there is a correlation between the level of capital owned by business actors and the quality of business development that can be carried out by actors. It was found that having capital will activate more interest in starting a business, for example, having a strategic building will trigger someone as a business actor to open a business. Having capital will also trigger more interest in starting a business.

The availability of financial resources has a favorable and noticeable impact on the number of Nusa Putra University students who are interested in starting their own business.

H1 : Capital has a positive and significant effect on entrepreneurial interest in Nusa Putra University students.

## 2.2 Social Environment

The term "social environment" refers to the setting in which one person interacts with another. Within this social context, there are two distinct levels. Namely, the first and second environmental layers. According to (Effort & Self, 2022) the social environment is the community environment. Invalid hyperlink references, which cause errors. As well as building interactions for individuals or even individuals with other individuals that tend to be detrimental.

The people, groups, family members and universities that make up these social environment indicators are all human. As the gap between people, groups, and institutions within the university increases, the need for more entrepreneurial students also increases.

H2: The social environment has a positive and significant effect on the entrepreneurial interest of Nusa Putra University students.

## 2.3 Motivation

Motivation is the component that drives a person's will (desire) which becomes the driving force towards a certain goal to be achieved. One might think of motivation for entrepreneurship as analogous to the fuel that is put into the engine. The impetus for active and entrepreneurial behavior will result from the motivation for business (Andayanti & Harie, nd).

It is believed that the motivation of students to become entrepreneurs affects the interest of students to become entrepreneurs. A person's internal or external environment can serve as a source of their motivation, which can be defined as the driving force or impetus for a person to perform in a certain way.

H3 : Motivation has a positive and significant effect on the Entrepreneurial Interest of Nusa Putra University Students.

# 3 Research Methology

## 3.1 Research Design

Quantitative research design is the type of data used here. Data distribution survey results and calculations are examples of quantitative data. Quantitative data is data that is presented in the form of numbers and can be derived through calculations or measurements. Primary data is where researchers look for the information they need to conduct research. Primary data is data that is collected directly from respondents at the location where the research is conducted. The data collection technique is through distributing questionnaires.

## 3.2 Data Collection Methods

In this investigation, we relied on primary data obtained through the use of cell-reported online survey data collection conducted with Google Digital Forms. Respondents themselves distributed the questionnaires for completion over a period of 21 days, starting on December 21, 2022 and ending on January 11, 2023. The questionnaires were written in Indonesian language that was easily understood by the respondents. 185 responses were collected from respondents. A total of 184 respondents participated in our survey, most of whom were local residents in the Sukabumi area.

Sampling was conducted using a process known as purposive sampling, which is a data collection strategy that takes into account several different aspects. Respondents who were actively attending lectures at Nusa Putra University Sukabumi were taken into consideration in the process of selecting sample members. A statistical method known as partial squared- SEM was used for 185 different samples during the research project.

This questionnaire has been prepared in such a way as to measure respondents' perceptions and opinions regarding the variable indicators included in the research model. On a five-point Likert scale, each indicator represents a different variable, and the scale is used to determine how strong a subject's

Agree or disagree with a statement. The following represents each point on the scale: 1 indicates that you are completely against what was said, 2 indicates that you disagree with what was said, 3 indicates that you are neutral, 4 indicates that you agree, and 5 indicates that you completely agree with what was said.

## 3.3 Data Source

The data sources obtained for this research are information directly from the source and additional information from several journals, books, websites and so on.

## 3.4 Data Analysis

PLS-SEM with Smart PLS software is applied to all variable data. This data will be used to test whether or not there is a contemporaneous relationship between one or more

dependent variables and independent factors. This will be followed by hypothesis testing with mediation tests. SEM is a general method for estimating causal models, which can be used to investigate the relationship between variables and measure the important components of a particular model based on data variance (CB-SEM).

In the analysis process, there are two stages of research, namely the outer model which is a series of analyses to measure the validity and reliability of the construct, and the inner model which consists of two indicators on the survey. This analysis measures construct validity and reliability. Instrument validity can be determined in two stages, namely the convergent validity stage which consists of one step, and the discriminant validity stage which consists of two steps. To determine how reliable the instrument is by calculating its reliability based on the Composite Reliability (CR) and CRONBACH'S ALPHA (CA) values. The CFA method is considered reliable when the CR and CA values are more than 0.70. It was evaluated based on the average Variance Extracted Value (AVE), which must be greater than 0.50 for the validity of convergence to be considered acceptable.

**Table 1.** Convergence Validity and Reliability of Instruments

| **Variable** | | **Item** | **Factor Loading** | **CA** | **CR** | **AV E** |
|---|---|---|---|---|---|---|
| Social (Soc) | | Soc 1 | 0.796 | 0.837 | 0.885 | 0.6 |
| | | | | | | 05 |
| | | Soc 2 | 0.781 | | | |
| | | Soc 4 | 0.819 | | | |
| | | Soc 5 | 0.752 | | | |
| | | Soc 6 | 0.741 | | | |
| Capital (Cap) | | Cap 3 | 0.782 | 0.881 | 0.906 | 0.6 |
| | | | | | | 16 |
| | | Cap 4 | 0.824 | | | |
| | | Cap 5 | 0.741 | | | |
| | | Cap 6 | 0.790 | | | |
| | | Cap 7 | 0.834 | | | |
| | | Cap 8 | 0.734 | | | |
| (mot) | | Mot 10 | 0.844 | 0.829 | 0.898 | 0.7 |
| | | | | | | 45 |
| | | Mot 8 | 0.853 | | | |
| | | Mot 9 | 0.892 | | | |
| Interests | | MB 1 | 0.848 | 0.920 | 0.938 | 0.7 |
| | | | | | | 14 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Entrepreneur-ship(MB) | | MB 2 | 0.817 | | | |
| | | MB 3 | 0.815 | | | |
| | | MB 4 | 0.864 | | | |
| | | MB 5 | 0.863 | | | |

Based on Table 1, all construct indicators have loading factor values greater than 70, which indicates that the construct indicators are representative. The table also displays the CR and CA values for this study which are greater than 0.70 and the AVE value for this study which is greater than 0.50. The ratio figures presented above have shown reliable and genuine data.

The Hateraid-Monotraid value (HTMT) is used as a test to determine whether or not the instrument is discriminant. The ratio value must be lower than 0.90 for the data to be considered reliable.

**Table 2.** Discriminant Validity (HTTP Ratio)

| | **Cap** | **Mot** | **Soc** | **MB** |
|---|---|---|---|---|
| **Cap** | | | | |
| **Mot** | 0.443 | | | |
| **Soc** | 0.693 | 0.448 | | |
| **MB** | 0.406 | 0.832 | 0.464 | |

Table 2. shows that the ratio value of the HTMT variable is less than 0.90, so it can be considered genuine. When measuring the inner model, one's goal should be to evaluate how well the conceptual model can predict the independent and dependent variables.

It is necessary to take four separate measurements. First, the significance level of the combined effect of exogenous variables on endogenous variables can be determined by looking at the coefficient of determination, which can be determined by looking at the R2 value. This value aims to determine the level of significance of the relationship between two sets of variables. Second, it checks whether the coefficient is significant or not using a 5000 subsample bootstrap approach and ensuring the p value is less than 0.05. Third, there is a model fit analysis (also known as "Goodness of Fit"), the purpose

of which is to evaluate the overall structural model and check the combined performance of the measurement and structural models. The analysis is conducted so that the SRMR, NFI, and ChiSquare ratios can each be assessed for their value. Fourth, a cross-validated redundancy foundation supports the predictive relevance analysis conducted using the blindfold technique.

# 4 Result and Discussion

## 4.1 Result

Respondents were divided into two categories: male and female. Males and females constitute the total number of respondents. The following is an identification of the 184 respondents who were finally included in the sample after distributing the questionnaire to the population. According to the gender of the respondents, females make up 64.3% of the total population while males make up 35.7% of the total population.

The largest number of participants in this study is the 19-year-old age group, which is also the second-placed category. The data shows that 19- year-old respondents account for 32.4% of the total, 20-year-old respondents account for 31%, 17-year- old respondents account for 2.4%, 23- year-old respondents account for 2.4% of the total. 22-year- old respondents account for 2.3%, 21- year-old respondents account for 16.8%, 18-year-old respondents account for 11.5%, 24-year-old respondents account for 0.6%, and 25-year-old respondents account for 0.6% of the total.

Respondents from Sukabumi were 80.7%, followed by East Nusa Tenggara with 5.1%, Cianjur with 3.7%, Bogor with 3.3%, Nias with 1.8%, Papua with 1.2%, Bekasi with 0.6%. By study program, Management study program has the highest percentage of respondents at 46.8%, followed by Accounting study program with 12.5%, Law study program with 10.7%, Elementary School Teacher Education with 7.5%, Informatics Engineering 6.3%, Civil Engineering 6.3%, Information Systems 4.5%, Visual Communication Design 2.4%, Electrical Engineering 2.4%, and Mechanical Engineering 0.6%. The class of 2021 has the highest proportion of respondents at 57.4%, followed by the class of 2022 at 29.4%, the class of 2020 at 8.7%, the class of 2019 at 3.3%, and the class of 2017 at 1.2%.

In conducting an analysis using PLS-SEM, several conditions must be met first. First, ice PLS- SEM does not require missing values and oulier (Hair Jr. Et al., 2017). Therefore, the number of samples recommended and called feasible for data analysis with the PLS-SEM approach is reduced from 5-10 times the number of indicators being studied to a more manageable number. Since there are 37 indicators included in this study, the required sample size is a minimum of 185 samples. As a result, the sample size criteria of this study have been met.

**Table 3.** VIF Value Between Variables

| CAP | MOT | SOC | VAR Y |
|---|---|---|---|
| CAP | | | 1,636 |
| MOT | | | 1,252 |
| SOC | | | 1,566 |
| VAR Y | | | |

The results shown in Table 3 indicate that the inner VIF values that exist between variables and indicators do not exceed the value of 5. Therefore, the findings of this study indicate that the presence of multicollinearity should not be considered.

To classify the model according to the SMART PLS playground, the Theta RMS (Root Mean Square) value must be smaller than 0.102, the SRMR (Standardized Roor Mean Square) value must be smaller than 0.10 or 0.08, and the NFI value must be greater than 0.9 or can be close to 1. In table 4, it can be seen that the NFI model estimation value is 0.753 which is very close to 1. The SRMR value is 0.090 which is less than 0.10. We can conclude that the model we built from the results of this study meets the Goodness of Fit (GoF) assumptions.

**Table 4.** Model Fit Test Result

| | Saturated Model | Model Approximation |
|---|---|---|
| **SRMR** | 0.**090** | 0.**090** |
| **d_ULS** | 1,**703** | 1,**703** |
| **d_G** | 0.635 | 0.635 |
| **Chi-Square** | 631,661 | 631,661 |
| **NFI** | 0.753 | 0.753 |

To begin the process of assessing the structural model, the first thing to do is to measure the coefficient of determination. The R2 value obtained from the PLS algorithm technique is what is used to determine the value of this measurement. The R2 ratio is divided into three different categories: the first is 0.75, which is considered strong; the second is 0.50 which is considered medium; and the third is 0.25 which is considered weak (weak). The results presented in Table 5 show that the R2 value of variable Y of 0.549 is of medium quality as it is greater than 0.500.

**Table 5.** Determinant Coefficient Test Results

| | R Square | R Square Adjusted |
|---|---|---|
| VAR Y | 0,556 | 0,549 |

Evaluation of the blindfolding ratio findings is the next step in the process of testing the inner model. The Q2 score is evaluated in a Blindfolding test to establish the extent to which the construct model is predictively relevant. If Q2 is more than 0.05, it can be concluded that the model developed during this study is suitable for characterizing the event in question. Based on the data presented in the following table, the value of the endogenous variable Q2 in this study reached statistical significance at the 0.05 level (0.387).

**Table 6.** Blindfolding Test Result

| | SSO | SSE | $Q^2$ (=1- SSE/SSO) |
|---|---|---|---|
| CA**P** | 1,098,**000** | 1,098,**000** | |
| MO**T** | 549,**000** | 549,**000** | |
| SO**C** | 915,**000** | 915,**000** | |
| VAR **Y** | 1,098,**000** | 673,**611**<br>0.387 | 0.387 |

## 4.2 Discussion

Hypothesis testing using the bootstrapping approach is the final stage of the inner model analysis process. This study used 5,000 sub-samples to check the level of data relevance to assess the applicability of the structural model (J. Hair et al., 2017). In this particular study, the significance level was between 5 and 10%. In the field of economics and management studies, this is the level of importance that is usually considered significant.

Table 7 presents the results of the investigation into the existence of causal relationships between some latent variables. Students' enthusiasm in starting their own business is not positively or statistically significantly affected by the availability of capital (= 0.053, p-value = 0.506). If so, then motivation has a favorable and statistically significant influence on the level of students' interest in starting their own business ( = 0.656, p-value = 0.000). Last but not least, the p-value for the correlation between social environment and the extent to which students are interested in starting their own business is 0.035, meaning that the effect is significant and has a favorable impact.

**Table 7.** Direct Effect Test Results

| Hyp othesis | Path | Coeffi cient | STD | T Statistics | P Values | Conclusion |
|---|---|---|---|---|---|---|
| **H1** | CAP ->MB | 0.053 | 0.07 9 | 0.665 | 0.506 | **Unsupp orted** |
| **H2** | MOT -> MB | 0.656 | 0.04 5 | 14.579 | 0.000* * | **Supported** |
| **H3** | SOC ->MB | 0.136 | 0.06 4 | 2.107 | 0.035* * | **Supported** |

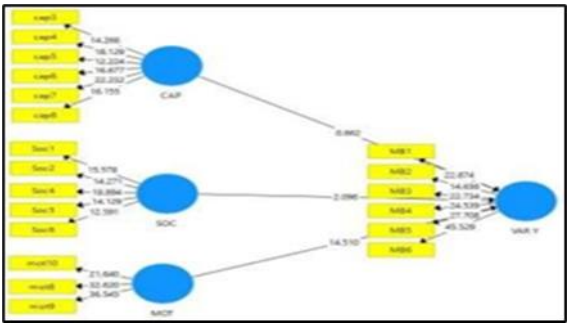


Fig. 1. Displays the Path Coefficients as Well as the Level of Effect.

# 5 Conclusions

## 5.1 Conclusion

It is possible to draw the conclusion that, based on the calculations carried out with SmartPLS Software 3.0, the t-statistic value of the effect of motivation on entrepreneurial interest is 14.510>184. This is possible based on the results of the discussion, and it can be concluded that it is possible to draw this conclusion. This shows that there is a considerable influence of motivation on entrepreneurial interest in students of Nusa Putra University. The fact that the t-statistic value of social influence on entrepreneurial interest is 2.096 and more than 184 indicates that there is a significant social influence on entrepreneurial interest. The function of capital on entrepreneurial interest is given a t-statistic value of 0.662 184, which means that the role of capital does not have a significant effect on the entrepreneurial interest of Nusa Putra University students.

## 5.2 Advice

While the findings of this study provide solutions to all problems, there are some limitations that can be expanded with further research. The three variables in this study are

capital, motivation, and social environment. Secondly researchers can develop this research broadly or generally, not focusing on one university only, with research that is broad and general in nature providing better results. To develop this research, researchers can first add several factors that will affect entrepreneurial interest, for example, the development of increasingly sophisticated technology that facilitates the entrepreneurial process so as to attract entrepreneurial interest.

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