

# The Effect of Entrepreneurial Knowledge on Entrepreneurial Intention with Perceived Desirability, Perceived Social Norms, and Perceived Feasibility as Mediating Variable

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## ABSTRACT

This study was conducted to determine the effect of Entrepreneurial knowledge on perceived desirability, perceived social norms and perceived feasibility and their impact on entrepreneurial intention. This study uses the main theory of the theory of the theory of planned behavior. The research method chosen is a quantitative research method. The data processing method used is partial least squares. The results show the Entrepreneurial knowledge affects perceived desirability, entrepreneurial knowledge affects perceived social, Entrepreneurial knowledge affects perceived feasibility, perceived desirability affects interest in entrepreneurship. Perceived social norms affect interest in entrepreneurship, perceived feasibility does not affect interest in entrepreneurship. Perceived desirability mediates the effect of entrepreneurial knowledge on entrepreneurial interest. Perceived feasibility does not mediate the effect of entrepreneurial knowledge on entrepreneurial interest.

**Keywords:** *Entrepreneurial knowledge, perceived desirability, perceived social norms, perceived feasibility, entrepreneurial intention.*

## 1. INTRODUCTION

The population in Indonesia is 270 million people with 68.75% of it categorized in productive age. In which only 3.47% of that ratio were working as an entrepreneur, which then classified as relatively low compared to other countries. Indonesia is planning on increasing the ratio of entrepreneurship to 4% by the end of 2024, but on the other hand, the ratio was still relatively low compared with Singapore that was having the ratio of 8.67%.

Entrepreneurship needs to be increased in order to increase the job fields which later will increase the country's income, reduce economic and social inequality, and increase the probability of national investment. Besides, the benefit of being an entrepreneur is that we could manage the profit, increase personal thoughts and increase wider connection. Being an entrepreneur is beneficial for the public and also helps individuals to have leadership. Therefore, entrepreneurial intentions need to be increased in order to increase the probability of generation Z becoming an entrepreneur.

Entrepreneurial intention itself will increase if individuals have the knowledge in which it is defined as individual appreciation against skill, mental, and entrepreneurship concepts. A person will increase their willingness to be an entrepreneur as they know more on the positive side of being an entrepreneur.

According to the theory of planned behavior, it explained that the factors that influence the knowledge of entrepreneurship were perceived desirability, perceived social norms, and perceived feasibility [1].

This research will be focused on the generation Z in Jakarta. Stillman stated that Generation Z are the new working generation that were born between 1995 to 2012, or often known as the internet generation. According to research, the difference between generation Z and generation Y is that generation Z has more knowledge about advanced technology, is open minded, and does not care about the norm [2].

According to the survey that was taken by EY ripples and JA Worldwide with over 6.000 active users and ex JA worldwide that were born in between 1997 and 2007, 53% of them were willing to run their own businesses in the upcoming ten year-time. This proportion increased to 65% by the time they enter the working life. In fact, the traditional way of being successful in a career is by taking a high degree which, parallel with the increase of income and position in a company, was never easier than experimenting by walking through entrepreneurship.

### 1.1. Problem Formulation

- a. Does entrepreneurial knowledge affect the perceived desirability of Generation Z in Jakarta?
- b. Does entrepreneurial knowledge affect the social norms of Generation Z in Jakarta?
- c. Does entrepreneurial knowledge affect the perceived feasibility of Generation Z in Jakarta?
- d. Does perceived desirability affect the entrepreneurial intention of Generation Z in Jakarta?
- e. Does perceived social norms affect the entrepreneurial intention of Generation Z in Jakarta?
- f. Does perceived feasibility affect the entrepreneurial intention of Generation Z in Jakarta?
- g. Does perceived desirability mediate the effect of entrepreneurial knowledge on entrepreneurial intention from Generation Z in Jakarta?
- h. Does perceived social norms mediate the influence of entrepreneurial knowledge on the entrepreneurial intention of Generation Z in Jakarta?
- i. Does perceived feasibility mediate the effect of entrepreneurial knowledge on the entrepreneurial intention of Generation Z in Jakarta?

## 2. RESEARCH METHODS

This study uses a quantitative research design with a survey approach where the time horizon used is cross sectional. Quantitative research is research that focuses on statistical and mathematical calculations for data processing. In this study, quantitative research was used because this study wanted to examine the effect of 2 or more variables. While the survey approach is an approach where research uses a collection of questions (in the form of a questionnaire) in collecting data [3]. Cross sectional according to [4] is a time horizon where this research is carried out at a certain point in time and is not research that focuses on a certain time series or a certain time level. The number of samples in this study is a minimum of 100 Jakarta who were born in Generation Z, understand entrepreneurship and have had the desire to become an entrepreneur.

In this study, there is 1 independent variable including entrepreneurial knowledge. 1 dependent variable is entrepreneurial intention and 3 mediating variables are Perceived Desirability, Perceived Social Norms, and Perceived Feasibility. The following is the measurement of each variable.

**Table 1** The Operationalization of Research Variables

Variable	Indicator	Scale
Entrepreneurial Knowledge	1. Knowledge of the business to be entered/pioneered 2. Knowledge of roles and responsibilities 3. Knowledge of business management and organization	Likert with interval data

Perceived Desirability	<ol style="list-style-type: none"> <li>1. Being an entrepreneur is a good thing</li> <li>2. Being an entrepreneur is fun</li> <li>3. Being an entrepreneur is a wise thing</li> <li>4. Being an entrepreneur is something that can be enjoyed</li> <li>5. Being an entrepreneur is a profitable thing</li> <li>6. Being an entrepreneur is a satisfying thing</li> <li>7. Being an entrepreneur is proof of success</li> <li>8. Being an entrepreneur is something that provides more benefits</li> <li>9. Being an entrepreneur is important</li> <li>10. Becoming an entrepreneur is a must</li> <li>11. Becoming an entrepreneur is possible</li> <li>12. Being an entrepreneur is something that gives more value</li> </ol>	Likert with interval data
Perceived Social Norms	<ol style="list-style-type: none"> <li>1. Support from family</li> <li>2. There is an entrepreneur figure in the family</li> <li>3. Entrepreneurial activity in the family</li> <li>4. The role of entrepreneurs around</li> <li>5. Perceptions of entrepreneurs from the surrounding environment</li> <li>6. Risk assessment from entrepreneur</li> </ol>	Likert with interval data
Perceived Feasibility	<ol style="list-style-type: none"> <li>1. Ability to analyze market</li> <li>2. Ability to deal with uncertain conditions</li> <li>3. Knowledge of important resource factors</li> <li>4. Understand the main vision</li> <li>5. Building an innovative environment</li> <li>6. Building relationships with investors</li> </ol>	Likert with interval data
Entrepreneurial Intention	<ol style="list-style-type: none"> <li>1. Make savings to become an entrepreneur</li> <li>2. Looking for information about entrepreneurship</li> <li>3. Making time to study entrepreneurship</li> <li>4. Ready to make everything to be an entrepreneur</li> <li>5. Professional goal to become entrepreneur</li> <li>6. Try your best to open your own business</li> <li>7. Have the determination to open your own business</li> <li>8. Thinking about entrepreneurship very seriously</li> <li>9. Have a mind of your own to open your own business one day</li> </ol>	Ordinal

### 3. RESULTS AND DISCUSSIONS

The hypothesis (Path Coefficient) was done using the bootstrapping method and used to know the relationship on one variable with the other variable with the bootstrapping method on SmartPLS 3.3.2 and classified into original sample, t statistic, and P values. These are the results of the hypothesis (Path Coefficient).

**Table 2** Hypothesis Testing Result

	Original Sample	t-Statistics	P Values
Knowledge -> desirability	0.843	26.702	0.000
Knowledge -> social norms	0.839	25.457	0.000
Knowledge -> feasibility	0.824	21.073	0.000
Desirability -> entrepreneurial intention	0.362	2.681	0.008
Social Norms -> entrepreneurial intention	0.431	3.811	0.000
Feasibility-> entrepreneurial intention	0.147	0.997	0.319
Knowledge -> desirability -> entrepreneurial intention	0.306	2.67	0.008
knowledge-> social norms -> entrepreneurial intention	0.362	2.805	0.000
Knowledge -> feasibility -> entrepreneurial intention	0.121	0.981	0.327

These are the result of the final discussions from the hypothesis using the bootstrapping method. Here are the results:

**H1: Entrepreneurial knowledge affect perceived desirability from generation Z in Jakarta**

Based on the research, entrepreneurial knowledge affects the perceived desirability that H1 accepts and has a positive effect because entrepreneurial knowledge has a t Statistic value of 26.702 where the value is higher than 1.96 and the P value is lower than 0.05 which is 0.000. For that reason, it can be stated that entrepreneurial knowledge can affect perceived desirability. This could happen on individuals that have better knowledge on the entrepreneur industry which later have the willingness to be an entrepreneur. In addition, people with entrepreneur knowledge know the advantages and disadvantages of being an entrepreneur. This research is parallel with research from Yousaf et al [5] stating that entrepreneurial knowledge does affect perceived desirability.

**H2: Entrepreneurial knowledge affects perceived social norms on Generation Z in Jakarta.**

Based on the research, variable entrepreneurial knowledge affects the perceived social norms that H2 is accepted and has a positive effect because entrepreneurial knowledge has the T statistic value of 25.457 which is higher than 1.96 and the P value is lower than 0.05. Therefore, it can be stated that entrepreneurial knowledge does affect the perceived social norms. The knowledge of being an entrepreneur will be accepted if they were living in an environment that has the same profession as an entrepreneur. This could happen if an individual and the environment were having the same capability and knowledge in which they will have the same point of view. According to Al-mamary [6] stated that entrepreneurial knowledge affects perceived social norms.

**H3: Entrepreneurial knowledge affects perceived feasibility to generation Z in Jakarta.**

Based on the experiment, variable entrepreneurial knowledge affects variable perceived feasibility and H3 can be accepted and also gain positive effect because entrepreneurial knowledge has the T Statistic value of 21.073 and which is higher than 1.96 and the P value is lower than 0.05. For that reason, entrepreneurial knowledge affects perceived feasibility. The knowledge of entrepreneurship will be a great factor that could affect the preparation of an individual to be an entrepreneur. They do understand things that will be faced if they want to be on this path. Based on the research taken from Sudarmaji et. al [7], they stated that entrepreneurial knowledge affects the perceived feasibility.

**H4: Perceived desirability affects the entrepreneurial intention to generation Z in Jakarta.**

Based on the research, it could be stated that perceived desirability does affect the variable of generation Z that were interested in being an entrepreneur. The H4 is accepted and has the positive impact because perceived desirability has the value of T statistic 2.681 and it is higher than the value of 1.96. The P values are lower than 0.05 and which is 0.008. For that reason, perceived desirability affects the intention of being an entrepreneur. This statement is parallel with the theory of planned behavior which interest arises based on previous encouragement. According to Purusottama [8], Dissanayake [9] and Wannamakok [10], perceived desirability affects entrepreneurial intention.

**H5: Social norms affect entrepreneurship to generation Z in Jakarta.**

Based on the result of testing the perceived social norms affect the variable on the entrepreneurial intention. H5 is accepted and brings a possessive impact on perceived social norms because the T statistic value is 3.811 and it is higher than 1.96 and the P value is lower than 0.05, which is 0.000. For that reason, it can be satiated that perceived social norms affect the entrepreneurial intention. If an individual were surrounded with entrepreneurs, it would increase the intention of being entrepreneur and if the individuals choose to go other ways, he will feel guilty. For that reason, the environment that surrounds an individual's do affect the individual's character. According to Yud [11] stated that perceived social norms affect the entrepreneurial intentions.

**H6: Perceived feasibility affects the entrepreneurial interest of Generation Z in Jakarta**

Based on the results of testing the perceived feasibility variable on the entrepreneurial intention variable, H6 is rejected and has no effect because the perceived social feasibility has a t-statistic value of 0.997, which is smaller than 1.96 and a p-value greater than 0.05, which is 0.319. Therefore, it can be said that perceived feasibility has no effect on entrepreneurial intentions. When someone already has the feasibility and fulfills the needs as an entrepreneur, then they tend to think more about surviving with their establishment without having to try and take the risk of becoming an entrepreneur again.

This can happen because when a person already has readiness for entrepreneurship, but this readiness is not born from knowledge and understanding of entrepreneurship or strategies in entrepreneurship, interest in entrepreneurship will be difficult to emerge. The results of this study are not in line with previous research conducted by Bui [12] and Mohammadi [13] which stated that perceived feasibility had an effect on entrepreneurial intentions.

**H7: Perceived desirability mediates the effect of entrepreneurial knowledge on the entrepreneurial intention of Generation Z in Jakarta**

Based on the results of testing the perceived desirability variable in mediating the influence of entrepreneurial knowledge on the entrepreneurial intention variable, it was found that H7 was accepted because the role of perceived desirability had a t statistic of 2.67 which was greater than 1.96 and the p-value was smaller than 0.05, which was 0.008. Therefore, it can be said that perceived desirability mediates the effect of entrepreneurial knowledge on entrepreneurial intentions. Someone with good knowledge about the world of entrepreneurship tends to have more desire to become an entrepreneur because people with more knowledge about the world of entrepreneurship tend to know the advantages and benefits of entrepreneurship such as flexibility of time and effort. This makes people with knowledge of entrepreneurship tend to be more eager to become an entrepreneur. Someone who already has the desire to become an entrepreneur will be more interested in becoming an entrepreneur.

This matter is in line with the theory of planned behavior where interest arises on the basis of pre-existing impulses. Perceived desirability as an impulse from within a person will foster a will and will encourage them to become entrepreneurs.

**H8: Subjective norms mediate the influence of entrepreneurial knowledge on the entrepreneurial intention of Generation Z in Jakarta**

Based on the results of testing the perceived social norms variable in mediating the influence of entrepreneurial knowledge on the entrepreneurial intention variable, it was found that H8 was accepted because the role of perceived desirability had a t-statistic value of 3.805, which is greater

than 1.96 and a p-value of less than 0.05, which is 0.008. Therefore, it can be said that perceived social norms mediate the influence of entrepreneurial knowledge on entrepreneurial intentions. Knowledge of entrepreneurship tends to make people tend to feel more accepted if they also become entrepreneurs from their environment. This happens because people with entrepreneurial knowledge will feel that their standard is to become an entrepreneur. They will be more acceptable and accept the environment with the same capacity and capability, namely as an entrepreneur. When someone looks around them, and everyone around them becomes an entrepreneur, then that person tends to feel that being an entrepreneur is the right way and will feel wrong if he chooses to work as an employee. Therefore, with strong knowledge, if the knowledge is able to influence the environment around them, then that person will be more likely to choose entrepreneurship as a career path.

**H9: Perceived feasibility mediates the effect of entrepreneurial knowledge on entrepreneurial intention from Generation Z in Jakarta**

Based on the results of testing the perceived feasibility variable in mediating the effect of entrepreneurial knowledge on the entrepreneurial intention variable, it was found that H9 was rejected because the perceived feasibility role had a t-statistic value of 0.981, which is smaller than 1.96 and a p-value greater than 0.05, which is 0.327. Therefore, it can be said that perceived social norms do not mediate the effect of entrepreneurial knowledge on entrepreneurial intentions. Someone with good knowledge about the world of entrepreneurship tends to have more desire to become an entrepreneur because people with more knowledge about the world of entrepreneurship tend to know the advantages and benefits of entrepreneurship such as flexibility of time and effort. This makes people with knowledge of entrepreneurship tend to be more eager to become an entrepreneur. When someone already has the qualifications and fulfills the needs as an entrepreneur, then they tend to be driven to become entrepreneurs because people who have prepared themselves to become entrepreneurs usually emerge from within themselves. A person's eligibility to become an entrepreneur is assessed in terms of tangible and intangible meaning that this person already has the will to become an entrepreneur.



**Figure 1** PLS Model Specification  
 Source: Data Processed Using SmartPLS version 3.3.2

**4. CONCLUSIONS AND SUGGESTIONS**

This research was conducted with the aim of knowing the effect of entrepreneurial knowledge on perceived social norms, perceived feasibility and perceived desirability on the entrepreneurial intention of Generation Z in Jakarta. This study used 105 respondents, all of whom were born in 1995 - 2012. The data used in this study is primary data in the form of questionnaires distributed through

Google Forms. Based on the description in the data analysis and discussion chapter, the conclusions of this study are as follows:

1. Entrepreneurial knowledge affects the perceived desirability of Generation Z in Jakarta.
2. Entrepreneurial knowledge affects the perceived social norms of Generation Z in Jakarta.
3. Entrepreneurial knowledge affects the perceived feasibility of Generation Z in Jakarta.
4. Perceived desirability affects Generation Z's entrepreneurial intention in Jakarta.
5. Perceived social norms affect Generation Z's entrepreneurial intention in Jakarta.
6. Perceived feasibility has no effect on Generation Z's entrepreneurial intention in Jakarta.
7. Perceived desirability mediates the influence of entrepreneurial knowledge on the entrepreneurial intention of Generation Z in Jakarta.
8. Perceived social norms mediate the influence of entrepreneurial knowledge on the entrepreneurial intention of Generation Z in Jakarta.
9. Perceived feasibility does not mediate the effect of entrepreneurial knowledge on the entrepreneurial intention of Generation Z in Jakarta.

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