Developing an Entrepreneurial Mindset in Youth: Investigating Locus of Control and Self-Efficacy among Students of Pringsewu Business Management Vocational School

Ayu Imelda Viguna 1*, Mintasih Indriayu 2, Leny Noviani 3

1 Postgraduate Magister Program of Economics Education, Universitas Sebelas Maret, Surakarta City, Jawa Tengah 57126, Indonesia
2,3 Department of Economics Education, Universitas Sebelas Maret, Surakarta City, Jawa Tengah 57126, Indonesia

ABSTRACT

The objective of this research is to investigate the Locus of Control and Self-Efficacy among students in developing their entrepreneurial mindset in their Youth. Unemployment and poverty remain significant issues faced by the people of Indonesia both currently and in the coming years. The persistent high unemployment rate in Indonesia continues to be a pervasive problem. This study used a quantitative research design, employing both exogenous and endogenous variables, as well as moderator variables that either strengthen or weaken the relationship between the variables. The research was conducted at Vocational High School (SMK) in Pringsewu Regency during the 2023/2024 academic year's even semester. The study's population consisted of all class XI students majoring in business management at vocational schools across Pringsewu Regency, with a total of 114 students at each school. The sample size was determined using the Slovin formula, with a population of 89 students and a significance level of 0.05. The results showed that research was conducted on 73 students who obtained the results that locus of control had an effect on entrepreneurial intentions as seen in the tcount for the variable locus of control (X1) of 2.993 > ttable (1.667) with a probability value (sig.) of 0.004 < 0.05 with Thus, H0 is rejected and Ha is accepted, which means that the locus of control variable (X1) has a positive and significant effect on entrepreneurial intentions (Y). Self-efficacy influences entrepreneurial intentions as seen in the tcount for the self-efficacy variable (X2) of 4.132 > ttable (1.667) with a probability value (sig.) of 0.000 < 0.05, thus H0 is rejected and Ha is accepted, which means that the self-efficacy variable (X2) has a positive and significant effect on entrepreneurial intentions (Y).

Keywords: Entrepreneurial Mindset, Locus of Control, Self-Efficacy, Youth

This is an open access article under the CC BY-SA license.

Corresponding Author:
Ayu Imelda Viguna
Universitas Sebelas Maret
Email: ayuimeldavigunaa@gmail.com

INTRODUCTION

The ongoing struggles of unemployment and poverty among the Indonesian population are undeniable, and unfortunately, these issues are forecasted to persist for the next few years. The persistent high unemployment rate in Indonesia has been a longstanding problem (Gunawan, 2020), with the rate consistently increasing over the past few decades (Yanti, 2019). To tackle the limited employment opportunities, entrepreneurship has emerged as a viable solution (Dollinger, 2008).
Encouraging students to develop entrepreneurial skills is a step towards fostering their independence. Notably, the number of Vocational High School (SMK) graduates is rising annually, and sadly, not all of these graduates can secure employment. This highlights the significance of entrepreneurship for students graduating from Vocational Schools (Adnyana & Purnami, 2016).

Schools as the spearhead of the output of educational graduates, of course want the outcomes to be students who are independent, able to face the challenges of a world that is changing so quickly, and solve problems that occur in their lives well (Syah, 2021). Unemployment of vocational school graduates in Indonesia is an issue that needs attention in the education sector. Even though vocational schools play an important role in producing skilled workers, significant problems are still found regarding high unemployment among vocational school graduates. This needs to be emphasized because SMK is an educational institution that prepares its students for skilled workforce, but SMK also prepares workforce that is in line with market needs. Even though currently the learning process in vocational schools has experienced a lot of development, there is still a gap between the skills mastered by vocational school graduates and the needs of industry or the labor market.

Research to look at aspects of a person's entrepreneurial intentions has received a lot of attention from researchers. Katz and Gartner (1988) define entrepreneurial intention as a process of searching for information that can be used to achieve the goal of establishing a business. Thus, someone who has entrepreneurial intentions will have better readiness and progress in the business they run than someone who does not have them. In general, research on entrepreneurial intentions is carried out by paying attention to three different factors, namely: demographic characteristics (gender, age, educational background and work experience), personality characteristics (need for achievement and self-efficacy), and environmental characteristics (instrument readiness).

Limited access and literacy among vocational school graduates is a reason for starting entrepreneurship (Mayasari & Perwita, 2017). In recent years, there has been a significant increase in the number of vocational school graduates. This is caused by various factors such as government programs that support vocational education, growing labor market needs, and increasingly positive public perceptions of vocational education. Based on data from the Ministry of Education and Culture, the number of vocational school graduates in Indonesia has increased consistently from year to year. For example, in 2019 there were around 1.95 million vocational school graduates, while in 2022, that number will increase to around 2.6 million graduates.

Even though the number of vocational school graduates is increasing, there are several problems related to the quality of vocational education. Some vocational school graduates face difficulties in finding work due to a lack of skills relevant to labor market demands. Based on a study by the Indonesian Employers' Association (Apindo), around 45% of companies in Indonesia experience difficulties in finding workers with appropriate skills. This shows that there is a mismatch between the qualifications of vocational school graduates and the needs of the labor market.

One of the factors causing the low quality of vocational education is the lack of collaboration between industry and vocational education institutions. When the industrial world is not involved in the education process, vocational school graduates will find it difficult to adapt to the latest developments in the world of work. Data from the Ministry of Manpower shows that only around 17% of vocational schools have active collaboration with the industrial world. This shows that there is a gap between the vocational education curriculum and real needs in the world of work.

In society, there is a negative stigma towards vocational education compared to academic education. Many people still think that vocational education is inferior and is only intended for students who are unable to continue their education to a higher level. According to Virgiawan (2020), entrepreneurial skills must be built consciously from an early age so that the younger generation also begins to make entrepreneurship an important career choice to support the nation's prosperity in the future. According to Rasmawati et al. (2019), business schools can be a bridge between theoretical knowledge and practical involvement in the field. Regarding the influence of entrepreneurship education, there is a need to understand how and encourage the birth of potential young entrepreneurs while they are in education. Furthermore, according to (Setyorini, 2018), one of the factors driving the growth of entrepreneurship in a country lies in the role of universities through the provision of entrepreneurship education.
The findings by Wardani & Nugraha (2021) also state that the higher a student's self-confidence in his ability to do business, the greater his desire to become an entrepreneur. Other findings from Retnowati & Putra (2021) state that demographic factors such as gender, age, educational background and work experience influence entrepreneurial intentions. Research (Simatupang, 2021) found that work experience influences Norwegian students' entrepreneurial intentions. Students with previous work experience have higher entrepreneurial intentions than those who have never worked before, although this finding does not apply to Japanese and Indonesian students, but this finding is in line with research results (Wijaya & Handoyo, 2022).

Other research shows that entrepreneurial characteristics influence a person's desire to become an entrepreneur (Fischer et al., 2022). Entrepreneurial characteristics consist of innovativeness, need for achievement, locus of control, risk taking propensity, and self-confidence. This characteristic is seen as the main factor that influences a person's possibility of becoming an entrepreneur. The higher these characteristics, the greater the possibility that an individual will want to become an entrepreneur. Other factors that are thought to also influence someone to become an entrepreneur are entrepreneurial characteristics, family background, ethnic factors and environmental factors (Szymanska et al., 2020).

The findings from Gifford et al. (2021) show that innovativeness and self-confidence influence students' entrepreneurial intentions. The results of research by Blegur & Handoyo (2020) for the Javanese ethnic group show that the variables of self-efficacy, instrument readiness, academic achievement influence entrepreneurial intentions, while work experience has no effect on entrepreneurial intentions. For non-Javanese ethnic groups, it is known that instrument readiness and work experience influence entrepreneurial intentions, while academic achievement and self-efficacy variables have no effect on entrepreneurial intentions.

According to Bandura & Wessels (1994), entrepreneurial interest is the tendency of an individual's desire to take entrepreneurial action by creating new products through business opportunities and taking risks. Entrepreneurial activities are largely determined by the individual's own interests (Maddux & Gosselin, 2012). People will not become entrepreneurs suddenly without certain triggers (Cervone, 2000). Entrepreneurship education is an important factor in growing and developing the desire, spirit and entrepreneurial behavior among the younger generation because education is a source of overall attitudes and interest in becoming successful entrepreneurs in the future (Kuratko, 2005). Apart from that, according to (Von Graevenitz et al., 2010), entrepreneurial self-efficacy is an individual's belief about one's own ability to open a new business as well as manage tasks and be involved in launching the new business.

According to Gürol & Atsan (2006), Locus of Control consists of two constructs, namely internal and external, where internal Locus of Control is when a person believes that what happens is always under his control and he always takes a role and is responsible in every decision making, whereas External Locus of Control is when someone believes that events in their life are beyond their control (Tseng et al., 2022).

Students' intentions to become entrepreneurs are very important because they can foster new entrepreneurs (Mandel & Noyes, 2016). Belief in attitudes and social support will shape students' tendencies in choosing a career, including efforts to open a new business so that it can become a foundation for the economy (Trisnawati, 2011). Meanwhile, according to Blenker et al. (2013) explains that a person's behavior involving something requires high confidence in decision making. Increasing students' intention in making career decisions is influenced by many factors, including the importance of entrepreneurship education, students' self-confidence in their abilities (self-efficacy), and locus of control (Kuehn, 2008).

Entrepreneurial literacy refers to the knowledge, skills, and attitudes needed to be a successful entrepreneur. Someone who has a high level of entrepreneurial literacy tends to be better able to recognize opportunities, develop creative ideas, and manage risks in starting a business. However, in vocational schools, students' entrepreneurial literacy levels are often not optimal because the curriculum may be inadequate and there is a lack of entrepreneurship training (Rauch & Hulsink, 2015). Meanwhile, it refers to a person's belief about the extent to which he has control over his own life. Individuals who have an internal locus of control tend to feel they have complete control over
their fate, while individuals with an external locus of control tend to feel their fate is determined by external factors such as luck or destiny. Previous research found that internal locus of control is positively related to entrepreneurial intentions, because individuals who feel they have full control tend to have more confidence in their ability to become successful entrepreneurs (Fayolle, 2005).

Self-efficacy refers to an individual's belief in his or her ability to complete the tasks necessary to achieve goals. Individuals with high levels of self-efficacy generally feel confident that they can overcome obstacles and face challenges in entrepreneurship. Previous research shows that self-efficacy has a positive relationship with entrepreneurial intentions, because individuals who believe in their own abilities tend to have high motivation to start a business and face risks (Bae et al., 2014).

However, although there is much research on the factors that influence entrepreneurial intentions, most of this research has been conducted on the general population or students in higher education. Research that focuses on vocational school students is still limited, especially in the context of entrepreneurial literacy, locus of control, and self-efficacy. Therefore, this research will focus on SMK and combine these three factors in one study to fill this knowledge gap.

This research will provide a deeper understanding of the factors that influence vocational school students' entrepreneurial intentions, so that these factors can be of concern to all groups in the school environment. This research will also later become a reference for the school in improving students' entrepreneurial spirit. Entrepreneurial literacy, locus of control and self-efficacy, students can see the opportunities that exist around them. A good understanding of economic concepts can be used as a basis or basis for a person's decisions to determine what to do in the future. The remaining vocational school graduates will work or become entrepreneurs independently, because each student has reasons based on the problems and economic opportunities that exist in the surrounding environment.

Research results Gunawan (2020) show that entrepreneurship education, self-efficacy and locus of control have a positive effect on entrepreneurial intentions. However, research results Rasmawati et al. (2019) show that locus of control has no effect on students' intentions to become entrepreneurs. Research conducted Yanti (2019) found that parental support and self-efficacy have an influence on entrepreneurial intentions. Research results Virgiawan (2020) show that the stronger a person's self-confidence in their abilities, the lower their doubts about their entrepreneurial intentions. The same thing was also shown by research results (Dusak & Sudiksa, 2016) which found that self-efficacy and social support had a positive effect on the stability of decision making for students' careers. However, the findings Roring et al. (2022) show that self-efficacy has no effect on entrepreneurial intention. Research results Aulia et al (2022) show that digital literacy has a significant influence on interest in entrepreneurship. This shows that the ability to use digital technology effectively can increase a person's interest in engaging in entrepreneurial activities.

Based on preliminary studies with interviews conducted with teachers in several vocational schools in Pringsewu Regency, it was found that self-confidence in vocational school students in Pringsewu is still quite low, enthusiasm of vocational school students in Pringsewu in participating in entrepreneurial competency development programs is still lacking, students' interest in entrepreneurship is still low. Learning activities in class have not equipped students to have entrepreneurial skills, students' entrepreneurial motivation is still lacking, reflected in the criteria for responsibility, achievement, self-development and student independence in carrying out entrepreneurial activities. Apart from that, factors from various ethnicities and student backgrounds, both economic, socio-cultural and student characteristics, also influence students to become entrepreneurs.

Based on literature studies, there are gaps in entrepreneurial literacy, locus of control and efficacy can have a significant impact on a student's involvement in entrepreneurship and the success of their business. Understanding these factors can help in designing more effective education and training programs to improve individual skills and confidence in entrepreneurship.

This gap is reinforced by interviews with teachers at schools that show entrepreneurial literacy, locus of control and self-efficacy, that at these schools motivation, student interest is still lacking and training for entrepreneurship programs is still lacking. The novelty in this research lies in the subjects to be researched, namely vocational school students majoring in business management in Pringsewu.
and previous research used research samples on female and vocational school students with 3 comparisons, whereas this research includes vocational schools in Pringsewu Regency with majors.

**METHODOLOGY**

This research used a quantitative research approach, which is a method used to answer research problems related to data in the form of numbers and statistical programs. The established hypotheses were tested using quantitative research techniques. The variables used in this research are exogenous variables, endogenous variables and moderator variables (strengthening/weakening). The research location used as a place for data collection was the Vocational High School (SMK) in Pringsewu Regency. Implementation time is in the even semester of the 2023/2024 academic year. The population in this study were all class XI students majoring in business management in vocational schools throughout Pringsewu Regency. The detailed number of students at each school is 114 students.

<table>
<thead>
<tr>
<th>No</th>
<th>Names of School</th>
<th>Total Students</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SMK Karya Bhakti Pringsewu</td>
<td>29</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>2</td>
<td>SMK Yadika Pringsewu</td>
<td>30</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>3</td>
<td>SMK Patria Gading Rejo</td>
<td>27</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>114</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After conducting a pre-survey involving 25 samples, we found that the remaining number of students in this research population was 89 students. This pre-survey was carried out to obtain an initial picture and help in designing more effective research methods. Thus, from the total initial population of 114 students, now the focus of our research will be on the 89 students who have not been involved in the pre-survey. This approach is expected to provide more accurate and representative results.

The sample is part of the number and characteristics of the population. The sample determination in this research was carried out using the Slovin formula. Based on a population of 89 students which was determined with a significance level of 0.05, the sample size in this study was 73 students.

**RESEARCH FINDINGS AND DISCUSSION**

The total population in this research was 114 students, provided that 25 students were used as pre-research trial samples and 73 students were used as samples for research. After conducting pre-research trials with 25 respondents consisting of six male students and nineteen female students who were tested with 16 question items, four questions related to locus of control, six questions for self-efficacy and six questions for entrepreneurial intention with the test results of all valid questions. Therefore, the 16 question items are worth testing on the research sample.

Furthermore, research was conducted on 73 students who obtained the results that locus of control had an effect on entrepreneurial intentions as seen in the tcount for the variable locus of control (X1) of 2.993 > ttable (1.667) with a probability value (sig.) of 0.004 < 0.05 with Thus, H0 is rejected and Ha is accepted, which means that the locus of control variable (X1) has a positive and significant effect on entrepreneurial intentions (Y). Self-efficacy influences entrepreneurial intentions as seen in the tcount for the self-efficacy variable (X2) of 4.132 > ttable (1.667) with a probability value (sig.) of 0.000 < 0.05, thus H0 is rejected and Ha is accepted, which means that the self-efficacy variable (X2) has a positive and significant effect on entrepreneurial intentions (Y).
Based on the results of statistical tests, it shows that the Locus of Control and Self Efficacy variables on Entrepreneurial Intentions are described as follows:

1. The Influence of Locus of Control on Entrepreneurial Intentions

Locus of Control according to (Lefcourt, 1991), consists of two constructs, namely internal and external, where internal Locus of Control is when a person believes that what happens is always under his control and he always takes a role and is responsible in every decision making, while external Locus of Control is when someone believes that events in their life are beyond their control. Individuals vary in the amount of personal liability they assume for each of their behaviors and their consequences. Locus of control theory was first introduced by Julian Rotter (1966), individuals with an internal locus of control believe that they can influence the outcome of their actions through personal effort, while individuals with an external locus of control believe that the outcome is determined by internal factors, outside their control, such as luck or fate.

According to Forte (2005), locus of control refers to the conditions to which a person attributes their success and failure. He also said that when people perceive that the locus of control is within themselves, they will produce greater achievements in their lives because they feel that their potential can really be utilized so that they become more creative and productive. Locus of control is a person's belief about the existence of his own control, and how much control he has over the successes and failures he experiences as well as the situations or events in his life. Confidence here is belief in entrepreneurial intentions.

The results of calculations using SPSS show that the coefficient value of The calculated t value is 2.993 > t table (2.993 > 1.667) and sig < 0.05 (0.004 < 0.05). This means that H0 is rejected and Ha is accepted, meaning that locus of control influences the entrepreneurial intentions of vocational school students in Pringsewu.

In general, Locus of Control for class This means that the locus of control of class XI vocational school students majoring in business management in Pringsewu is good, so they can increase their entrepreneurial intentions. On the other hand, if a student's locus of control is not good then entrepreneurial intentions will also not increase. These results mean that locus of control is able to influence students' entrepreneurial intentions.

Students' intentions to become entrepreneurs are very important because they can foster new entrepreneurs (Mandel & Noyes, 2016). Belief in attitudes and social support will shape students' tendencies in choosing a career, including efforts to open a new business so that it can become a foundation for the economy (Trisnawati, 2011).

In the context of entrepreneurship, locus of control plays an important role. Several previous studies have shown a positive relationship between internal locus of control and entrepreneurial success. Rahim and Daud (2012) said that this research examines the influence of locus of control on entrepreneurial intentions among students in Malaysia. The research results show that students with an internal locus of control have higher entrepreneurial intentions compared to students who have an external locus of control. These findings suggest that belief in personal ability to control business outcomes plays an important role in encouraging interest in entrepreneurship among students.

The results of this research are in line with research by Fayolle (2005) which states that internal locus of control is positively related to entrepreneurial intentions, because individuals who feel they have full control tend to have more confidence in their ability to become successful entrepreneurs.

2. The Influence of Self-Efficacy on Entrepreneurial Intentions

Self-efficacy theory is a branch of Social Cognitive Theory put forward by Bandura & Wessels (1994) (known as Social Learning Theory). A person's belief in their ability to control their own functions and their environment is called self-efficacy. Apart from that, self-efficacy is a factor in cognitive changes in adolescents, a person's ability to perform actions at the level indicated. Self-efficacy will determine how people feel, think, motivate themselves and behave. In solving problems, as well as in the process of adapting to situations of stress, a teenager needs confidence in their own abilities because this will determine the actions taken and the results shown (Gielnik et al., 2020).
Self-efficacy is partly based on experience, some of our expectations are related to other people, expectations that primarily function for personality, perceptions of self-efficacy causally influence a person's behavior (Chen et al., 1998). Self-efficacy is expectations (expectations) about how far a person is able to carry out a behavior in a certain situation. Positive self-efficacy is the belief in being able to do better. Without self-efficacy (certain beliefs that are very situational), people are reluctant to even try to carry out a behavior. Self-efficacy determines whether a person will exhibit certain behaviors, how hard a person can persevere when facing difficulties or failure, and how success or failure in a particular task affects a person's future behavior. Self-efficacy is the belief that someone is able to perform a behavior well (Wilson et al., 2007).

The findings of this research are in line with the results found by Nursito and Nugroho (2013), which show that self-efficacy has a positive and significant influence on students' entrepreneurial intentions in Surakarta. These results support the theory presented by Cromie (2000), which suggests that a person's self-efficacy beliefs influence their belief in the possibility of achieving the goals they have set. The higher students' confidence in their ability to become entrepreneurs, the greater their motivation to become entrepreneurs.

The results of calculations using SPSS obtained a coefficient value of The calculated t value is $4.132 > t_{table} (4.132 > 1.667)$ and sig $< 0.05 (0.000 < 0.05)$. This means that $H_0$ is rejected and $H_a$ is accepted, meaning that self-efficacy influences the entrepreneurial intentions of vocational school students in Pringsewu.

In entrepreneurship, self-efficacy plays a role in various aspects, including decision making, persistence in facing difficulties, and the ability to motivate oneself. Entrepreneurs with high self-efficacy tend to be more confident in pursuing business opportunities, taking calculated risks, and seeking innovative solutions to the problems they face. They are also more resilient to failure and better able to bounce back after experiencing setbacks.

Previous research by Krueger, Reilly, and Carsrud (2000), in an article entitled "Competing Models of Entrepreneurial Intentions," researchers found that self-efficacy is one of the key factors influencing entrepreneurial intentions. They found that individuals with high self-efficacy were more likely to have a strong intention to start a business and take concrete steps to achieve that goal.

According to Fayolle et al (2014) in the article entitled "The future of research on entrepreneurial intentions", discusses the future direction of research on entrepreneurial intentions, including psychological factors such as self-efficacy which can influence an individual's intention to start a business. The results of this research are in line with research by (Bae et al., 2014) which states that self-efficacy has a positive relationship with entrepreneurial intentions, because individuals who believe in their own abilities tend to have high motivation to start a business and face risks.

3. The Influence of Locus of Control and Self Efficacy on Entrepreneurial Intentions

Based on the hypothesis test, it can be seen that there is an influence between locus of control and self-efficacy on the entrepreneurial intentions of vocational school students in Pringsewu, because the calculated probability is smaller than the significance value of 0.05. These results illustrate that increasing locus of control and self-efficacy will increase the entrepreneurial intentions of vocational school students in Pringsewu. A high locus of control and self-efficacy means entrepreneurial intentions will also increase. Based on the research that has been carried out, the results also show that the locus of control variable has a significant level of 0.004 and self efficacy of 0.000.

The findings of this research are in line. The results of this research are in line with the results of research from (Dusak & Sudiksa, 2016; Anggraeni and Nurcaya, 2016). Anggraeni and Nurcaya (2016) show that the variables of Entrepreneurship Education, Self Efficacy, Locus of Control and Entrepreneurial Character, together -sama has a positive and significant effect on interest in entrepreneurship.

Based on the results of research conducted by the author, as well as theories, opinions and previous research regarding the influence of Locus of Control and Self Efficacy together on vocational school students' entrepreneurial intentions, the author concludes that there is a match
between the results of this research and previous theories, opinions and research. The findings show that Locus of Control and Self Efficacy significantly and jointly influence vocational school students' entrepreneurial intentions.

CONCLUSION

Based on the results of data analysis and hypothesis testing, researchers concluded that there is a partial positive and significant influence between locus of control on the entrepreneurial intentions of vocational school students in Pringsewu. If the locus of control is good then entrepreneurial intentions will be high, conversely if the locus of control is bad then entrepreneurial intentions will be low. This is proven by the results of hypothesis testing which shows that the t-count > t-table value is 2.293 > 1.667 with a probability value (sig) of 0.004 < 0.05. There is a partial positive and significant influence between self-efficacy on the entrepreneurial intentions of vocational school students in Pringsewu. If self-efficacy is good then entrepreneurial intentions will be high, conversely if self-efficacy is bad then entrepreneurial intentions will be low. This is proven by the results of hypothesis testing which show that the t-count > t-table value is 4.132 > 1.667 with a probability value (sig) of 0.000 < 0.05. There is a simultaneous positive and significant influence between locus of control and self-efficacy on the entrepreneurial intentions of vocational school students in Pringsewu. In other words, if locus of control and self-efficacy are good then entrepreneurial intentions will increase.

REFERENCES


