



DIGITAL ECONOMY FOR CUSTOMER BENEFIT AND BUSINESS FAIRNESS

Edited by
Grisna Anggadwita and Erni Martini



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Grisna Anggadwita & Erni Martini

Telkom University, Bandung, Indonesia

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How social media impact digital entrepreneurial intention among private university students in Bandung city (Telkom University, Widyatama University, and Parahyangan Catholic University)

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ABSTRACT: Social media has become the most accessed internet service technology while most entrepreneurs use it as a business tool. Many scholars believe social media could generate an individual's intention to start a business with digital assistance. However, the growth of social media users is not in line with the number of digital entrepreneurs in Indonesia, especially in Bandung city, although graduate students from university are expected to overcome this issue. The objective of this research was to measure prior knowledge, self-efficacy, social media, and digital entrepreneurial intention variables, and to find out the causal effect of social media as moderating variable on an individual's digital entrepreneurial intention. By using quantitative research, a questionnaire was distributed through social media to final-year students of Telkom University, Widyatama University, and Parahyangan Catholic University using the S1 Business Management Program. The 356 valid data were analyzed with SEM analysis and Lisrel 8.70 software.

1 INTRODUCTION

Running a business in the digital sphere involves technologies like electronic commerce and virtual networks, with the help of the Internet (Farani et al. 2017). Turban et al. (2008) had mentioned that in the new digital economy there is an exceptional opportunity for many entrepreneurs to create their new ventures in different business areas by utilizing some kind of electronic commerce with the help of the Internet and other virtual networks. Following the rapid development of the Internet and the coming of the era of electron commerce, great enthusiasm for the Internet has been rising in developing countries, such as Indonesia, which lead into big penetration on social media use. In the entrepreneurship field, social media helps entrepreneurs to get access to their communities and gather information about the market and their customer. Even recent studies on entrepreneurship discussed how robust social networks led individuals to find business opportunities and encouraged them to become entrepreneurs. Social media provides several effects, such as knowledge integration, low-cost information disclosure, and wide network information development, and decision-making process will be facilitated through this platform (Porter et al., 2015). Indonesia has one of the largest percentages of social media users in the world. Global Digital Report 2018, shows the annual growth of social media users in each country based on year-on-year data. Indonesian social media users are in third place, thus, the number of social media users in Indonesia until the first month of 2018 had increased from year to year. However, the authors of this article found the growth of social media usage in Indonesia is not aligned with the number of entrepreneurs compared to other southeast Asia countries. Indonesia has a minimum number of entrepreneurs, which means many Indonesians have less interest in becoming entrepreneurs, especially in Bandung City (Litbang, 2016). Final-year students from private universities (Telkom

Venkataraman, 2000). Linan (2004) also reported that entrepreneurial knowledge had a direct effect on individuals' entrepreneurial intentions. The author believes that when people follow educational programs and have experience in using technology as a tool to acquire knowledge, mainly in technology and entrepreneurial fields, they have a greater probability to plunge into the digital entrepreneurship sphere or start a business. High levels of knowledge result in greater awareness about career options and make the entrepreneurial intention more coherent (Linan, 2004).

2.4 *Self-efficacy and digital entrepreneurial intention*

Self-efficacy is defined as an individual's belief that he or she has the ability to learn and adapt (Potosky & Ramakrishna, 2002). Self-efficacy is the ability to produce creative outcomes (Tierney & Farmer, 2002). Self-efficacy is a result of a continuous self-appraisal process, including the reception, selection, and exposed weight and integration of information to any intrinsic or extrinsic influence. This statement is in line with Shaver and Scott's (in Tierney & Farmer, 2002) venture creation study, which explained individuals who have a high degree of self-efficacy would also have confidence in his or her skills and abilities to start a business. An entrepreneur needs self-efficacy. However, a person will only initiate entrepreneurial actions when self-efficacy is high in relation to the perceived requirements of a specific opportunity. Previous researchers also found a positive relationship between self-efficacy and entrepreneurial intentions (Lope Pihie & Bagheri, 2013). The concept of self-efficacy plays an important role as the key predictor of entrepreneurial intention in the entrepreneurship sphere (Ryan et al., 2017).

2.5 *Social media*

Social networking helps to build a relationship between individuals since it is very accessible as a communication tool. Within ICT, social media cover a key role in capturing and creating new knowledge, through higher levels of exposure and online information traffic (Wilson et al., 2007). A lot of advantage students would gain from the use of social media enables them to share their work ideas and information, and allows crossbreeding of knowledge or experience (Wood & Bandura, 1989). Social media is an external influence, which reflect on one's self-efficacy resources. Moreover, it impacts personal entrepreneurial intention through the power of self-efficacy. Cho, So, and Lee (2009) said, "The evaluation of the self lays the foundation of the construct of self-efficacy which implies that it is prone to an outside influence, including relationship, and communication to others." Thus, social models (role models) in social media may trigger someone's self-efficacy. Supported by many psychologists, social media enables the models to share the way they are thinking and convey their message to the users. A person believes that he or she possess the ability to be a success by seeing other people's success or failure (encouragement).

3 RESEARCH METHODS

This study uses a quantitative method that is beyond describing events: figures offer more analytical possibilities than regular words due to their formal properties. The authors of this study use causal research, a study in which the researcher wants to delineate cause of one or more problems. This research design is based on three research objectives: causal relationships, correlation, and group differences (Lope Pihie & Bagheri, 2013). Cross-sectional study also used in this study.

Social media plays roles as both external and independent variables, which affect the presence of the personal and behavioral factors. First, social media activity may automatically result in an increase in personal knowledge, especially in the digital entrepreneurship field. Second, people who use social media to interact with others may learn something by seeing

and observing others and thus develop their self-efficacy. At the same time, social media moderates the relationship between knowledge and self-efficacy toward digital entrepreneurial intention. Knowledge and self-efficacy are parts of the independent variable and have a direct and non-direct impact to digital entrepreneurial intention. Meanwhile, digital entrepreneurial intention is selected as a dependent variable that the authors want to observe. As explained in previous research, the process of entrepreneurial intention will automatically incur entrepreneurial opportunity or, vice versa, the entrepreneurial opportunity will automatically result in entrepreneurial intention.

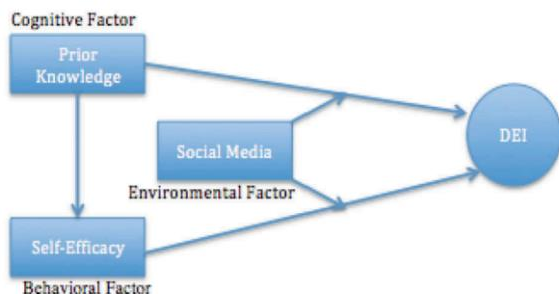


Figure 1. Research framework.

4 RESEARCH RESULTS AND DISCUSSION

This section deals with evaluating the coefficients or parameters that indicate a causal relationship or the effect of one latent variable on other latent variables. The results of the calculation of coefficients are presented in table 1.

Significant testing criteria in SEM are based on the critical point value of 1.96 where the value of t (t -value) greater than or equal to the critical point (t -value $>$ 1.96) indicates that the parameter value is statistically significant. Column R^2 contains the coefficient of determination values. Prior knowledge does have a significant effect on digital entrepreneurial intention with path coefficients of 0.533 with t -values greater than critical values ($6.833 >$ 1.96), so it can be assumed that when there is a change in prior knowledge it will affect digital entrepreneurial intention. These results also indicate a positive direction, which means that when the individual increases his or her prior knowledge, digital entrepreneurial intention will increase too, and vice versa. Next, prior knowledge has a significant effect on self-efficacy with a path coefficient of 0.617 with a t -value greater than the critical value ($9.886 >$ 1.96), so that it can be assumed that when there is a change in prior knowledge it will have an impact on self-efficacy. The results also show a positive direction, which means when the company increases prior knowledge, self-efficacy will increase as well, and vice versa. Table 1 shows that self-efficacy has a significant effect on digital entrepreneurial intention with a path coefficient of

Table 1. T-value, standardized coefficient value, and R-square value.

Structural Equations	Influence	t -value	SC	R^2
$\eta_1 = (\gamma_{11} \times \zeta_1) + (\gamma_{12} \times \eta_2) + (\gamma_{13} \times \zeta_2) + (\gamma_{14} \times \zeta_3) + \zeta_1$	ζ_1 towards η_1	6.833	0.533	0.611
	η_2 towards η_1	4.216	0.280	
	ζ_3 towards η_1	-3.052	-0.155	
	ζ_4 towards η_1	-0.953	-0.048	
$\eta_2 = (\gamma_{21} \times \zeta_1) + \zeta_1$	ζ_1 towards η_2	9.886	0.617	0.381

Source: Research processed data result