

# Entrepreneurial Readiness of Young Muslim Entrepreneurs: The Role of Need for Achievement, Family Support, and Entrepreneurial Interest

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## Abstract

Entrepreneurial readiness for young entrepreneurs, especially Muslim entrepreneurs, is a challenge in the current era. Intense competition and increasing competitors are the cause of the need for entrepreneurial readiness among young Muslim entrepreneurs to compete with experienced entrepreneurs. This study aims to design and test the suitability (goodness of fit) theoretical model of the influence of the need for achievement, family support, and interest in entrepreneurship on entrepreneurial readiness supported by empirical data in the field. This study uses a quantitative approach with a sample of 106 young Muslim entrepreneurs in Yogyakarta. This research uses a purposive sampling technique in the entrepreneurial group. Sample characteristics include samples belonging to the young entrepreneur community, aged between 18-30 years, business experience of less than three years, Muslim and 106 research samples were obtained. The data were analyzed using Partial Least Squared (PLS) SmartPLS version 3.3.9. The results showed that the entrepreneurial readiness model proposed in the study was based on empirical data in the field. Partially, the need for achievement, family support, and interest in entrepreneurship have a positive and significant influence on entrepreneurial readiness. Based on the results of the analysis, it is concluded that the model is acceptable to explain the influence of the need for achievement, family support, and entrepreneurial interest on entrepreneurial readiness, which provides an effective contribution of 58.7 percent.

## INTRODUCTION

The alleviation of poverty and unemployment is a big agenda for the Indonesian government to improve the welfare of this nation. Working and trying is a religious commandment stated in QS. Al-Jumuah verse 10 which implies that we are commanded to seek Allah's bounty by working hard, being independent and seeking sustenance (Moghimi, 2018). Being a Muslim who works productively and independently is being an entrepreneur. Currently in Indonesia, the ratio of Muslim entrepreneurs is still relatively small compared to Malaysia (Azmi, 2017). Efforts to increase the number of young Muslim entrepreneurs in Indonesia require efforts to introduce entrepreneurship early on and provide space to improve their competence and competence in the business world.

Entrepreneurs in Indonesia account for 3.47 percent or around 9.7 million of the total population of 273 million people, based on data from the Ministry of Industry in 2023 (Badan Pusat Statistik [BPS], 2022). Muslim entrepreneurs do not yet dominate the total 3.47 percent

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of the number of Indonesian entrepreneurs, while currently, more than 90 percent of the Indonesian population is Muslim (Farradinna et al., 2023). The economic downturn has reduced the number of these young Muslim entrepreneurs developing their businesses. Business revival must be done together and support each other to strengthen entrepreneurial capabilities so that they are more resilient in facing possible crises that will occur in the future.

The lack of young Muslim entrepreneurs as entrepreneurs is due to the lack of education, knowledge, and culture that has been built. The entrepreneurial spirit has not been embedded in young Muslim entrepreneurs. The biggest challenge in producing young Muslim entrepreneurs is to spread the spirit of entrepreneurship in the hope that they will be interested and start opening their businesses (Kayed & Hassan, 2013). Opening a business is not without serious efforts to run it, namely the readiness that these young Muslim entrepreneurs must have to start a business so that they will become successful and reliable entrepreneurs.

The high unemployment rate occurred due to the bankruptcy of many companies, which forced them to reduce their workforce during the COVID-19 pandemic. Therefore, there is an increase in unemployment in the entrepreneurial sector as some businesses cannot survive during the pandemic (Bonyadi & Sarreshtehdari, 2021). This unemployment issue is a shared responsibility in which the government can only provide 3.6 million job opportunities. One strategic step to address unemployment is encouraging the emergence of strong entrepreneurs as an effort for economic recovery and as a hope for absorbing the workforce in the present and future. Further, young Muslim people must change their mindset from seeking jobs to creating job opportunities (Janmohamed, 2013).

The growth of new young Muslim entrepreneurs throughout and after the pandemic is an effort to survive the economic pressures. However, there is no guarantee of business sustainability. A study conducted by the University of Tennessee, USA, in 2013 showed that entrepreneurs experienced a failure rate of 25 percent in the first year, 35 percent in the second year, and 44 percent in the third year. Further, based on a survey of micro-enterprise practitioners, the business failure rate reaches 96% within ten years, meaning that only 4 percent can survive (Hyder & Lussier, 2016). Hyder and Lussier (2016) also stated that many business owners assume that by starting a business, they have become an entrepreneur, when in fact, it requires the ability to maintain and develop the business. In Indonesia, according to a survey conducted by the Creative Economy Agency (Barekraf), the failure rate of micro to medium-sized business owners reaches 90% in the first year and 75 percent in the second year. This also applies in Yogyakarta, where 60 percent of young entrepreneurs can survive in the first year and 40 percent in the second year. In the business world, the first five years are a growth phase for the business. In short, strong ability and willingness are required to start and run the business.

Based on BPS 2021 data, micro, small and medium entrepreneurs show Akhyar et al. (2021) that 72.47 percent experience business difficulties due to the biggest factor of social support in the form of material and non-material factors, the marketing process through social networks is also an obstacle to distributing their business products. Many young Muslim entrepreneurs stop their business in the first one to two years of their business where this phase is a challenge that must be faced to become a stable, innovative, empowered and growing entrepreneur (Habeeb et al., 2021). Therefore, to strengthen entrepreneurial readiness for young Muslim entrepreneurs, it is necessary to encourage the need for achievement in business competition, family support in the form of material and non-material support and explore entrepreneurial interests by making business activities a habit so that intrinsic motivation is internalized in young Muslim entrepreneurs. These three factors are expected to increase entrepreneurial readiness for young Muslim entrepreneurs so that they are strong in facing the challenges of business dynamics at the beginning of the business they run and increase to become an entrepreneur who opens many new jobs.

Entrepreneurship is a field that always faces changing situations and uncertainties. There need to be quick reactions in facing rapidly changing situations and in solving every problem encountered throughout the business (Rehan et al., 2021). A successful entrepreneur needs to be able to maintain the business dynamics (Cantner et al., 2017) and take the business to a higher level. True entrepreneurs must also be prepared for every business challenge they face (Tahir, 2021). In addition, young business actors must possess high entrepreneurial readiness to run their businesses and accelerate the growth of post-pandemic entrepreneurship (Estrin et al., 2013). Further, post-pandemic entrepreneurial readiness is essential for entrepreneurs to face business competition dynamics carefully and provide innovative offers (Bapat et al., 2022).

Lau et al. (2012) define entrepreneurship readiness as a person's ability and willingness in the context of entrepreneurial activities. It also refers to the ability and willingness that leads to entrepreneurial behavior characterized by skills that support the creation of a business, social networks to enhance the value of the business, and the ability to anticipate business failure and perceive business opportunities (Schillo et al., 2016). Further, Coduras et al. (2016) define entrepreneurial readiness as a person's ability to create and seize business opportunities. In addition, entrepreneurial readiness is also defined as the ability and willingness of a person to create and develop new products (Olugbola, 2017).

Schillo et al. (2016) mention that individuals who are ready to become entrepreneurs can be assessed through four components. The first is an individual's skill, which refers to their ability to start and develop a business. Second is the fear of failure, which means the fear of failing that drives someone to plan and design their business carefully. Another one is social capital, which refers to the social network that can be utilized to support the business through collaboration and information exchange. The last component is the perception of opportunity, which is the ability to identify and analyze opportunities and turn them into products (Mehtap et al., 2017).

Entrepreneurs with high entrepreneurial readiness, according to Agburu et al. (2017), have a positive mindset in turning ideas into business products, are willing to take risks, can handle psychological pressures (Hisrich et al., 2017), innovate, and renew their business (Acs & Amorós, 2008), and not only maintain but also dare to develop their business (Raza et al., 2019; Teka, 2022). In contrast, individuals with low entrepreneurial readiness, according to Abd. Samad et al. (2019) are full of doubts about taking opportunities, have a fear of failure when expanding their business (Bastian & Zucchella, 2022; Beugelsdijk & Noorderhaven, 2005) are not alert to existing opportunities and potential business ideas, and are unable to compete (Bachmann et al., 2021). The inability to face competition and the business dynamics can result in stagnant or failed business operations. Therefore, high entrepreneurial readiness is essential as it can encourage economically valuable activities that are innovation-oriented, sustainable, and supportive of a robust economic system (Ashmarina et al., 2019).

Entrepreneurial readiness is influenced by internal and external factors such as the need for achievement, family support, and entrepreneurial interest (Ruiz et al., 2016). The need for achievement is a self-driven urge to face challenges and become an excellent and successful individual (McClelland, 2015). It is also defined as the drive of an individual to achieve high standards and to have a successful business (Kinicki, 2014). Further, it also means an individual's drive to complete tasks efficiently and effectively by their goals (Moorhead, 2013).

An individual who needs achievement is observable through five aspects, namely 1) innovation and creativity, indicated by actively seeking and gathering information on new ways to solve problems; 2) responsibility, indicated by focus on completing tasks well and correctly; 3) feedback acceptance indicated by receiving input from others to know how well they are doing; 4) persistence indicated by not giving up on complex tasks to solve problems, and 5) handling of difficult task indicated by liking challenges by taking on complex and high-risk tasks and striving to exceed the results of others (McClelland, 2015). An entrepreneur with a

high need for achievement is also ready to start and run a business, as shown by their love of challenges, ability to make tough decisions, and persistence in facing business problems (Abdullah et al., 2015).

External factors that influence entrepreneurial readiness include family support. Family support is in the form of actions and attitudes such as assistance, attention, recognition, aid, and acceptance from family members that make individuals feel loved and appreciated (Sarafino & Smith, 2014). Family support is also defined as a family's attitude and action in accepting the condition of its family members, which includes emotional, instrumental, informational, and esteem support (Friedman et al., 2003). In addition, family support refers to a process of giving attention and concern and showing action, attitude, and acceptance among family members (Kaakinen et al., 2018).

An individual who receives family support is reflected in four aspects: 1) emotional support in the form of family attention, concern, and expressions of empathy to other family members; 2) instrumental support in the form of material aid such as objects, models, and availability of time; 3) informative support in the form of advice, suggestions, or feedback; and 4) appreciation support in the form of positive expressions (Sarafino & Smith, 2014). An entrepreneur with high family support will have confidence in building business networks through family connections and gaining knowledge of the intricacies of their business field (Edelman et al., 2016; Sharma, 2015; Yulita et al., 2020).

Another internal factor that affects entrepreneurial readiness is interest in entrepreneurship. Entrepreneurial interest is defined as someone's interest, liking, and desire to engage in activities related to entrepreneurship without fear of risk and willingness to learn from failures (Schunk et al., 2014). Entrepreneurial interest is also defined as a conscious intention to cultivate the desire to start a new business or create a new value in an organization to achieve the intended goals (Puddin et al., 2021). Consistent with the previous elaboration, entrepreneurial interest also refers to a person's tendency toward entrepreneurship and being interested in engaging in such activities in the future (Osakede et al., 2017).

A person who has entrepreneurial interest is reflected in six aspects: 1) general attitude toward activities, marked by likes and dislikes on business activities; 2) specific likes for activities, marked by conscious likes on activities related to entrepreneurship; 3) enjoyment of the activity, marked by pleasure and enjoyment in conducting entrepreneurial activities; 4) personal importance or significance of the activity to the individual, marked by feeling that the entrepreneurial activity is important and placing more attention on business activities; 5) intrinsic interest in the content of the activity, marked by an interest in entrepreneurship that arises from personal drive; and 6) reported choice of or the participation in the activity, marked by active participation in entrepreneurial activities (Schunk et al., 2014). A person with a high entrepreneurial interest is better prepared to enter the business world with the necessary skills to conduct business activities. This is because they have an interest and tendency to actively engage in entrepreneurial activities and find meaning in being involved in the business world (Anggadwita et al., 2017). Previous research has also shown that entrepreneurial interest has a positive and significant influence on entrepreneurial readiness (Hendrayanti & Fauziyanti, 2021).

Based on the theory, phenomena, and previous research, a study on the design and testing of an entrepreneurship readiness model is needed. The novelty of this research is shown by the lack of previous research results examining the entrepreneurship readiness model among young entrepreneurs after the COVID-19 pandemic with the variables of need for achievement, family support, and entrepreneurial interest in a unified model. This study aimed to design and test the goodness of fit between a theoretical model that describes the influence of the need for achievement, family support, and entrepreneurial interest with the empirical data in the field. The hypothesis of this research is the formation of a theoretical model that describes the

influence of the need for achievement, family support, and interest in entrepreneurship that fits empirical data in the field.

## METHODS

The population of this research is young entrepreneurs in Yogyakarta under the guidance of the Cooperative Industry and Small and Medium Enterprises Office of Yogyakarta City, totaling 170 people. Data shows that 80 percent of the current population is mostly Muslim. This research uses a purposive sampling technique in the entrepreneurial group. Sample characteristics include samples belonging to the young entrepreneur community, aged between 18-30 years, business experience of less than three years, Muslim and 106 research samples were obtained. The research sample was 106 people consisting of 40 male entrepreneurs and 66 female entrepreneurs. The enterprises are engaged in various entrepreneurial fields, including food and beverages, handicrafts, fashion, and services.

The research permit was submitted to the Head of the Cooperative Industry and Small and Medium Enterprises Office of Yogyakarta City, especially the Head of the Small and Medium Enterprises (SME) Division in charge of training and development activities for entrepreneurs, including young Muslim entrepreneurs. Data collection was conducted online and offline in July and August 2022. Informed consent forms were distributed as proof of respondents' willingness to participate in the study.

The instruments used in this study were the scales of entrepreneurship readiness, need for achievement, family support, and entrepreneurial interest. The scaling model used the 1-4 Likert scale with two-way items, namely favorable with a score of 1, which means not suitable at all; a score of 2, which means not suitable; a score of 3, which means suitable, and a score of 4 which means very suitable. There were four categories of scoring, namely 1 for very suitable, 2 for suitable, 3 for not suitable, and 4 for very unsuitable.

The scale of entrepreneurial readiness was developed by a researcher based on the components proposed by Schillo et al. (2016), which consists of an individual's skill, fear of failure, social capital, and perception of opportunity. The component of individual skill is reflected by the item: "My skills are adequate to start a business", the component of fear of failure is reflected by the item: "I prepare well to anticipate business failures", the component of social capital is reflected by the item: "I get a lot of information on developing business from colleagues in the community that I participate in", and the component of perception of opportunity is reflected by the item: "I am keen to see consumer needs as business opportunities". The number of items on the scale of entrepreneurial readiness is 16 items, with the construct validity test declared valid and reliable with a Cronbach alpha value of 0.809 and a composite reliability of 0.863.

The scale of need for achievement was adopted from research by Kusumawijaya (2019) with the factors developed by McClelland (2015), which consist of innovation and creativity, feedback acceptance, responsibility, persistence, and complex task management. The aspect of innovation and creativity is reflected by the item: "I like to do work with new ideas", the aspect of needing feedback is reflected by the item: "I like recognition for the work I have done", the aspect of responsibility is reflected by the item: "I complete every task well and maximally", the aspect of persistence is reflected by the item: "I will try my best to do a difficult task", the item reflects the aspect of difficult task management: "I feel challenged to complete difficult work". The need for achievement scale consists of 20 items and is considered valid and reliable through construct validity with a composite reliability value of 0.875 and a Cronbach's alpha value of 0.846.

The family support scale is adopted from the scale developed by Annisa et al. (2021), which was based on some aspects proposed by Sarafino and Smith (2014) consisting of emotional support, appreciation support, instrumental support, and informational support. The

aspect of emotional support is reflected in the item: "I feel loved by my family," the aspect of appreciation support is reflected in the item: "My family appreciates my achievements," the instrumental aspect is reflected in the item: "My family helps me when I have business problems," and the informational aspect is reflected in the item: "My family provides a lot of information about business opportunities." The family support scale consists of 16 items and is valid for all items. The variable is reliable, with a composite reliability value of 0.897 and a Cronbach alpha of 0.868.

The researcher developed the entrepreneurial interest scale based on Schunk et al. (2014), which consists of six aspects: general attitude, living the activity, enjoyment of the activity, personal importance, intrinsic interest, and participation in the activity. The general attitude aspect is reflected in the item: "I feel happy when running a business activity", the living the activity aspect is reflected in the item: "I wholeheartedly realize my choice to become an entrepreneur", the enjoyment of the activity aspect is reflected in the item: "I enjoy every routine related to the business I am running", the personal importance aspect is reflected in the item: "The business activity I am running benefits others", the intrinsic interest aspect is reflected in the item: "Being an entrepreneur is my own desire", and the participation in the activity aspect is reflected in the item: "I am enthusiastic to participate in product exhibition activities". The entrepreneurial interest scale consists of 24 items, and all items are considered valid. The variable has good reliability, with a composite reliability of 0.927 and Cronbach's alpha of 0.892.

The analysis method used in this research is structural equation modeling (SEM). The modeling in this study is based on Partial Least Squares (PLS-SEM). PLS is a component-based structural equation modeling (SEM). The type of SEM used in this study is Partial Least Squares (PLS-SEM), which was developed by Wold in 1974 (Hair et al., 2021). The data analysis includes the measurement model (outer model) and structural model (inner model) using smartPLS software version 3.3.9.

## RESULTS AND DISCUSSION

### Results

The measurement model or outer model consists of the results of the validity and reliability test of the instruments. The validity tests in SmartPLS are convergent validity and discriminant validity. Meanwhile, the reliability tests include composite reliability and Cronbach's alpha (Hair et al., 2021). The initial output of the outer model is shown in Figure 1.

The convergent validity test is done by selecting items that have a loading factor value of  $> 0.7$  (Hair et al., 2021). In the initial stage, items are considered valid if their loading factor is  $> 0.7$ ; the results of the outer model process show that several items have a loading factor  $< 0.7$ , so the item is declared invalid. The following invalid items from the need for achievement variable include FB2, PS19, and DT10. Invalid items from the family support variable are EM9, AP10, AP14, IM15. Invalid items on the entrepreneurial interest variable are GA13, LA14, EA3, PI4, PA12, and PA24, and on the entrepreneurial readiness variable, invalid items are IS5, FF14, SC7, and OP12. Based on the selection results, the AVE values for all variables are qualified ( $> 0.5$ ), as shown in Table 1.

The Average Variance Extracted (AVE) value shows that all constructs in the model are valid with an AVE value of  $> 0.5$ . AVE value  $> 0.5$  means that the latent variables can help explain more than 50 percent of the variance of their items (Sarstedt et al., 2017; Wong, 2004).

Table 2 shows that the discriminant validity test with the loading factor value of each indicator of its latent variable has the largest value compared to other loading values on other latent variables. The output indicates that all variables in the model are valid.

Table 3 shows that the four scales, namely entrepreneurial readiness, need for achievement, family support, and entrepreneurial interest, have met the validity and reliability

requirements. Therefore, the results of this final stage of the outer model are accepted. The overall output of the PLS algorithm model in the final stage is shown in Figure 2. The final selection results of items on each aspect that meet the validity and reliability requirements are presented in the following Table 4.

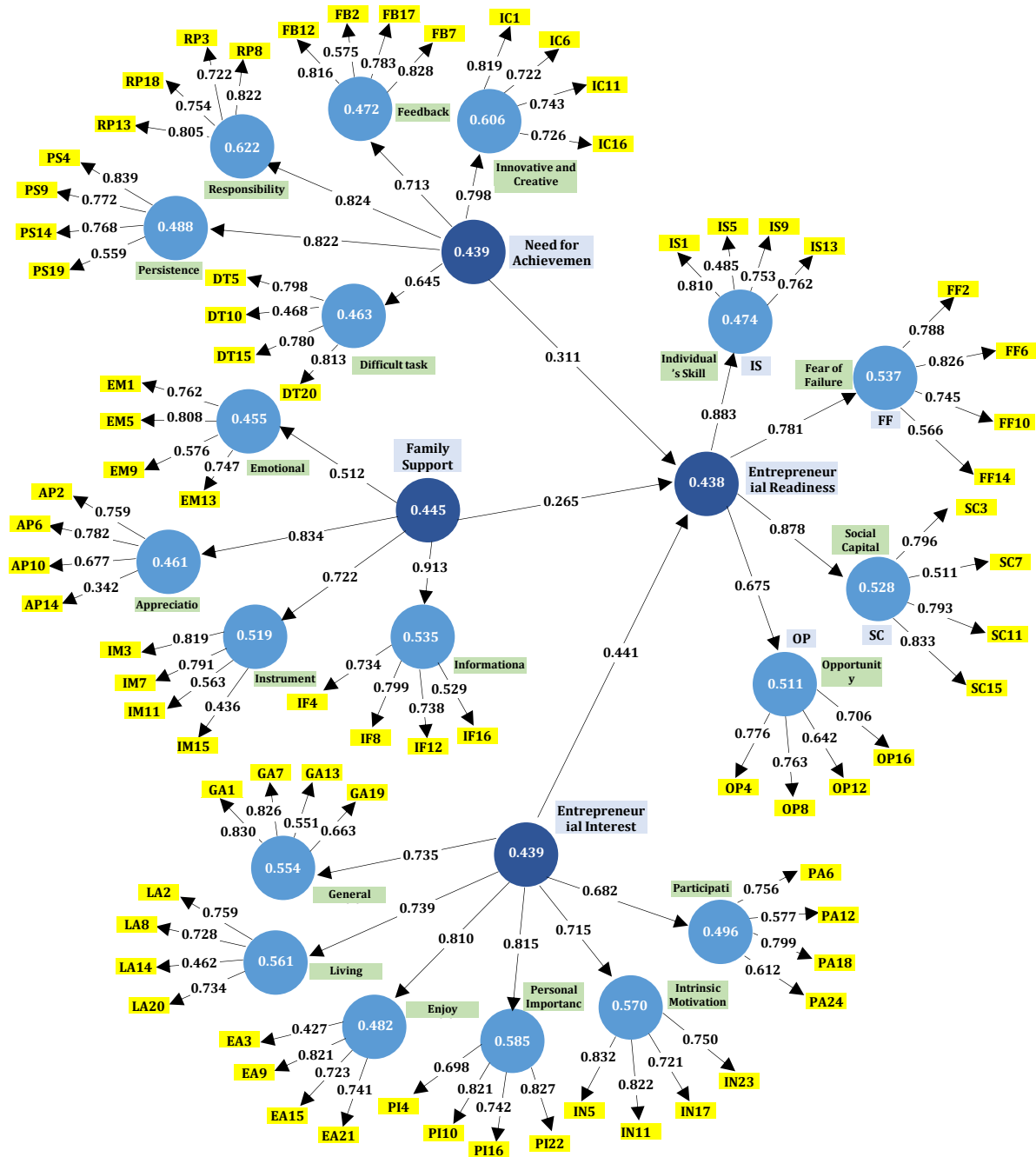


Figure 1. Early Output of Outer Model

Table 1. Average Variance Extracted (AVE)

| Variable                  | AVE   | Information |
|---------------------------|-------|-------------|
| Entrepreneurial readiness | 0.538 | Valid       |
| Need for achievement      | 0.549 | Valid       |
| Family support            | 0.523 | Valid       |
| Entrepreneurial interest  | 0.575 | Valid       |

**Table 2. Comparison Value of Average Variance Extracted (AVE) Root on All Variables**

| Variable                  | Entrepreneurial readiness | Need for achievement | Family support | Entrepreneurial interest |
|---------------------------|---------------------------|----------------------|----------------|--------------------------|
| Entrepreneurial readiness | 0.726                     |                      |                |                          |
| Need for achievement      | 0.583                     | 0.731                |                |                          |
| Family support            | 0.542                     | 0.439                | 0.718          |                          |
| Entrepreneurial interest  | 0.605                     | 0.425                | 0.626          | 0.723                    |

**Table 3. Value of Cronbach Alpha and Composite Reliability**

| Variable                  | Cronbach Alpha | Composite Reliability | Information |
|---------------------------|----------------|-----------------------|-------------|
| Entrepreneurial readiness | 0.877          | 0.912                 | Reliable    |
| Need for achievement      | 0.802          | 0.872                 | Reliable    |
| Family support            | 0.863          | 0.899                 | Reliable    |
| Entrepreneurial interest  | 0.894          | 0.921                 | Reliable    |

**Table 4. Factor Loading Item Value in Convergent Validity Test**

| AVE                               | Item                         | Loading Factor | Information | AVE                    | Item  | Loading Factor                   | Information |       |       |
|-----------------------------------|------------------------------|----------------|-------------|------------------------|-------|----------------------------------|-------------|-------|-------|
| Entrepreneurial readiness (0.538) | IS1                          | 0.812          | valid       | Family Support (0.523) | EM1   | 0.742                            | valid       |       |       |
|                                   | IS9                          | 0.753          | valid       |                        | EM5   | 0.821                            | valid       |       |       |
|                                   | IS13                         | 0.788          | valid       |                        | EM13  | 0.724                            | valid       |       |       |
|                                   | FF2                          | 0.813          | valid       |                        | AP2   | 0.745                            | valid       |       |       |
|                                   | FF6                          | 0.796          | valid       |                        | AP6   | 0.790                            | valid       |       |       |
|                                   | FF10                         | 0.832          | valid       |                        | AP10  | 0.816                            | valid       |       |       |
|                                   | SC3                          | 0.818          | valid       |                        | IM3   | 0.862                            | valid       |       |       |
|                                   | SC11                         | 0.775          | valid       |                        | IM7   | 0.818                            | valid       |       |       |
|                                   | SC15                         | 0.826          | valid       |                        | IM11  | 0.714                            | valid       |       |       |
|                                   | OP4                          | 0.824          | valid       |                        | IF4   | 0.824                            | valid       |       |       |
|                                   | OP8                          | 0.771          | valid       |                        | IF8   | 0.745                            | valid       |       |       |
|                                   | OP16                         | 0.765          | valid       |                        | IF12  | 0.763                            | valid       |       |       |
|                                   | Need for achievement (0.549) | IC1            | 0.889       |                        | valid | Entrepreneurial Interest (0.576) | GA1         | 0.854 | valid |
|                                   |                              | IC6            | 0.733       |                        | valid |                                  | GA7         | 0.744 | valid |
|                                   |                              | IC11           | 0.703       |                        | valid |                                  | G19         | 0.852 | valid |
|                                   |                              | IC16           | 0.776       |                        | valid |                                  | LA2         | 0.774 | valid |
| FB7                               |                              | 0.826          | valid       | LA8                    | 0.735 |                                  | valid       |       |       |
| FB12                              |                              | 0.858          | valid       | LA20                   | 0.748 |                                  | valid       |       |       |
| FB17                              |                              | 0.762          | valid       | EA9                    | 0.789 |                                  | valid       |       |       |
| RP3                               |                              | 0.735          | valid       | EA15                   | 0.862 |                                  | valid       |       |       |
| RP8                               |                              | 0.812          | valid       | EA21                   | 0.728 |                                  | valid       |       |       |
| RS13                              |                              | 0.805          | valid       | PI10                   | 0.811 |                                  | valid       |       |       |
| RS18                              |                              | 0.704          | valid       | PI16                   | 0.729 |                                  | valid       |       |       |
| PS4                               |                              | 0.821          | valid       | PI22                   | 0.853 |                                  | valid       |       |       |
| PS9                               |                              | 0.799          | valid       | IN5                    | 0.802 |                                  | valid       |       |       |
| PS14                              |                              | 0.712          | valid       | IN11                   | 0.742 |                                  | valid       |       |       |
| DT5                               | 0.798                        | valid          | IN17        | 0.764                  | valid |                                  |             |       |       |
| DT15                              | 0.780                        | valid          | IN23        | 0.744                  | valid |                                  |             |       |       |
| DT20                              | 0.813                        | valid          | PA6         | 0.774                  | valid |                                  |             |       |       |
|                                   |                              |                | PA18        | 0.759                  | valid |                                  |             |       |       |

In this study, after the outer model test is accepted, an inner model test is conducted to ensure that the built structural model is accurate and robust. The test on the inner model is based on the following indicators: 1) coefficient of determination (R<sup>2</sup>), predictive relevance (Q<sup>2</sup>), and Goodness of Fit (GoF). The analysis is shown in Table 5.



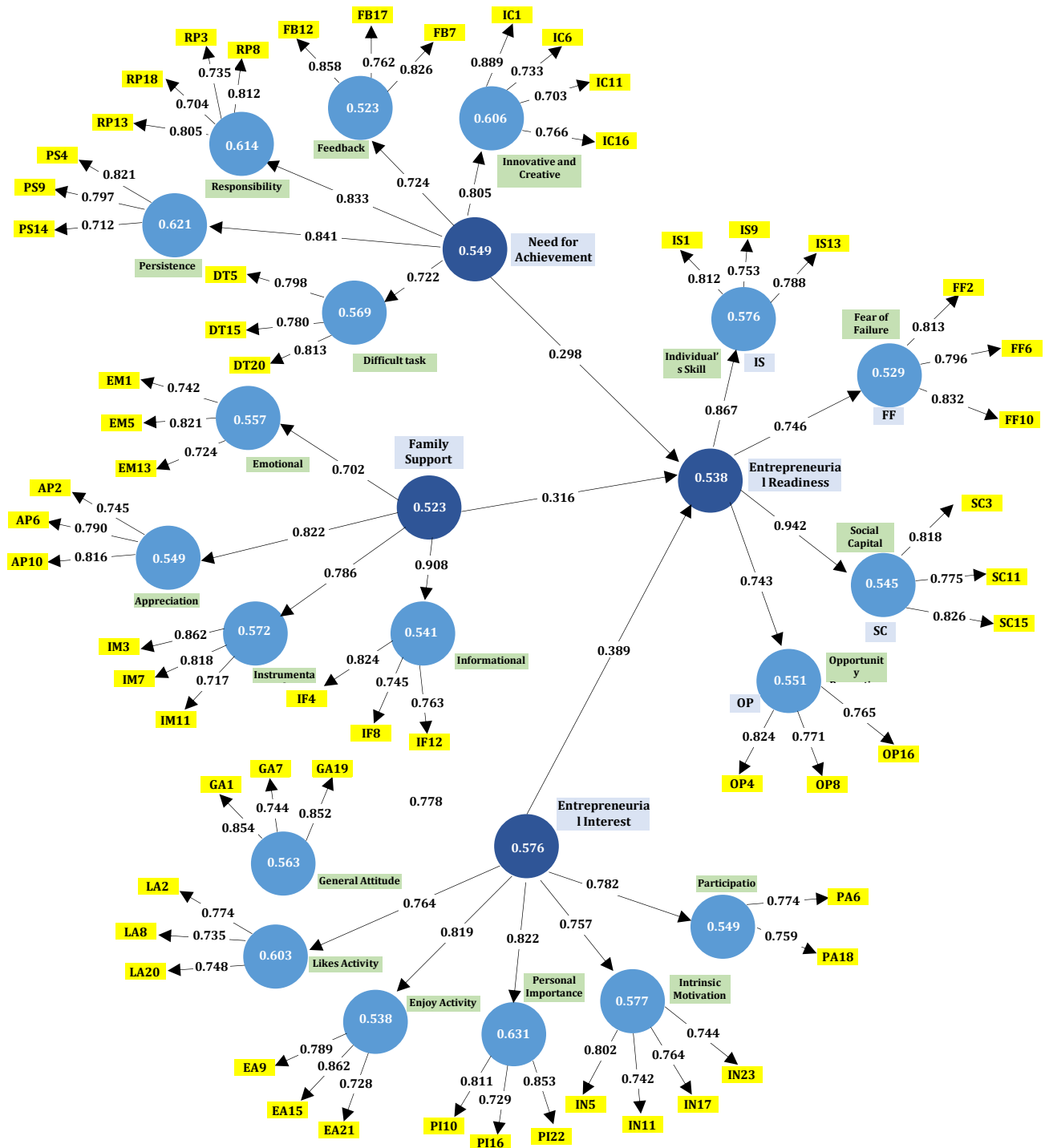


Figure 2. Final Stage of Inner Model Algorithm Output

The coefficient of determination is used to measure the value of the endogenous variable shown by the exogenous variable or the predictive strength of the structural model (Hair et al., 2021). The R-square value is divided into several categories, namely 0.67 (strong), 0.33 (moderate), and 0.19 (weak) (Hair et al., 2021). Based on the analysis results, the R-square value of the model is 0.547.

Evaluation of the structural model can also be done by calculating  $Q^2$  predictive relevance. This approach is used in PLS software with the structural blindfolding procedure (Hair et al., 2021). The criterion shows that a value of  $Q^2 > 0$  indicates a good predictive

relevance model, while  $Q^2 < 0$  indicates that the model has low predictive relevance. The predictive relevance value in this study is 0.374.

The goodness of Fit is an index that describes the level of overall model fit, validating the model as a whole, such as evaluating the measurement model and structural model and conducting simple measurements for overall model prediction. The value of GoF ranges from 0 to 1, with the interpretation that a value of 0.10 is considered weak, 0.25 is moderate, and 0.36 is strong (Hair et al., 2021). To measure suitability, the formula is as follows:

$$GoF = \sqrt{Com.\bar{R}^2}$$

GoF : *GoF Index*

COM : *Average Communality Index*

$R^2$  : *R-Square*

The smartPLS output shows the R squared is 0.587, and the commonality index is 0.546, so the GOF calculation is 0.543. Based on the inner model test, it is found that the proposed reflective model fits the empirical data in the field. The results of the evaluation of the inner model are presented in Table 5.

Table 5. Evaluation Results of Structural Model (Inner Model)

| Indicator                              | Rule of thumb   | Result | Information   |
|--|---|--------|---|
| Coefficient of determination ( $R^2$ ) | 0.67(strong), 0.33(moderate), and 0.19(weak)                                      | 0.587  | The effect of exogenous variables on endogenous variables is moderate |
| Predictive relevance ( $Q^2$ )         | $Q^2 > 0$ = good predictive relevance<br>$Q^2 < 0$ , predictive relevance is less | 0.374  | Predictive relevance good   |
| Goodness of fit (GoF)                  | Criteria from Gof: 0.1 (weak GoF), 0.25 (GoF) moderate, and 0.36 (strong GoF)     | 0.543  | Strong model fit  |

The inner model test shows that the proposed reflective model fits the empirical data. The structural model test results show that the entrepreneurship readiness model fits the theoretical and field data. This model is accepted to explain the influence of exogenous variables, namely the need for achievement, family support, and entrepreneurial interest, on the endogenous variable, namely entrepreneurship readiness. The hypothesis testing is done by observing the t-statistic value with a 5% error level or a 95% confidence level in which a t-statistic value of  $> 1.96$  is obtained. The bootstrapping results done in SmartPLS are displayed in Table 6.

Table 6. Hypothesis Testing Results

| Variable   | Original sample | t     | p     | Criteria   | Decision               |
|--|-----------------|-------|-------|------------|------------------------|
| Need for achievement > entrepreneurial readiness     | 0.298           | 3.173 | 0.002 | $p < 0.01$ | Positively significant |
| Family support > entrepreneurial readiness           | 0.316           | 3.591 | 0.006 | $p < 0.01$ | Positively significant |
| Entrepreneurial Interest > Entrepreneurial readiness | 0.389           | 4.436 | 0.000 | $p < 0.01$ | Positively significant |

The analysis results show that the variables of need for achievement, family support, and entrepreneurial interest have a positive and highly significant influence on entrepreneurial readiness.

## Discussion

Based on the data analysis in this study, the proposed hypotheses are accepted. The first hypothesis is accepted through the fulfillment of the required indicators, such as a moderate level of coefficient of determination ( $R^2$ ), a good predictive relevance model with  $Q^2 > 0$ , and a strong goodness of fit (GoF), indicating the suitability between the theoretical and empirical data. This model helps explain the influence of the need for achievement, family support, and entrepreneurial interest on the entrepreneurial readiness of young entrepreneurs. The former model also shows that the entrepreneurial readiness among young entrepreneurs in Yogyakarta is influenced by the need for achievement, family support, and entrepreneurial interest, supported by the strong GoF evaluation. The effect of these three exogenous variables has a contribution of 58.7 percent to entrepreneurial readiness.

The novelty of this research is that the theoretical model formed in this study involves the interconnectedness between the need for achievement, family support, and entrepreneurial interest toward entrepreneurial readiness. Meanwhile, previous studies involved self-efficacy, business opportunities, and product creativity toward entrepreneurial readiness among economics students (Ahlin et al., 2014).

Another study focused on the influence of entrepreneurship knowledge and family environment on entrepreneurial readiness with self-efficacy mediator among youths in Nigeria (Melugbo et al., 2020). Further, modeling entrepreneurial readiness among economics students in Semarang involved entrepreneurial interest and self-efficacy (Hendrayanti & Fauziyanti, 2021). In addition, modeling on entrepreneurial readiness among students in Malaysia was conducted by involving motivation, opportunity identification, resources, and entrepreneurial skills with entrepreneurship training as a moderator (Olugbola, 2017). Ntale et al. (2015) study discussed a model of entrepreneurial readiness among agricultural entrepreneurs in Kenya.

The variable need for achievement has a positive and very significant influence on entrepreneurial readiness, with a contribution value of 31.6 percent. This is supported by Ruiz et al. (2016), who mentioned that the need for achievement affects entrepreneurial readiness in individuals. The higher the person's need for achievement, the higher their entrepreneurial readiness (Hui-Chen et al., 2014; Phuong & Hieu, 2015). The results of this study align with McClelland (2015), who reveals that a person is ready to become an entrepreneur with the presence of achievement motivation, and the strength of their motivation determines the quality of their entrepreneurial behavior.

A young entrepreneur with a high need for achievement has the innovation to build his business Kusumawijaya (2019) and is creative in developing ideas to realize them as business products (Ab Aziz et al., 2022). Research findings show that persistence contributes significantly regarding the latent variable of need for achievement in entrepreneurs, where an entrepreneur uses it to continue running their business despite obstacles that must be faced (Ruiz et al., 2016). An entrepreneur must have the ability to stay strong, focused Enimola et al. (2019), and solution-oriented to make their business successful (Caliendo et al., 2020). Further, responsibility is a vital aspect that reflects the need for achievement, as an entrepreneur with a high sense of responsibility will think ahead until they achieve their business goals (Bosse et al., 2023). An entrepreneur with a high need for achievement also requires feedback to determine the extent to which their product is accepted by consumers (Del Bosco et al., 2019). Meanwhile, complaints are a form of customer dissatisfaction that a high-need-for-achievement entrepreneur will also accept as constructive evaluation to improve their business products (Tulunay et al., 2014). Moreover, the need for achievement is an important aspect that acts as an internal driving force. Sagie and Elizur (1999) motivate entrepreneurs to engage more deeply in the physical and mental activities of their businesses (Phuong & Hieu, 2015).

The research results show that family support has a positive and significant influence on entrepreneurial readiness, with a contribution value of 29%. These results show that the higher

the family support, the higher the entrepreneurial readiness of an individual (Pambudi et al., 2019; Ruiz-Palomino & Martínez-Cañas, 2021). Similarly, Yulita et al. (2020) stated that family support positively influences entrepreneurial readiness among single-mother entrepreneurs. This research also supports Manolova et al. (2019) study, which found that family support significantly affects the entrepreneurial activities of startup entrepreneurs by providing adequate financial resources and offering access to opportunities and resources that may not have been available before. In addition, many young entrepreneurs are already married, making economic income important for their livelihoods. The supportive behavior of their partners or family members, in the form of material support, helps strengthen the entrepreneurs to start and run their businesses (Osorio et al., 2017).

The findings also show that informational support has a significant contribution in reflecting the variable of family support towards entrepreneurial readiness, manifested by the provision of knowledge on the business world, problem-solving solutions, advice on development, and even ways to improve business strategies (Yates et al., 2023). Nguyen (2018) stated that family contributions to entrepreneurial readiness by providing business tips and information help shape one's confidence to face the risks encountered in running a business (Powell & Eddleston, 2013). Further, young entrepreneurs whose families support obtaining information and insights about the business world are more motivated to prepare their businesses more thoroughly (Hui-Chen et al., 2014). In addition, instrumental support from the family, such as providing practical and concrete assistance through funding and a place as initial capital for the business, will provide flexibility for entrepreneurs to develop their businesses (Hisrich et al., 2007). Families often give emotional support to their children who are starting a business by providing positive affirmation of their career choice as entrepreneurs (Maleki et al., 2023). Such appreciation provides confidence to entrepreneurs to continue developing their individual skills in responding to challenges related to customer needs (Hoffmann et al., 2015).

The research findings reveal that entrepreneurial interest positively and significantly influences entrepreneurial readiness, contributing up to 38.9 percent. The higher the entrepreneurial interest, the higher the readiness for entrepreneurship, indicating that the construct of entrepreneurial interest is related to entrepreneurial readiness (Akinwale et al., 2019). This is consistent with a statement by Hisrich et al. (2007) that high entrepreneurial interest will continue to strive to achieve desired goals. Someone who enjoys entrepreneurial activities will focus their attention and hone their skills to create business products (Davidsson et al., 2017). This is reflected in the interest in pursuing entrepreneurship as it holds individual personal importance, such as having a social role (Luis-Rico et al., 2020) and encouraging the development of their social network (Burt, 2000; Bowey & Easton, 2007). Someone with an interest in business is oriented towards independence, not relying on others, indicating a high interest in entrepreneurship (Rakib, 2015).

Choosing a career as an entrepreneur comes from within oneself and will lead to specific actions based on one's competencies Osakede et al. (2017) in entering the professional world by preparing the necessary foundation to start a business (Churchill & Bygrave, 1989). Therefore, someone with a high "living in the activity" aspect, consciously choosing to pursue a career as an entrepreneur, will prepare themselves to work hard to meet their needs despite the risks they may face (Golob & Babić, 2018). Entrepreneurs with a high entrepreneurial interest will also enjoy every step of the journey in running their businesses. Each step is an achievement that drives someone not to be afraid of failure (Zaleskiewicz et al., 2020). Further, running a business without fear of risk and enjoying every step of the way is a conscious decision to pursue a career as an entrepreneur, despite the risks that may be faced (Wang & Wong, 2004). In addition, a passion for entrepreneurship will lead to early preparation to enter the business world with the necessary knowledge to run a successful business (Al-Lamki et al., 2016).

A young Muslim entrepreneur must have qualities in running a business himself, namely piety, trustworthiness, not thinking short-term, and thinking about how the products sold can benefit many people, not just doing marketing. The thing that must be realized in a business is the opportunity that can be taken at every opportunity. Business readiness based on business interest, motivation from within, and family support will create wide open market opportunities so that a Muslim entrepreneur can expand his merchandise distribution channels to many areas, not limited to one location.

This study has some limitations. Firstly, this study only involved respondents from one business incubator community in Yogyakarta, so the results cannot be widely generalized. Secondly, the family support scale did not include information on respondents' status, such as being single or married and living arrangements. Therefore, it is unclear who plays the family's most important role in influencing the readiness of young Muslim entrepreneurs in Yogyakarta.

### **Implications**

The research results imply that young Muslim entrepreneurs can apply an entrepreneurial readiness model that has been empirically tested so as to increase their entrepreneurial readiness. This can be done by paying attention to the factors needed for achievement, family support, and entrepreneurial interest. This model has not existed in previous studies, so the impact is expected to be a new model that can become an alternative to overcoming the problem of entrepreneurial readiness among young entrepreneurs, especially Muslims.

### **Limitations and Suggestions for Further Research**

The research data collection process is still limited to the Yogyakarta city area and has not been expanded to several districts in the Special Region of Yogyakarta. The materials are still limited to the variables needed for achievement, family support, and entrepreneurial interest, so they need to be developed into more comprehensive materials. It is suggested that future researchers develop another entrepreneurial readiness model by involving other variables and using one of the exogenous variables as a mediator or moderator. Future research can also be done by using variables such as parental, partner, and family support to get a more detailed picture of the specific role of the support in influencing entrepreneurial readiness. In addition, a practical recommendation is addressed to the parties in the field of small and medium enterprises to conduct intervention by organizing achievement motivation training while considering the dominant aspects that influence entrepreneurial readiness as a consideration in the selection process of training participants.

## **CONCLUSIONS**

This study aims to design and test the suitability (goodness of fit) theoretical model of the influence of the need for achievement, family support, and interest in entrepreneurship on entrepreneurial readiness supported by empirical data in the field. The data analysis and discussion in this study on the entrepreneurial readiness model of young Muslim entrepreneurs in Yogyakarta reveal that the influence of the need for achievement, family support, and entrepreneurial interest on entrepreneurial readiness among young Muslim entrepreneurs in Yogyakarta is in line with the empirical data in the field. Each exogenous variable, namely the need for achievement, family support, and entrepreneurial interest, positively and significantly influences entrepreneurial readiness among young Muslim entrepreneurs in Yogyakarta.

### **AUTHOR CONTRIBUTION STATEMENT**

Both authors agree to the final version of this article.

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