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# Volume X Issue 1(19) Summer 2019

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# RELATIONSHIP BETWEEN CREATIVITY, BUSINESS NETWORK AND INDEPENDENCE IN ENTREPRENEURSHIP OF ACEH YOUTH

BADARUDDIN Universitas Syiah Kuala, Indonesia badaruddin@serambimekkah.ac.id

Nasir AZIS Universitas Syiah Kuala, Indonesia nasirazis@unsyiah.ac.id

Hizir SOFYAN Universitas Syiah Kuala, Indonesia hizir@unsviah.ac.id

Hasan BASRI Universitas Syiah Kuala, Indonesia <u>p haasan@unsyiah.ac.id</u>

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#### Abstract:

The purpose of this study was to determine the effect of creativity, business Networks and entrepreneurial independence among young people in Aceh. The location of this study was conducted on young and medium-sized business actors in Aceh, the sampling method used non-probability sampling method with purposive sampling technique so that the number of respondents obtained were 170 young entrepreneurs in Aceh. The analytical tool used is Structural Equation Modeling in the model and testing hypotheses and testing a series of relatively complex relationships simultaneously. The results showed that creativity support, business network support, and independence support had a significant influence on entrepreneurship among young people in Aceh. From the results of this study it can be seen that each indicator that forms a latent variable shows the results that meet the criteria, namely the CR value above 1.96 with P-value that is smaller than 0.05.

Keywords: creativity, business network, independence support, entrepreneurship.

JEL Classification: L14; L26; C12.

#### Introduction

Indonesia is seen as the highest market potential for the industrial world. In addition, if the management and development of skills are carried out, Indonesian human resources will be a great force for the country's development and bargaining in the eyes of the world. Therefore, there are many opportunities for Indonesian youth to start business and develop it. To empower Indonesian youth to be able to advance, independent and equal to other developed countries, we need to build youth intellectuality with the development of science and technology, secondly, fortify young people with a high religious base, and thirdly, build the sensitivity of entrepreneurship among youth. The purpose of sensitivity here is how young people must become people who are progressing for their future. Youth independence can be achieved by building an entrepreneurial spirit.

- Entrepreneurship is an ability of a person on finding business opportunities and able to decide good action to execute the opportunities. Entrepreneurial activity strongly supports the creation of a prosperous state in terms of the economy. But in reality until present, only a small number of Indonesians have become entrepreneurs. As evidenced by 265 million Indonesian citizens, only 7.95 million are entrepreneurs (economy.okezone.com, 2018).
- The number of entrepreneurs in Indonesia, which only reaches 3% percent of Indonesia's current total population of 265, is still very low compared to developed countries in the world that have high economic growth rates. Compare it with countries in Asia, the percentage of Singaporeans who have entrepreneurship reaches 7 percent, Malaysia reaches 5 percent, while China and Japan reach 10 percent. This is still lower compared to the entrepreneurs of the United States, which reached 11.5-12 percent. (BPS, 2018).
- Aceh is one of the provinces in the westernmost region in Indonesia, currently the number of entrepreneurs in Aceh in 2018 is around 57,000 people from 5.19 million people of Aceh. The number of entrepreneurs in Aceh is still very small, whereas entrepreneurs as an economic driving force are needed to boost Aceh's economic growth.
- In order in enhancing the number of Acehnese entrepreneurs, the youth in Aceh become one of the main drivers in increasing entrepreneurial growth, for that young people in Aceh need to have creativity, business Networks, and peace so that they can compete and the products they produce can be accepted in the market.

## **1. Literature Review**

## 1.1. Entrepreneurship

Entrepreneurship is "the attempt to create value through recognition of business opportunities, the management of risk-taking appropriate to the opportunity and through the communicative and management skills to mobilize human resources, financial and material resources to bring a project fruition". Hisrich and Sheperd (2010, 6) added, "entrepreneurship is the value of devoting the necessary time and effort; assuming the accompanying financial, psychic and social risks and uncertainties; and receiving the resulting rewards of monetary and personal satisfaction. So the task as an entrepreneur is to see opportunities, control human resources and natural resources to achieve goals and change existing opportunities into tangible things (Wan dan, Hui-Ying Hsu 2010).

# 1.2. Creativity Support

Handkle (2004) suggests that content creativity can be understood as a special case of innovation, but it cannot cover all innovative activities in the creative industry. The importance of the creation of ideas, does not distinguish the creative industry in absolute terms from other economic sectors carried out by conducting a benchmarking approach to determine its various characteristics. By deciphering the relationship between basic concepts, and measuring innovation in cultural industries. Furthermore, the two main challenges appear to be a common feature in the creative industry and the alleged duality of the creative industry where the general, social and economic conditions of technology are different from cultural factors, namely creativity or ideas (María *et al.* 2017).

#### 1.3. Business Network Support

Business business Networks specialize in business Networks that synergize people, either individuals or entities who are entrepreneurs or entrepreneurs. The purpose of this synergy is to implement various programs. Business business Networks are the process of building mutually beneficial relationships with other entrepreneurs and potential clients and / or customers. This definition does not say anything about people meeting; the ever-increasing incidence of killing network businesses meeting-and-greeting has given a bad name to the business network. The purpose of a business network is to increase business income - one way or another. Thickening of the bottom line can be immediately obvious, such as in developing relationships with new clients, or developing over time, because in learning new business skills (Jelke 2006).

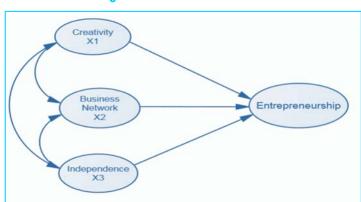
Entrepreneurial business Networks are network ties that connect actors with various businesses such as business partners, friends, agents, mentors to get the resources needed for example, information, money, moral support from network operators. (Greogre and Wood 2001). This study uses 5 indicators, namely social networking or good relations with family, friends, acquaintances, entrepreneurs and activists. So that it gets information and support, supporting business Networks such as agents, banking, government, universities, litmas, networking between companies.

## 1.4. Independence Support

Independence support is someone's support for living with an independent business not dependent on others. Independence is a self-effort that covers all aspects of needs that can be fulfilled alone without having to depend on others (Mitra, dan. Abubakar, Sagagi 2011). Entrepreneurs usually start their business independently with their own capital or joint capital. This independence is the initial capital of creating a healthy corporate economy (Suna dan, Gartner 2017).

# 1.5. Research Framework

To clarify the relationship between these variables, a paradigm is presented (relationship model) that is adapted to the situation in entrepreneurship in youth in Aceh, and then becomes the framework of thought in this study, as follows:





## 1.6. Research Hypothesis

The hypothesis in the study is divided into two, as follows:

- H<sub>a1:</sub> There is an influence of creativity, business business Networks, and independence influential on youth entrepreneurship in Aceh;
- H<sub>a2</sub>: There is an influence of creativity influencing youth entrepreneurship in Aceh;
- H<sub>a3</sub>: There is an influence of business business Networks influencing youth entrepreneurship in Aceh;
- H<sub>a4:</sub> There is a independence influence on youth entrepreneurship in Aceh

# 2. Analytical Method

The population set in this study is all young people who have a small and medium scale business in Aceh. In this study the sampling method uses non-probability sampling method as well as sampling techniques used using purposive sampling technique, where the sample is Acehnese youth who have started a business and are willing to provide information.

In data collection, this study uses a questionnaire consisting of questions items distributed to youth in Aceh who have businesses, according to the variables studied. To measure variables, this study uses a Likert scale interval based on five ranges. Likert scale can be used to measure items of statements that are positive or negative to the problem under study. Questions in the questionnaire were tested using 1-5 Likert scales. Data analysis is a process of analysing data into certain a form to make easier to read and to use. In this study the method chosen in analysing the data must be in appropriate with the research pattern and the variables to be studied. To analyse the data used Structural Equation Modulation (SEM) from the AMOS 22.0 statistical software package in the model and hypotheses assessment. The SEM equation model is a set of statistical techniques that allow testing of a series of relatively complex relationships simultaneously (Ferdinand 2014, 181). The SEM model in accordance with the frame of mind described in the following formulation:

(1)

where: η - exogenous latent variable; ξ - endogenous latent variable; γ - the magnitude of the effect of endogenous latent variables on exogenous latent variables; ζ - the magnitude of the error vector in the structural relationship between variables

# 2.1. Hypothesis testing

After the model meets the requirements, then the next thing to do is regression weight /loading factor. This test is carried out similar to the t test for regression weight/loading factor/model coefficient). Hypothesis testing is carried out using a significant value (P-value) at the 0.05 level of significance.

# 3. Research Result

# 3.1. Validity and Reliability Test Results

			Estimate
CR1	<	Creativity_X1	,637
CR2	<	Creativity_X1	,780
CR3	<	Creativity_X1	,652
CR4	<	Creativity_X1	,681
CR5	<	Creativity_X1	,692
NT5	<	Bussiness Networks_X2	,802
NT4	<	Bussiness Networks_X2	,909
NT3	<	Bussiness Networks_X2	,746
NT2	<	Bussiness Networks_X2	,844
NT1	<	Bussiness Networks_X2	,643
MO1	<	Independence_X3	,746
MO2	<	Independence_X3	,662
MO3	<	Independence_X3	,713
MO4	<	Independence_X3	,729
MO5	<	Independence_X3	,631
ENT1	<	Entrepreneurship	,701
ENT2	<	Entrepreneurship	,819
ENT3	<	Entrepreneurship	,831
ENT5	<	Entrepreneurship	,693

#### Table 1. Validity Test Results

Estimate value of each indicator in this study after modification (drop out) obtained the Loading Factor value for each indicator> 0.5. Thus it can be concluded that the data in this study are valid.

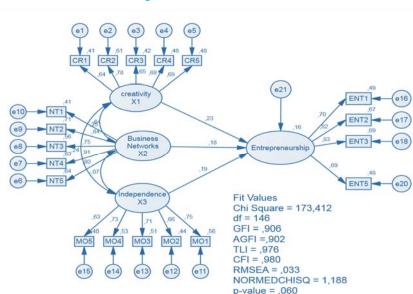
## Table 2. Reliability Test Results

		Construct	Reliability	Variance	e Extracted	
No	Variable	Value	Value	Value	Value	Conclusion
		Cut Off	Acquisition	Cut Off	Acquisition	
1	Creativity	0,70	0,73	0,50	0,53	Reliable
2	Business Network	0,70	0,85	0,50	0,71	Reliable
3	Independence	0,70	0,74	0,50	0,55	Reliable
4	Entrepreneurship	0,70	0,76	0,50	0,58	Reliable

Based on the data in Table 2 above shows that all Construct Reliability and Variance Extracted in this research model have good reliability and convergent values, so the model can be processed for the next stage.

# 3.2. Model Measurement Test

The following shows the relationship between indicators and unobserved Variables in the Measurement Model, in the following table shows the relationship between indicators and their respective constructs. Loading factor is used to measure the contribution of each indicator if the value is above 0.6, then the indicator is said to be representative enough to explain the unobserved variable (Ferdinand 2014). Therefore this indicator must be included in subsequent data processing. As after the measurement model is analysed through confirmatory factor analysis and it is seen that each indicator can be used to define a latent construct, a full SEM model can be analysed.



# Figure 2. Research Model Test Results

# 3.3. Structural Equation Modelling Analysis

The next analysis is the Full Model Structural Equation Model (SEM) analysis which is intended to test the models and hypotheses developed in this study. Model testing in Structural Equation Model is carried out with two tests, namely the suitability of the model and test the significance of causality through the estimation coefficient test.

# Table 3. Regression Weight Direct Influence of Estimate Standardized

			EstimateStandardized	S.E.	C.R.	Р
Entrepreneurship	<	Creativity_X1	0,233	,100	2,359	,018
	-					
Entrepreneurship	<	Bussiness	0,184	,063	2,094	,036
	-	Networks_X2				
Entrepreneurship	<	Independence_X3	0,188	,090	2,033	,042
	-					
Entrepreneurship	<	Creativity_X1	0,233	,100	2,359	,018
	-					

Based on Table 3 above shows that each latent Variable forming indicator shows results that meet the criteria, namely the CR value above 1.96 with P smaller than 0.05, unless there are some p values greater than 0.05. The result can be said that the indicator of the forming indicator. The latent variable is significantly an indicator of the latent factors formed. Thus, the model used in this study is acceptable.

Table 4.	Goodness	of Fit Indexes	Full Model
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Goodness of Fit Index	Cut-off Value	Analysis Results	Model
χ2 Chi-Square Statistik	Small is expected	173,412	Goodness of Fit
Probability	>0,05	0,060	Goodness of Fit
CMIN/DF	<2.00	1,188	Goodness of Fit
GFI	>0.90	0,906	Goodness of Fit
AGFI	>0.90	0,902	Goodness of Fit
TLI	>0.95	0,976	Goodness of Fit
CFI	>0.95	0,980	Goodness of Fit
RMSEA	<0.08	0,033	Goodness of Fit

From the evaluation of the Goodness of Fit, it can be summarized as Table 4. It can be seen that in general, using the goodness of fit test, it can be concluded that the existing model meets the criteria of fit. So that output from this model can be made as a finding or research finding related to the relationship between indicators and their respective constructs.

#### 3.4. Research Hypothesis

Based on theoretical discussed above The research hypothesis of this study is analyzing the value of Critical Ratio (CR) and Probability value (P) of the results of the data processing, compared to the required statistical limits, which are above 1.96 for the CR value and below 0.05 for the P value (probability). If the result of the data shows the value that meets these requirements, the proposed research hypothesis can be accepted. In detail the testing of the research hypothesis will be discussed in stages in accordance with the hypothesis that has been proposed.

# 3.5. Effect of Creativity, Business Network and Independence on Entrepreneurship in Aceh Youth

The development of the results of the hypothesis is carried out in this study relating to the influence of creativity, business networks and independence towards Entrepreneurship in Aceh Youth as follows:

There is influence of creativity Variable (X1) on dependent variable entrepreneurship (Y), as for the level of influence between prices on Entrepreneurship is 0.233 (every time there is creativity will lead to increased entrepreneurship). Thus for Ha1 which states that creativity has a significant effect on entrepreneurship, the youth in Aceh can be accepted.

There is an influence between the independent variable business network (X2) on the dependent variable entrepreneurship (Y), while the magnitude of the level of influence between business networks on entrepreneurship is 0.184 (every improvement in business networks will lead to increased entrepreneurship). Thus Ha2 which states that the network has a significant influence on entrepreneurship for Acehnese youth can be accepted.

There is an influence between independent variables of independence (X3) on dependent variable entrepreneurship (Y), as for the level of influence between Kemadirian on entrepreneurship worth 0.184 (every improvement in independence will lead to increased entrepreneurship). Thus Ha3, which stated that Kemadirian had a significant influence on entrepreneurship among Acehnese youth, was acceptable.

Of the three Variables of the Sapidity Support of Entrepreneurship of Aceh Youth it is known that Creativity has a more dominant influence on Entrepreneurship of Aceh Youth.

#### Conclusion

- 1. Entrepreneurship of young people in Aceh is significantly influenced by the creative support of the Acehnese Youth.
- 2. Entrepreneurship of young people in Aceh is significantly influenced by the support of the Aceh Youth business network.
- 3. Entrepreneurship for young people in Aceh is significantly influenced by the support of the independence of the Acehnese Youth.

# Recommendation

Following are suggestions for Acehnese youth in order to increase entrepreneurship as follows.

- The creative support for Acehnese youth is one of the factors that have the most influence among other variables in this study, the related parties should pay attention to this variable because creativity can increase the confidence in the entrepreneurship of the youth in Aceh
- 2. To improve entrepreneurship for young people in Aceh, they should also pay attention to the support of business networks of current business actors and also support the independence of the youth themselves, thus entrepreneurship will grow more for the youth in Aceh.

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