

Investigating the Factors and Behaviors Influencing Entrepreneurial Intention in Agricultural Sectors among Indonesian Millennials

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Abstract

Technological advances bring such rapid development, so the latest innovations and breakthroughs are needed. Therefore, it takes a young generation who is able to bring fast and modern breakthroughs so that they are able to see opportunities through entrepreneurship in the agricultural sector. This research aims to investigate the behaviors and factors which can propose the younger generation to become entrepreneurs in the agricultural sector. The study was conducted in several provinces in five provinces in Java Island Indonesia, with 153 respondents. The data that has been analyzed using the Partial Least Square - Structural Equation Model (PLS-SEM). From this study, it can be concluded that several factors, namely perceived behavioral control and attitude towards behavior have positive effect on the millennial's intention to become entrepreneurs in the agricultural sector. This indicates that the soft skills and technical competencies have contributed the entrepreneurial motivation in agriculture sectors. However the subjective norms or external motivation has no correlation with the agripreneurial intention.

Keyword: behavioral control, attitude, agripreneurial intention, subjective norm, PLS-SEM

1. Introduction

Agricultural sector has contributed significantly on decent work and economic growth. Agriculture is considered to be able to reduce poverty compared to other sectors, so that the agriculture has such an essential contribution on the Indonesian economy (Ivanic & Martin, 2018) (Christiaensen & Martin, 2018) (Parcell, 2020). In the recent development, agriculture has developed rapidly and led to the use of more modern technologies (Byerlee et al., 2009) (Andrade-Sanchez & Heun, 2010). Technology-based agriculture or called smart agriculture has increased crop yields, minimize costs, and improve product quality through the use of modern systems (Aceto et al., 2019) (Gacar et al., 2017). Therefore, the younger generation is considered capable of making rapid and modern changes to the agricultural sector.

The role of agriculture in development comes from two reasons. First, the structural transformation model even with a more nuanced view of the role of agriculture still sees

obstacles to industrialization. However, about 2.5 billion people still depend on this activity for their lives. Agriculture is considered to be able to reduce poverty (NEELY, 1936) (Luc Christiaensen, 2007). Second, agriculture for broader development, agriculture has changed drastically as a result of globalization and technology. Globalization demands growth in the demand for agricultural exports, especially for products that have higher value and open up opportunities for developing countries to import food.

Indonesia is an agricultural country that has abundant natural resources, the agricultural sector in Indonesia has a great opportunity to be developed by young people. Currently, there is still a low contribution of the younger generation to the agricultural sector. Even though entrepreneurship in the agricultural sector is considered to be able to bring such a large profit. Therefore, a creative and innovative young generation is needed to be able to develop the agricultural innovation in ensuring the sustainability aspect and maintaining technological progress. The lack of entrepreneurial skills and abilities are due to the discrepancies among farmers in human resource development. The dominant problems to become an entrepreneur in the agricultural sector are because of the financial reasons that require considerable financial resources (Boateng et al., 2014). People who have a background in agriculture areas tend to have interest to run firms in the non-agricultural areas (Parcell, 2020).

Another interesting analogy is that the lack of competence of rice farmers is due to the weak role of extension workers' agriculture. So that there is still a lack of efforts made to be able to improve the competence of rice farmers (Managanta, 2020). Therefore, the Ministry of the Republic of Indonesia created the 2016 Agricultural Young Entrepreneurship Growth Program (PWMP). With this program, it is hoped that it can reduce unemployment and shortage of human resource campus graduates in the agricultural sector. The agenda was provided for agricultural student through apprenticeship and the capital assistance for 3 years so that there is no longer a financial shortage.

The intention to be entrepreneurial in the agricultural sector is a desire that exists in a person to be able to build a business in agriculture. The intention possessed by a person to be entrepreneurial in agriculture means that they are interested in business in agriculture (Oktavina & Sugiarti, 2020). Currently, the opportunity to become entrepreneurial in the agricultural sector is very large, especially with the younger generation who can bring innovation to the agricultural sector, so as to provide sufficient employment for the younger generation (Njeru, 2017).

This study aims to explain several factors and behaviors that can affect the intentions to be an entrepreneur for millennials in the agricultural areas. Understanding millennial's motivation in being an entrepreneur can lead better policy consideration to create better ecosystem for agribusiness sustainability.

2. Research Method

This study explains several factors and behaviors that can be main driver for millenials in contributing agriculture sectors as an entrepreneur. The data are collected from questionnaire with a total of 153 respondents. The respondents in this study were students of universities that categorised as millenials.

This study examines the factors and behavior affecting entrepreneur intention in agriculture sector. According to the several studies, this research analyse the Attitude Toward the behaviour, Subjective Norm, Perceived Behavioral Control as the independen latent. While the dependent variable is agriculture entrepreneurial intention. This research calculates the data using Partial Least Square-Structural Equation Model (PLS-SEM) method. The range of likert scale are starting from 1 "strongly disagree" until 7 "strongly agree".

Research hypothesis

H1: Attitude Toward the behaviour positively affects Agriculture Entrepreneur Intention

H2: Subjective Norm positivelty affects Agriculture Entrepreneur Intention

H3: Perceived Behavioral Control positively affects Agriculture Entrepreneur Intention

3. Result And Discussion

There were 153 respondents who filled out the questionnaire. From the results of the questionnaire data that has been processed, overall respondents have an interest in entrepreneurship. However, those who are interested in the agricultural sector's entrepreneurship are not all and those who know about the agricultural sector are only a few.

3.1 Validity and Reliability Testing

According to the value of Average Variance Extracted (AVE) from Table 1, it can be seen that all latent variables have reached over 0.5. This means that the research variables could be declared to meet the validity aspect. The composite reliability from this study shows that all variables produce a Composite Reliability value of more than 0.7 so that it can be said to meet the reliability aspect.

Table 1. Validity and Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Attitude Toward the behaviour	0.759	0.772	0.844	0.575
Subjective Norm	0.595	0.602	0.775	0.536
Perceived Behavioral Control	0.822	0.831	0.875	0.584
Agriculture Entrepreneur Intention	0.873	0.883	0.909	0.669

Source : Processing Data from SmartPLS

Table 2. Hypotheses Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Decision
Attitude Toward the behaviour -> agriculture entrepreneur intention	0.273	0.274	0.057	4.757	0.000	H1 Accepted
Subjective Norm -> agriculture entrepreneur intention	0.031	0.037	0.050	0.628	0.530	H2 Rejected
Perceived Behavioral Control -> Agriculture Entrepreneur Intention	0.671	0.667	0.058	11.650	0.000	H3 Accepted

Source : Processing Data from SmartPLS

Based on the results of data that has been processed using the PLS-SEM method, the attitude toward the behaviour variable has a positive effect on agriculture entrepreneur intention. So that the first hypothesis (H1) of this study is acceptable. Furthermore, the Subjective Norm variable negatively affects agriculture entrepreneur intention. The last variable perceived behavioral control has a positive relationship with agriculture entrepreneur intention. Therefore H1 and H3 are accepted. Meanwhile, H2 was declared rejected.

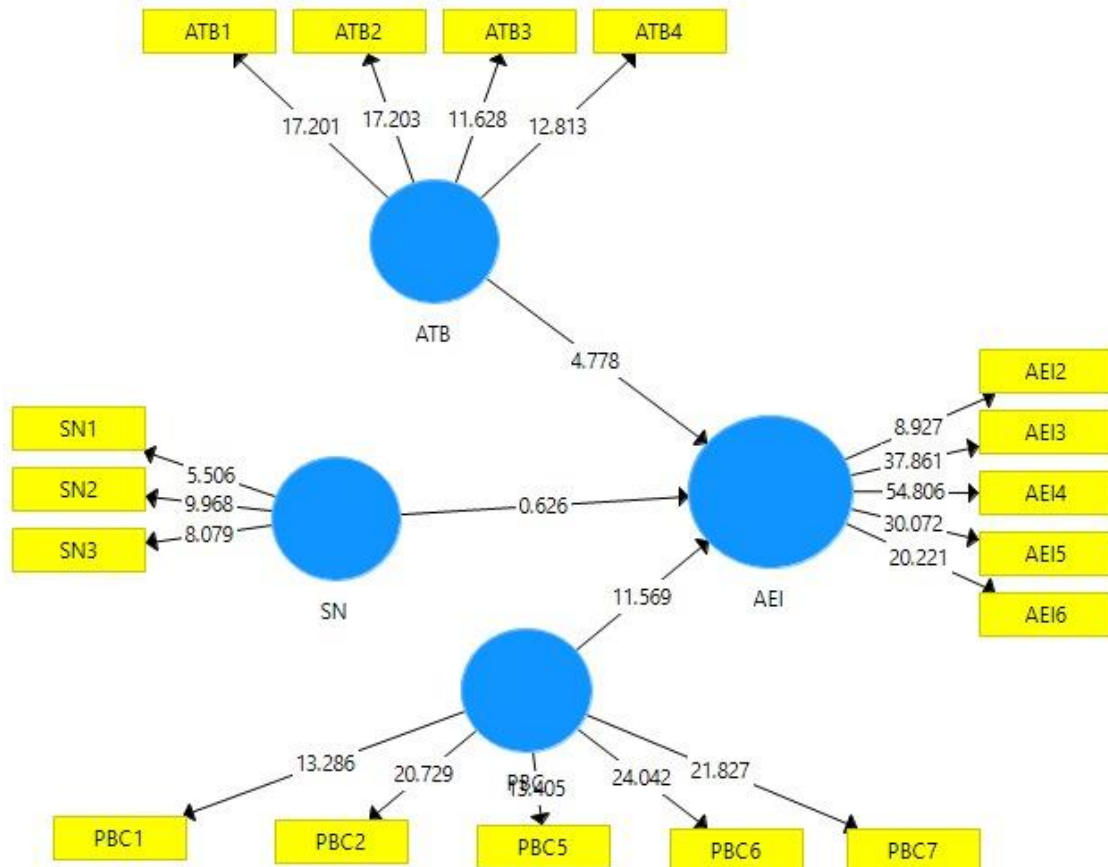


Figure 1. Path Analysis

3.2. Discussion

The results of this study show a significant correlation between Attitude Toward the behaviour and Perceived Behavioral Control towards agriculture entrepreneur intention. However, there is no significant relationship between the Subjective Norm and the Agriculture Entrepreneur Intention. Agriculture Entrepreneur Intention is obtained from how high the interest in entrepreneurship in agriculture and interest in digital innovation in agribusiness in young people.

Seeing the promising prospects of agribusiness in the future has a great influence on the motivation of the younger generation to develop agriculture sector as an entrepreneurs. This is evidenced by the examination of a questionnaire that states Most of them are interested in promising prospects in the future so as to increase employment opportunities. With the increase in employment, the agricultural sector is considered to be able to bring a bumper in economic development in Indonesia.

In the second tested variable, namely the subjective norm, it states that there is no influence between the background that a person has and the demands of any party to be able to be entrepreneurial in the agricultural sector. With these results, it can be exhibited that the background and influence of parents, friends, teachers, and from several other parties cannot affect the intentions of young entrepreneurs in the agricultural sector. The conditions that

occur here are referred to as external elements of the respondents, and cooperate positively with the intentions of the entrepreneur. In line with the results of research by Rizki et al (Ridha et al., 2017) which states that subjective factors of norms or external factors cannot influence entrepreneurial intentions in the agricultural sector. However, the results of this research were contrary to the results of research (Shiri et al., 2012) (Kumar et al., 2019) (Wijerathna et al., 2015) which states that a person who has a background in agriculture and influence from external parties can influence the intention to become entrepreneurial in the agricultural sector.

Sufficient networks, knowledge of the agricultural sector, and financial adequacy can influence the younger generation to have a high interest in the desire for entrepreneurship in the agricultural sector. If they have sufficient capital, knowledge about agriculture, and their network, they are likely to start a business in the agricultural sector because it is a perceived ease to be able to open a business. Not in line with the results of Arisandi's research (Arisandi, 2016) which states that the perception of control possessed by a person does not have a positive influence on entrepreneurial intentions in agriculture. In the research of Igwe et al (Igwe et al., 2020) and Coviello (Coviello & Munro, 1997) explained that a person who has a business in agriculture must develop a good network.

4. Conclusion

Respondents who consider that future opportunities in agriculture are promising, behavioral control, sufficient networks, financial adequacy have the power to be able to become entrepreneurs in the agricultural sector. This is an attitude factor and external factors that can influence the millennial's intention to become entrepreneurs in the agricultural sector. Meanwhile, the subjective norm has negative impact on agripreneurial intentions for millenials. The demotivation of millenials in the agricultural areas has made the government create a Program for the Growth of Young Agricultural Entrepreneurs (PWMP) which can open business opportunities for the younger generation of agriculture so that they are able to become job-creators in the agricultural sector.

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