

# **The Effect Of Personal Development And Networking On Enterpreunership Interest With Supervising Lecturers'as The Intervening Variable**

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## **Abstract**

This research aims to explain the effect of personal development and networking on entrepreneurship interest with supervising lecturers' ability as the intervening variable. Our respondents are participants of student entrepreneurship program of STIE Mahardhika Surabaya. Based on data from 180 students, we find three major results. First, personal development significantly affect entrepreneurship interest, as indicated by p-value of 0.047. This implies that personal development dominantly affect entrepreneurship interest without having to directly affect supervising lecturers' ability. Second, networking does not significantly affect entrepreneurship interest, as indicated by p-value of 0.272. This implies that the networking variable is not dominant in affecting entrepreneurship interest unless affecting supervising lecturers' quality first. Third, supervising lecturers' ability significantly affect entrepreneurship interest, as shown by p-value of 0.05.

## **Keywords**

Personal development, Networking, Entrepreneurship Interest.

## **1 INTRODUCTION**

Since the 1997 monetary crisis, Indonesia has been under rising educated unemployment risk. Current global economic crisis worsens the unemployment risk. It even also increases the unemployment risk to the less educated population. Slow employment growth and low level of capital inflow force schools and higher educational institutions to equip their graduates with entrepreneurship in order that their graduates do not necessarily focus on finding jobs, but more importantly, strive to create their own jobs.

Indonesian higher educational institutions are constantly challenged to produce highly qualified graduates with high level of knowledge and skills, professional attitudes, good social ability, and stable emotional mastery(Bok, 1986). Although Indonesian educational institutions have tried much to equip their graduates with entrepreneurship, facts indicate that there are still many graduates do not utilize or develop this skill. Possible explanations are graduates' limited abilities to develop their selves, graduates' limited social networks, or ineffective mode of entrepreneurship teaching or more specifically supervising lecturers' lack of ability.

This research aims to investigate the relationship between personal development and networking on entrepreneurship interests with supervising lecturer's ability as the intervening variable. We use entrepreneurship program at STIE Mahardhika Surabaya as our research setting.

## **2 METHODOLOGY**

We use a quantitative exploratory research. Sugiono explains that explanatory research is a research that explains causal relationship between variables that affect hypothesis(Sugiyono, 2013). Our targeted population is all STIE Mahardhika Surabaya students who enroll entrepreneurship course. Hair in Ferdinand suggests that sample size depends on the number of indicators in all latent variables(Ferdinand, 2007). Further, it is suggested that the minimum sample size is 5-10 observations for each parameter estimation.

Based on these arguments, the minimum sample size in our research is:  $n = 8 \times$  number of indicators, where  $n$  is the minimum sample size. Because we use 11 indicators, the minimum sample size is 88 respondents.

We select our respondents as the source of primary data from students who enroll entrepreneurship course. We draw our sample from our population based on the Slovin formula by using the simple random sampling method (Prasetya and Kato, 2011). This method generates 180 respondents as our sample.

In order to answer our research problem, we process our generated data in accordance with our analytical needs. We firstly produce descriptive statistics from our data. In order to test our hypotheses we use inferential statistical analysis. More specifically, to answer our research questions and assess our proposed models, we use the Structural Equation Modeling (SEM) analytical technique. This technique enables us to test the complex relationships between variables to generate a comprehensive description of overall model since SEM can test all models simultaneously (Lin and Hsieh, 2010).

Personal development is an activity to increase consciousness, develop talents and potentials, develop human capital, facilitate performance, and increase individuals' quality of life to realize dreams and aspirations (Larson, 2000). According to McClelland, personal development can be categorized as a fulfilment of need for achievement. He defines achievement more broadly, not only in academic context but also outside academic realm (Lin and Hsieh, 2010). From this definition, the empirical indicators of personal development are: believe that changes must start from one's self; be responsible; and respond positively to any event and circumstance and be motivated to improve self skills.

Granovetter proposes the effect of social structure, especially the network-based ones, on economic benefits, especially those related to information quality (Granovetter, 2005). It is suggested that there are main principles that underlies the idea of the effect of social networks on economic benefits. Based on these arguments; the empirical indicators for networks are norms and network density; ties strength or weakness or economic benefits generated from the existing ties; the role of structure hole outside weak ties or strong ties that contribute in bridging individual relation with outsiders and interpretation on economic and noneconomic actions, namely noneconomic actions of individuals in their social life that affect their economic actions.

We operationalize supervising lecturers' ability based on their assignment analysis since these abilities operationally reflects functions and roles in facilitating students' learning process through professional competence development in order to achieve integrated academic mastery in accordance with teaching ability (Seal *et al.*, 2007). Based on these arguments, the operational indicators for lecturers' ability is material mastery, i.e. ability to deliver learning material and to give answers to students' questions and competence clarity after taking the class.

Entrepreneurship interest is the desire, interests, and willingness to cooperate or to be strong-willed to be self-reliant or to fulfil their own needs without being afraid of any risk, and continuously learn from previous failure that can be measured through self confidence in risk taking; creative, innovative, discipline, hard working and future oriented (Garrison, 1999).

### **3 RESULT AND DISCUSSION**

The conceptual model as shown at Figure 1 suggests that firstly, personal development has insignificant effect on supervising lecturers' ability. This can be indicated by negative coefficient of -0.033 with CR value of -0.415 and p-value of 0.678, much higher than the determined significance level  $\alpha$  of 0.05. Therefore, the personal development variable does not have a significant effect on supervising lecturers' ability. The findings do not support our first hypothesis that predicts that the personal development variable has a significantly positive effect on supervising lecturers' ability.

Secondly, the personal development variable has a significantly positive effect on entrepreneurship interest. This can be seen from the positive coefficient of 0.155 with CR value of 1.904 and p-value of 0.047, less than the determined significance level  $\alpha$  of 0.05. It then can be concluded that the personal development has a significant effect on entrepreneurship interest. Eventually, the findings empirically support our second hypothesis that predicts that the personal development variable has a significantly positive effect on entrepreneurship interest.

Thirdly, networking has a significantly positive effect on lecturers' ability. This can be seen from the positive coefficient of 0.384 with CR value of 3.091 and p-value of 0.002 that is lower than the significance level  $\alpha$  of 0.05. These imply that the networking variable significantly affect supervising lecturers' ability. The results support our third hypothesis that predicts that networking has a significantly positive effect on supervising lecturers' ability.

Fourth, networking does not have a significant effect on entrepreneurship interest. This can be indicated from the positive coefficient of 0.142 with CR value of 1.099 and p-value of 0.272 that is higher than the significance level  $\alpha$  of 0.05. It then can be concluded that the networking variable does not have a significant effect on entrepreneurship

interest. These findings do not support our fourth hypothesis that predicts that networking has a positive effect on entrepreneurship interest.

Fifth, supervising lecturers' ability has a significantly positive effect on entrepreneurship interest. This can be seen from positive coefficient of 0.219 with CR value of 1.958 and p-value of 0.272 that is higher than the significance level  $\alpha$  of 0.05. Therefore, it is shown that supervising lecturers' ability significantly affects entrepreneurship interest. These results lend support to our fifth hypothesis that predicts that supervising lecturers' ability has a significantly positive effect on entrepreneurship interest, as shown in figure 1 :

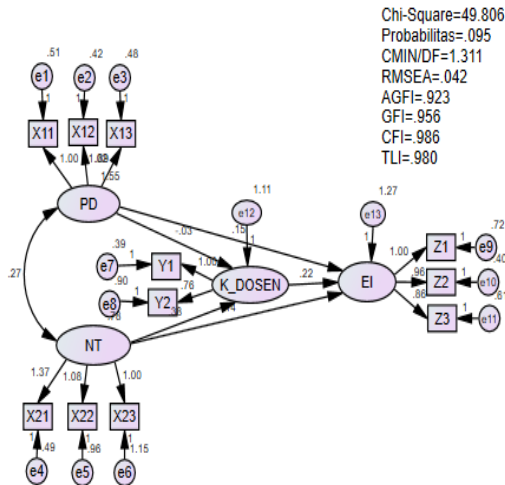


Figure 1: Conceptual Model (Source: Output AmosVer 22.0)

After our test shows that the SEM assumptions hold, we continue our analysis by running model fit and causality significance tests. The results of model fit test can be seen at Table 1.

Based on the results at Table 1, it can be shown that our model fits, as indicated by parameter values that qualify model fit test.

Table 1: Model Fit Test (Source: Output AmosVer 22.0)

No	Goodness of fit	Cut – of – value	Result	Note
1	Chi Square	Expected small	49,806	Fit
2	Significance Probablility	$\geq 0,05$	0,095	Fit
3	RMSEA	$\leq 0,08$	0,042	Fit
4	GFI	$\geq 0,90$	0,956	Fit
5	AGFI	$\geq 0,90$	0,923	Fit
6	CMIN/DF	$\leq 2,00$	1,311	Fit
7	TLI	$\geq 0,90$	0,980	Fit
8	CFI	$\geq 0,95$	0,986	Fit

This research mainly aims to investigate the effect of personal development and networking on entrepreneurship interests with supervising lecturers' ability as the intervening variable. Our SEM analysis produces three following results. First, we confirm that personal development significantly affect entrepreneurship interest. These findings support the theory of Maman Suryamannim (Suryaman, 2006) and Aris Subandono's study that argue that entrepreneurship interest is desire, interest, and willingness to work hard or to be strong-willed to focus on fulfilling one's needs without being afraid of risks, and continuously learning from previous mistake, and developing one's business (Subandono, 2007). The indirect effect value is smaller than the direct effect value. These indicate that the personal development variable is dominant in affecting entrepreneurship interest without having to affect supervising lecturers' quality.

The second finding of this research does not confirm that networking significantly affects entrepreneurship interest. Our results show that networking does not have a significant effect on entrepreneurship interest. The findings also weaken Murphy & Peck's theory (Alma, 2004) on getting things done with and through people that suggests that working together with other people enable goal achievement. This is the essence of management, namely science or art of using other people's efforts to achieve predetermined objectives. The indirect effect value is greater than the direct effect. These show that the networking variable is not dominant in affecting entrepreneurship interest unless affecting supervising lecturers' ability first. These imply that supervising lecturers' ability must be high enough in order that students' entrepreneurship interest is achieved.

Our third finding confirm statement that lecturers' ability significantly affect entrepreneurship interest. This research is supported by Novita Erliana Sari and Aprina Chintya that find that lecturers's ability in delivering entrepreneurship course affects students' interests in engaging entrepreneurship activity.

#### **4 CONCLUSIONS**

Our research is about the effect of personal development and networking on entrepreneurship interest with supervising lecturer's ability as the intervening variable. Our respondents are students of STIE Mahadhika Surabaya who participated in the entrepreneurship program.

In general, we find that: Personal development has a significantly positive effect on entrepreneurship interest. This can be seen from positive coefficient of 0.155 with CR value of 1.904 and p-value of 0.047 which is smaller than significance value  $\alpha$  of 0.05. These imply that the personal development variable significantly affects entrepreneurship interest. The indirect effect value is smaller than the direct effect. These show that the personal development variable is dominant in affecting entrepreneurship interest without having to affect supervising lecturers' quality.

Networking does not have a significant effect on entrepreneurship interest. This can be indicated by the positive coefficient of 0.142 with CR value of 1.099 and p-value of 0.272 which is higher than significance value  $\alpha$  of 0.05. These imply that the networking variable does not significantly affect entrepreneurship interest. The indirect effect value is greater than the direct effect. These show that the networking variable is not dominant in affecting entrepreneurship interest unless affecting supervising lecturers' ability first. In other words, supervising lecturers must be well-qualified before students can develop their entrepreneurship interest.

Supervising lecturers' ability has a significantly positive effect on entrepreneurship interest. This can be seen by the positive coefficient of 0.219 with CR value of 1.958 and p-value of 0.219 which is higher than significance value  $\alpha$  of 0.05. As a result, the supervising lecturers' ability variable significantly affect entrepreneurship interest. These results support our fifth hypothesis that predicts that lecturers' ability has a significantly positive effect on entrepreneurship interest.

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