



## Entrepreneurship Spirit and Entrepreneurship Value Enhancing Entrepreneurial Independence Through Entrepreneurial Behavior

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### Abstract:

The difficulties of small enterprise need to be anticipated by conducting empirical testing through a study of the spirit of entrepreneurship, entrepreneurship values, and studies of entrepreneurial behavior that can affect the process of achieving entrepreneurial independence. This study aims to analyze the influence of entrepreneurship spirit and entrepreneurship values on entrepreneurial behavior to create entrepreneurial independence. The method used in analyzing data was Path Analysis. The sample in this study was 125 small enterprises consisted of 45 small enterprises of Batik Pekalongan, 42 small enterprises of traditional foods Batu Malang and 38 small enterprises of Ceramic Kasongan Bantul Yogyakarta. The data analyzed using Structural Equation Modeling (SEM). The test results showed that the spirit of entrepreneurship had a direct influence on entrepreneurial behavior and an indirect effect on entrepreneurial independence. Entrepreneurship value had a direct influence on entrepreneurial behavior and also indirectly affects entrepreneurial independence. While entrepreneurial behavior had a positive effect on business independence.

**Keyword** : Entrepreneurial, Spirit, Entrepreneurial, Value, Business, Independence, Entrepreneurial, Behavior

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## INTRODUCTION

Economic growth in Southeast Asian countries (ASEAN), especially Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, reached 5 percent in 2011, and it is targeted to be 5.6 percent during 2012-2016, 2 percent lower than in 2010. External demand did not grow too much, so the ASEAN economy turned to domestic growth drivers in the medium term and began to explore as an alternative strategy for long-term development. The

nature of economic growth in Asia has changed to become more balanced due to conditions of global uncertainty and new challenges. A new type of economic growth is needed in Southeast Asia, global uncertainty is an opportunity to re-create growth (Pezzini 2012).

To achieve economic growth in Indonesia in global uncertainty, it is necessary to empower small enterprise that are considered capable of developing production. In accordance with the government program, it is targeted that 5 million new entrepreneurs up to 2025 by developing human resources for the advancement of national entrepreneurs. There are four main problems in the development of national entrepreneurship, especially the small and medium sectors, including those related to access to finance, marketing access, bureaucratic regulation, and the capacity of Small Medium Enterprises (SMEs). The efforts to increase entrepreneurial capacity, the government endeavor to improve the quality of human resources in entrepreneurship in three stages, namely nursery, fostered, and development.

Entrepreneurship is stipulated in the State Minister of Cooperatives Small and Medium Enterprises Regulation, Number: 06 / Per / M.KUKM / VIII / 2012 with the expectation to encourage and accelerate the empowerment of Cooperatives Small and Medium Enterprises and also increase the competitiveness. Small enterprise are the foundation that is expected to take a strategy by making an independent, healthy, strong, competitive business and developing themselves to increase economic growth, and support the expansion of employment opportunities in realizing economic democracy. Improving the institutional quality is done in stages through the efforts involving awakening, empowering, developing, strengthening.

Many problems arise from various things fostering the small enterprises, including weak organizations, difficult marketing, small enterprises capital, low entrepreneurial spirit, lack of attention to the environment and poor service (Sukirman 2010). The deterioration of small enterprise is inseparable from dependence on the government, entrepreneurial behavior without being based on the ability to manage the enterprise, and the regulations in the small enterprise sector which are seen as incapable of encouraging the creation of dynamic and innovative small enterprise management.

Entrepreneurial behavior standards are still rarely found, such as entrepreneurial behavior shows the ability of entrepreneurs to look forward, think with calculation, look for choices from various alternative problems and their solutions (Suseno, 2008). Small enterprises have a proactive attitude and good initiative in developing the business. Entrepreneurial knowledge, achievement motives, personal independence have significant carrying capacity towards enterprise independence (Qamariyah & Dalimunthe 2012). Small enterprise actors in the aspect of achievement and commitment orientation with other parties are still not good, this is indicated by the lack of willingness to develop new products and dependence on interested parties including the government (Suseno 2008). Inability to compete and the low level of management of entrepreneurial behavior are challenges for small enterprises to be able to grow and develop towards entrepreneurial independence. On the other hand there is a need for growth of small enterprise based on entrepreneurship values and an entrepreneurship spirit with the hope of being able to shape the behavior of small enterprise in increasing national economic growth. Therefore it is necessary to have a small enterprise empowerment strategy towards entrepreneurial independence with an entrepreneurship spirit approach, entrepreneurship values and entrepreneurial behavior.

## **RESEARCH METHODOLOGY**

Respondents in this study were small enterprises that had been in the form of clusters and were registered with the Cooperatives and Small and Medium Enterprise Office in three regions, namely Pekalongan Regency, Batu Malang City and Kasongan Bantul Yogyakarta. The population was 373 small enterprises actors.

The reliability test was used to measure the extent to which the results of a measurement can be trusted, if the measurements are repeated and the results are relatively the same, then the measurements are considered to have high reliability (Suliyanto 2006).

In this study also used questionnaires and in-depth interviews with the aim of studying research indicators that were expected to be able to provide an entrepreneurial spirit associated with the concept of developing small businesses that are independent and resilient.

## **RESULTS AND DISCUSSION**

The validity and reliability test was proven based on the results of Cronbach's Alpha analysis which was 0.685, it turns out to be greater than 0.6 meaning that the value was greater than the r-table value, so the validity and reliability values of the instrument indicated that the questionnaire was reliable. The validity test results showed that all statements were valid because the r-count value was greater than the r-table and positive value. The instrument validity test results showed the questionnaire was valid.

Hypothesis testing used SEM analysis with a significance level of 5 percent, it produced a Critical Ratio (CR) of 1.96. The acceptance of the hypothesis was done if the t-value obtained  $\geq 1.96$  and the probability value was less than 0.05 or the \*\*\* sign on the AMOS output. Conversely the hypothesis was not supported if the t-value obtained  $t \geq 1.96$  and the probability value  $> 0.05$ . Hypothesis test results are shown in table four.

Based on calculations showed that the spirit of entrepreneurship (CR = 2,468; P = 0.002) and entrepreneurial value (CR = 4,832; P = \*\*\*) had a positive and significant effect on entrepreneurial behavior. While the spirit of entrepreneurship (CR = 1.584; P = 0.542) and entrepreneurship value (CR = 0.673; P = 0.865) had no effect and were not significant on entrepreneurial independence. However, entrepreneurial behavior (CR = 3.248; P = 0.008) had a positive and significant effect on entrepreneurial independence.

The direct effect of the relationship between variables showed that the variable that had the greatest influence on entrepreneurial behavior was the value of entrepreneurship with a contribution of 46.2 percent. The entrepreneurial behavior variable had a big influence on the entrepreneurial independence variable with a contribution of 68.4 percent.

The indirect effect in this study was presented in table 6 which showed that all exogenous variables had an indirect effect on entrepreneurial independence. The biggest indirect effect on entrepreneurial independence variable was the entrepreneurial value variable with a contribution of 31.6 percent.

Based on the test results in this research model on the relationship between variables obtained direct influence and indirect influence between variables, therefore it is necessary to measure the total effect. Based on calculations, the results of measurements of the total effect between variables are shown in table 7.

Based on the results of the analysis it can be concluded that in order to establish entrepreneurial independence for small enterprise that need to be developed is empowering entrepreneurial behavior on small enterprise actors by increasing the most dominant variable or having the biggest loading factor. This is done by re-examining the value of entrepreneurship starting from building self-confidence by forming confidence, optimism, commitment, discipline, and responsibility in running an enterprise. Then followed by the courage to take risks through various calculations that do not harm the company. Besides that, courage is required in creating initiatives by showing active, agile and full initiative in doing enterprise, supported by the achievement motive through orientation to results and future insights, in accordance with research conducted by Silalahi (2007). On this basis, entrepreneurial behavior among small enterprise actors can be improved by improved by developing trust for entrepreneurial certainty through entrepreneurial protection.

The results of this research analysis provide empirical evidence that the spirit of entrepreneurship had a positive and significant effect on entrepreneurial behavior (the first

hypothesis was supported). This condition showed that the entrepreneurial spirit possessed by small enterprise actors was able to increase the formation of entrepreneurial behavior, encourage and foster enthusiasm for small enterprise actors in carrying out enterprise activities. The results of this study supported the study of Husaini (2004) which stated that the entrepreneurship spirit had a positive and significant effect on entrepreneurial behavior. Means that small enterprise are expected to prioritize the spirit of entrepreneurship in every enterprise activity as well as possible in order to form strong and resilient entrepreneurial behavior.

The value of entrepreneurship has a positive and significant effect on entrepreneurial behavior. This condition showed that the second hypothesis was supported, namely the entrepreneurial value developed by small enterprise actors able to empower enterprise activities for enterprise continuity. The results of this study were in line with research by Choueke and Armstrong (1988) that the value of entrepreneurship had a strong effect on entrepreneurial behavior. Based on these results showed that small enterprise actors had an entrepreneurship value that could improve the entrepreneurial behavior. The entrepreneurship value possessed by small enterprise actors was able to realize the formation of enterprenuerial behavior through business development and decision making in running an enterprise. The courage to develop a enterprise and make decisions at the right time is usually done by small enterprise because it is an activity that must be chosen so that the company does not experience an enterprise failure.

The results of this study also showed that the spirit of entrepreneurship does not have an influence on entrepreneurial independence (the third hypothesis was not supported). This result was contrary to the research of Basuki (2007) which showed that the spirit of entrepreneurship had a positive and significant effect on entrepreneurial independence. If the entrepreneurship spirit increases, the independence of small enterprise would also be stronger and more powerful in doing enterprise. However, even though the spirit of entrepreneurship increases, it would not always lead to the establishment of entrepreneurial independence for small enterprise actors. So that the establishment of entrepreneurial independence did not depend on the good or bad entrepreneurship spirit for small enterprise. The insignificance of the influence of the entrepreneurship spirit on entrepreneurial independence could be demonstrated because the majority of respondents from the majority descriptive analysis were enterprise actors who had been formed for generations on the basis of a family enterprise.

This study also showed the results that the value of entrepreneurship did not have an influence on entrepreneurial independence (the fourth hypothesis was not supported). The stronger the value of entrepreneurship for small enterprise, the stronger the independence of entrepreneurial would be. This condition showed that even a strong entrepreneurship value did not always evoke the formation of entrepreneurial independence for small enterprise. Based on these findings, it could be concluded that the establishment of entrepreneurial independence did not depend on the strength or the weakness of entrepreneurship values.

The results of this study indicated that entrepreneurial behavior had a positive and significant effect on entrepreneurial independence (the fifth hypothesis was supported). This means that if the small-scale enterprise actor exhibited strong entrepreneurial behavior, the stronger the independence of the enterprise would also be formed. The results of this study were consistent with the research of Haryono and Khoiriyah (2012) which stated that entrepreneurial behavior had a positive and significant effect on the establishment of entrepreneurial independence.

The entrepreneurial spirit would increase significantly to entrepreneurial independence indirectly by being moderated by entrepreneurial behavior, this result was in accordance with research conducted by Amelia (2009). So the priority needed for small enterprise actors in shaping entrepreneurial independence was to empower small enterprise actors as an embodiment of entrepreneurial behavior by strengthening a good entrepreneurship spirit. The results of this study contradicted the research of Frederick et al. (2006) which stated

that the spirit of entrepreneurship had a positive and significant effect on the establishment of entrepreneurial independence.

The value of entrepreneurship would indirectly strengthen the formation of entrepreneurial independence if moderated entrepreneurial behavior, so that the main treatment for the establishment of entrepreneurial independence was the need for increased enterprise by creating self-confidence and career development for small enterprise to create strong entrepreneurial behavior. These findings were not in line with the research of Thobias (2013) which stated that entrepreneurial behavior influences the formation of entrepreneurial independence.

Although there was no significant relationship between the value of entrepreneurship and entrepreneurial behavior on entrepreneurial independence, entrepreneurial behavior had a very strong role to increase the significance of the two variables. The main priority that needs to be done by small enterprise actors was how to be able to create confidence, dare to make decisions and strengthen for enterprise development to form significant entrepreneurial independence in the future.

## CONCLUSION

Strengthening the entrepreneurship spirit would have an impact on strengthening entrepreneurial behavior, also increasing the value of entrepreneurship would increase entrepreneurial behavior. Increasing the spirit of entrepreneurship could increase the formation of entrepreneurial independence, but it had not become something meaningful, it means that small enterprise actors who were able to increase entrepreneurship spirit would not necessarily form entrepreneurial independence. Strengthening the value of entrepreneurship could increase the formation of entrepreneurial independence, but it did not have a meaningful meaning, because the entrepreneurship spirit was formed by small enterprise actors was not yet a possible factor for creating entrepreneurial independence. While strengthening the entrepreneurial behavior could create the formation of entrepreneurial independence for small enterprise.

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