Do Experiences and Entrepreneur Motivation Influence Success and Failure Students’ Business?

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Abstract

This study aims to determine the effect of entrepreneurial experience and motivation on the success of students of the Jambi University Entrepreneurship Student Program (ESP). This research uses the ex post facto method. The subjects in this study were students who received ESP Program funding in 2018, totaling 50 business groups. Data were analyzed descriptively and quantitatively using multiple regression. Statistical test results show the accuracy of the model as a predictor of 44 percent. The experience of entrepreneurship has a positive and significant effect on the success of student ventures. Entrepreneurial motivation does not affect the success of student ventures. Simultaneously entrepreneur experience and entrepreneurial motivation have a positive and significant effect on the success of student ventures. The results of this study recommend that ESP program managers be more selective in determining students who receive start-up business funds to be more productive and efficient. Future research should examine other factors that influence the success of student efforts to produce more comprehensive studies as a basis for policy.

Abstrak


How to Cite:

INTRODUCTION

Student Entrepreneurship Program (ESP) is a program that has a major role in efforts to improve entrepreneurial skills among students in particular. ESP is a program organized by the Directorate General of Higher Education (DGHE) in collaboration with the University of Jambi. ESP program targets are students who have interests and entrepreneurial talents to do guidance and coaching in developing their creativity. ESP aims to build an entrepreneurial mental attitude, namely self-confidence, self-awareness, strong motivation to achieve what they aspire to, never give up, be able to work hard, be creative, innovative, dare to take risks, have a leadership spirit, have a clear vision, be responsive towards suggestions and criticism, having empathy and social skills.

Student business success is measured by the number of sales, production results, business profits, business growth and business development. An effort is considered successful if it reaches its goals (May and Eni, 2013). Bertina et al. (2001) assess business success based on experience in work, educational background, age, sex, cultural background, motivation, risk acceptance, and values. Experience will influence the complexity of actors and business behavior in business life (Kristanto, 2009: 18). Experience is formed from the intensity of entrepreneurship. Interaction of a person with business activities, both directly and indirectly, will form an understanding and expertise about a business. The higher the intensity of a person in entrepreneurship, the higher the determination to act to be an entrepreneur (Karyaningsih and Wibowo, 2017). Experience also illustrates the level of mastery of business strategy or management. Someone who has long run a business he will have experience, knowledge and be able to make the best decisions in anything and have more relationships (Setiaji and Fatuniah, 2018).

In addition to experience, business success is also strongly influenced by student motivation in running it. The ESP program provides business capital to students in the amount of Rp 9,000,000. Student orientation in joining the ESP program which is only based on the acquisition of capital assistance will affect the success of the business to be run. Entrepreneurial motivation is a form of seriousness of students in running a business. Students will be able to carry out their academic tasks well even if they have to run a business. Students who have a high interest in entrepreneurship describe a locus of control in themselves, which is trying to create new ideas to benefit themselves and others (Apriliyanti and Zein, 2014).

Gemina et al (2016), in their research prove that there is a significant influence between business motivation on business success. The higher the motivation for entrepreneurship will increasingly encourage respondents to master business ability. The same statement was expressed by Muthalib (2015) from the results of his research that, the better the motivation of entrepreneurs in entrepreneurship the better their business performance. Aftan research results (2018) also revealed that, entrepreneurs who understand the importance of entrepreneurial motivation will improve the position of business competition and make better business promotion towards superior performance. This condition will be realized if the entrepreneur has a desire for products or services, is willing to be directly involved in the business, is willing to stay in business, is able to understand market conditions and proactively pay attention to market conditions.

The studies above confirm that there is an important role of entrepreneurial experience and entrepreneurial motivation in achieving business success. This means that a business will succeed if it is managed by an experienced and earnest entrepreneur in running it. As the findings of Zhoujiaqin et al. (2013) in his research identified factors that influence business success, namely (1) human capital, (2) entrepreneurial character, (3) motivation, and (4) family background. Razak et al. (2017) added from the results of his study that, a very potential factor affecting business success is the courage to take risk and self-efficacy. The conclusion of Saleem’s study (2012) revealed that, a very significant factor influencing business success was investment, entrepreneurial experience, business profile and culture. More specifically Radzi et al. (2017) concludes the results of his study that, the success of small businesses is more dominated by entrepreneurial competence and the use of technology. In another study conducted by Soomro et al. (2019) revealed that, business success is determined by demographic factors, such as gender, age, education, and experience. Eltahir’s research results (2018) stated that, business success is strongly influenced by several
factors, namely the characteristics of entrepreneurs, the business environment, customers and markets, how to do business and cooperation, resources and finance.

Almobaireek & Manolova (2013) in their research conducted an assessment of the success of entrepreneurs at the University of Saudi Arabia Women through motivation in entrepreneurship. Entrepreneurial motivation reflects the orientation of the business being run. Women entrepreneurs are more successful than men because they are motivated by needs. In a different context, Nathasya (2017) concludes from his research that, entrepreneurs who manage to manage their business because they have high confidence in their ability to run the business. This context, emphasizes that, motivation originating from within the entrepreneur becomes a very dominant factor determining business success. Dessyana and Riyanti's Findings (2017); Andri et al. (2019); Jaafar et al. (2014) also revealed the same thing that, business success is very much determined by the characteristics of entrepreneur psychology, namely a strong belief in one's own ability to develop a business. In more detail mentions the psychological characteristics that must be possessed by entrepreneurs are (1) self-efficacy in choosing and efforts to succeed, (2) optimism for success, (3) determination and ability to manage a business, and (4) patience and resilience in facing risks.

The findings of Kabir et al, (2017) from his research revealed that, success is achieved by entrepreneurs because of their ability to provide all the resources needed to run their daily business. This ability is a form of skill, knowledge and experience in entrepreneurship. Therefore, an entrepreneur will be able to run his business well if he has extensive experience with the business being run.

The various studies above are still general in assessing business success. More specifically a study of the success of student business still needs to be developed. Factors that were studied in previous studies more examined the character of psychology in the form of self-efficacy. The PMW program is given to students on the basis of their desire to run a business and their mastery of the business. Thus it would be very interesting to examine the level of contribution of student motivation and entrepreneurship experience to business success.

The ESP program is a government initiative program in increasing the number of young entrepreneurs, especially among students. Although not solely aimed at seeking profit (profit), but its success must be measured in the main goal, which is to form expertise in a business with various types of products produced. The effectiveness of this program is not only determined by the capital support for business development, but also is determined by the level of mentoring and the seriousness of the management of students in running it. Evaluation of the implementation of the program through research becomes very useful for optimizing ESP programs in tertiary institutions. Specific research related to the implementation of the ESP program is still very minimal, so this research has greatly contributed in developing the program.

This study specifically seeks to examine the effect of entrepreneurial experience and motivation on the success of ESP student business programs. The results of the study are expected to be taken into consideration by the implementation of the ESP program at Jambi University to be more selective and effective in shaping entrepreneurial interests and talents.

METHOD

This research was conducted using quantitative methods, namely research based on the philosophy of positivism, used to examine populations or specific samples, sampling techniques were generally carried out randomly, data collection using research instruments, quantitative / statistical data analysis with the aim to test predetermined hypothesis (Sugiyono, 2015). This method is used because it is more efficient, can test hypotheses and always aims to clarify features, calculate them and build statistical models to explain what is observed during research (Fellows and Liu, 2008). Entrepreneurial experience is measured based on indicators, namely: 1) Length of time / working period; 2) Level of knowledge and skills possessed; 3) Mastery of work and equipment. While indicators of entrepreneurial motivation are measured based on indicators, namely: 1) Financial reasons; 2) social reasons; 3) Reasons for service; 4) Reasons for self-fulfillment. The dependent variable in this research is business success measured by indicators, namely: 1) Number of sales; 2)
Production results; 3) Business Profit; 4) Business Growth; 5) Business Development.

Population and Sample

The research was carried out at Jambi University in October 2018-June 2019. The object of this study was that students who run the ESP program business totaled 50 group teams in various business fields, as shown in the following table:

<table>
<thead>
<tr>
<th>NO</th>
<th>Business fields</th>
<th>Number of ESP Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Culinary</td>
<td>28</td>
</tr>
<tr>
<td>2</td>
<td>Creative economy</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Service Business</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Cultivation Business</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50</td>
</tr>
</tbody>
</table>

*Source: Baakspi University of Jambi*

Data Analysis Techniques

This research was conducted to determine the effect of entrepreneurial experience and motivation on student business success. To get the data variable used a questionnaire designed based on the indicators. Business success is measured using indicators developed by Mei and Visantia (2013), namely the level of sales, business profits, growth and business mining. Indicators used to measure entrepreneurial experience refer to the opinion of Foster (2001), namely the length of time / work period, level of knowledge and skills, and mastery of work and equipment. While entrepreneurship motivation is measured using indicators developed by Mei and Visantia (2013), namely financial reasons, social reasons, service reasons and self-fulfillment reasons.

To determine the effect of the independent variable with the dependent variable, the data were analyzed using multiple regression techniques, as explained in the following equation:

\[ Y = a + b_1X_1 + b_2X_2 + \varepsilon \]

Where: Y is business success, X_1 is entrepreneurial experience, and X_2 is entrepreneurial motivation, a is a constant, b is the coefficient, while e is the error rate of the model. Hypothesis testing is done partially and simultaneously. Partial hypothesis is proved by using t test and simultaneous hypothesis using F test. The accuracy of the model is measured based on the results of the coefficient of determination test.

RESULTS AND DISCUSSION

Student Entrepreneurship Program (ESP) is a government program in developing students’ interest in entrepreneurship. Through the ESP program, students are guided and fostered in the form of capital as well as expertise and business management. ESP program objectives other than as a student business arena, also as the formation of an entrepreneurial spirit. The achievement of these objectives will be measured by the success of the business run by students.

As entrepreneurs, students are also faced with learning assignments that must be completed in accordance with academic requirements. The ESP program facilitates students in developing business in the form of capital grants. Thus the success of a business run by students is not only determined by the amount of capital and expertise they have, but also is determined by the seriousness in running a business. To prove this assertion, a study was conducted on students implementing ESP programs, whether the success of a student's business is determined by his experience and motivation in running a business.

The study was conducted on 50 business managers funded by the ESP program. Data were analyzed using multiple regression techniques to determine the level of influence of experience and entrepreneurial motivation on business success. Using SPSS version 24, the regression output is...
obtained as shown in Table 2, as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-53.095</td>
<td>15.934</td>
</tr>
<tr>
<td>Entrepreneurial Experience</td>
<td>1.529</td>
<td>.320</td>
</tr>
<tr>
<td>Entrepreneur Motivation</td>
<td>.428</td>
<td>.391</td>
</tr>
</tbody>
</table>

Table 2. Regression Output of The Variables

*a. Dependent Variable: Business Success

Based on Table 2, explaining that entrepreneurial experience had a significant effect on the success of ESP student business programs indicated by t_{stat} (4.78) which was greater than t_{table} (1.68), while the entrepreneurial motivation variable did not influence the success of ESP student business programs indicated by t_{stat} value (1.09) which is smaller than the value of t_{tab} (1.68). However, simultaneous entrepreneurial experience and motivation significantly influence the business success of ESP students as shown by the F_{stat} (20.23) value greater than F_{tab} (3.19), mathematically formulated as the following equation:

\[ Y = -53.1 + 1.53X_1 + 0.43X_3 + \varepsilon \]

The equation explains that, if the experience of students in entrepreneurship is increased by 1 unit, the success of student business will increase by 1.53 units, while the motivation of students in entrepreneurship cannot explain the changes in student success. The accuracy of the model as a prediction tool is based on the Adjusted R Square value, as shown in Table 3 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.681*</td>
<td>.463</td>
<td>.440</td>
<td>10.761</td>
</tr>
</tbody>
</table>

Table 3. Coefficient of Determination

*a. Predictors: (Constant), Entrepreneur Motivation, Entrepreneurial Experience

*b. Dependent Variable: Business Success

Based on Table 3, the value of Adjusted R Square is 0.44, explaining that the ability of the model in predicting the effect of entrepreneurial experience and motivation on the success of students at the Jambi University ESP Program is 44 percent, while the other 56 percent is influenced by other variables that are not present in the model.

Business success occurs because there is an effort to realize the goal so that it can change the situation better than before. Bertina (2001: 271) states that the success of a business will be determined by experience in work, educational background, age, gender, cultural background, motivation, risk acceptance, and values. The most effective approach in developing entrepreneurial skills is to involve experience that is focused on real business problems because experience is the best teacher.

Experience in working is a form of knowledge and expertise in running a business. Someone who has experience in entrepreneurship will better know the best ways to allocate resources to achieve business success. Based on the results of the analysis that has been done explains that the experience of students in entrepreneurship has a positive effect on the success of ESP student business programs. That is, if a student has high experience in entrepreneurship, then he will allocate resources effectively and efficiently so as to produce maximum profits. The lack of
entrepreneurs in managing their businesses both in finance and marketing will result in failure in business. As a study conducted by Caroline and James (2013) in Githunguri-Kenya District, stated that the lack of ability of entrepreneurs in conducting financial records, lack of understanding of strategic management and marketing resulted in businesses that will not develop will even fail. Khoirunnisa (2019) in his research also corroborates these findings that experienced business actors tend to have better abilities and skills in managing resources so that it has the potential to increase business success. The results of this study also confirm that, students who have experience in entrepreneurship will be more confident in running a business so that they have mental readiness to face the risk of failure and do not give up until achieving success. As confirmed by research results Apriliyanti and Zein (2014) revealed that, students who have an internal locus of control will be more confident to realize success through a career as an entrepreneur. This research is also supported by the results of Saleem’s study (2012), where entrepreneurship experience significantly influences business success with a significant level of 0.001. Thus emphasizing that the higher the entrepreneur’s experience in running a business, the more potential it will have to achieve success from the business being run.

In addition to entrepreneurial experience, the provision of venture capital to students is to have the motivation to run it. Motivation is seen as a seriousness of students in running a business with various problems and risks that will be faced. In earnest, students are able to run a business and continue to carry out their study assignments well. The results of the analysis of the research data showed that there was no significant effect between the motivations of students in entrepreneurship with the success of their business. These results explain the indication of deviations in student orientation in participating in the ESP program. Students who only want to get start-up business funding from the government through the ESP program without being oriented to business success will make the business merely a formality. In contrast to the results of research conducted by Zhouqiaoqin et al. (2013) that, motivation is one of the factors that greatly influences business success compared to business background. According to him, an entrepreneur must pay more attention to this factor so that his business is successful compared to other factors.

This condition was explained by Senen (2017) through his research that people who have entrepreneurial motivation oriented to business success will try to improve their performance both directly and indirectly through the innovation process. Entrepreneurs who are motivated to achieve achievements will be very enthusiastic in trying, never giving up on the situation, dare to take risks and always improve their performance without fatigue. The results of Aminul’s research (2011) also explained that, entrepreneurs who are enthusiastic in promoting products, improving services, willing to be involved in business, willing to survive with their business and understanding market conditions will further enhance the success of the businesses being run. Murad (2015) in his research also revealed the same thing that, the characteristics of entrepreneurs will have an impact on business success. The results of this study also confirm that, students who are less motivated to entrepreneurship will not succeed in running their business. As the results of research by Karyaningsih and Wibowo (2017) explain that, students who are less motivated to run a business because of their low confidence in producing an item will have the potential to experience failure in their business. Based on the results of the analysis and study of the literature, it can be concluded that students whose motivation for doing business is not oriented towards developing a business will find it difficult to achieve success with the business being run.

CONCLUSIONS AND SUGGESTION

Based on the results and discussion it can be concluded that (1) there is a significant influence between the experiences of entrepreneurship on business success. In other words, the success of a University of Jambi ESP student’s business success is largely determined by his level of experience in running a business. (2) There is no significant effect between entrepreneurship motivations on business success. There is an indication of the orientation of Jambi University students who are wrong in joining the PMW program, which is limited to the desire to get start-up business funding provided by the government so that it does not have an impact on business success. And (3) there is a shared influence between experience and motivation of entrepreneurship towards business.
success.

The ESP program is an effort by the government to increase entrepreneurs among young people, especially students in Indonesia. This program will succeed if fully utilized by students and the University of Jambi. The potential of students to become successful entrepreneurs is huge because it is supported by a high intellectual level and has ample opportunities to innovate. It is recommended to further researchers to examine other factors that have a real contribution to the success of ESP students' business efforts so as to produce a more comprehensive study in supporting the success of the program.

REFERENCES


