

# The Intentionality-Based View of Company Employees' Entrepreneurial Motivation and Institutional Environment

**Devi Angrahini Anni Lembana**

Faculty of Economic and Business, Atma Jaya Catholic University of Indonesia, Jakarta, Indonesia

Email: [devi.angrahini@atmajaya.ac.id](mailto:devi.angrahini@atmajaya.ac.id)

**How to cite this paper:** Lembana, D. A. A. (2022). The Intentionality-Based View of Company Employees' Entrepreneurial Motivation and Institutional Environment. *Open Journal of Business and Management*, 10, 1436-1453.  
<https://doi.org/10.4236/ojbm.2022.103076>

**Received:** April 22, 2022

**Accepted:** May 28, 2022

**Published:** May 31, 2022

Copyright © 2022 by author(s) and Scientific Research Publishing Inc.

This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

## Abstract

Due to the increasing inequality in labor relations driven by capitalism-based economic institutions, the transition from employment to self-employment has become a growing phenomenon. Nevertheless, little work has delved into the determinants of company employees' entrepreneurial intentions. Using Smart PLS to test empirical data of company workers collected in Indonesia, this paper maps the structural relationship between institutional environments and company employees' entrepreneurial intentions by investigating the mediating effects of perceived desirability and feasibility. More importantly, our moderated mediation model reveals the pivotal roles of education, entrepreneurial experience, and subjective norm. According to the findings, the institutional environment is critical in company employees' perceived desirability and feasibility for entrepreneurial intention, except for regulatory support and normative approval. Education will weaken the relationship between regulatory support and perceived desirability, and on the contrary, the entrepreneurial experience will undermine the relationship between regulatory support and perceived feasibility. Also, the subjective norm will strengthen the relationship between perceived desirability and entrepreneurial intention. The article contributes to the literature on intentionality-based entrepreneurship in emerging markets and may serve as a model for future career research.

## Keywords

Education, Entrepreneurial Experience, Entrepreneurial Intention, Institutional Environment, Perceived Desirability, Perceived Feasibility, Subjective Norm

## 1. Introduction

New venture creation is vital to solving many social problems and facilitating

economic growth, especially in developing economies. Many entrepreneurs boost economic growth by introducing innovative products, services, and technologies. Also, start-up businesses can provide new job opportunities in the short and long term and may create entirely new markets and industries that become the engines that drive future market growth (Fritsch, 2008). The importance of new enterprises in a successful transition of planned economies cannot be overlooked or minimized because of their role in wealth creation (Dixon-Fowler et al., 2013).

Entrepreneurial activity is significantly influenced by the environment in which it is expected to thrive and prosper in any economy (Stenholm et al., 2013). Institutional considerations, such as direct action in creating and sustaining a conducive climate for entrepreneurship, impact the entrepreneurial effort. As perceived social influences or pressure to nourish a given behavior, the subjective norm will reveal the individual beliefs about how they would be viewed by their reference groups when they perform a specific behavior (Ajzen, 1991). For entrepreneurial intention, personal views are derived from the belief and support of family, friends, or people considered necessary. This subjective norm will influence the individual desirability to start a new venture. Many entrepreneurs take advantage of experience in paid employment before they start a new venture and use wage work to save for their new venture (Burke et al., 2008). Also, some professionals might incrementally transition to entering self-employment while retaining their wages (Folta et al., 2010). This experience makes the company employee entrepreneurial intention essential to contribute to the entrepreneurial research.

Employment work experience from knowledge-intensive industries may endow individuals with the social capital and financial resources to strengthen incumbent employees' entrepreneurial desirability and feasibility. According to economic statistics, business expertise will aid individuals in identifying market prospects and acquiring resources for launching a start-up company (Franco, 2005), which supports their perceived feasibility of starting a new venture. Indeed, since self-employment implies freedom, financial independence, and more control over their lives, the idea of leaving the current job and embarking upon an entrepreneurial career has come across the mind of the individuals. Nevertheless, some professionals with knowledge or expertise may still feel reluctant to forgo stable employment and create an entrepreneurial career. Even though they have excellent start-up ideas may still abandon their entrepreneurial dreams if they have doubts about their own knowledge, skills, and abilities (Kollmann et al., 2017). Recently, economists and entrepreneurship scholars have concentrated their efforts on determining why some company employees choose to leave their current jobs and start their own businesses (Campbell et al., 2012). By examining the effects of organizational human resource processes, a growing body of research attempts to identify and understand the factors that may influence company employees' transition to a career as a sole proprietorship

(Gambardella et al., 2015; Werner et al., 2014).

The intention to engage in the entrepreneurial business must be more potent (Ajzen, 1991); nevertheless, little work has explored the factors that may determine company employees' entrepreneurial intentions. Based on the theory of planned behavior (TPB) of Ajzen, perceived desirability can motivate entrepreneurial activities. Also, the perceived ability to run new ventures can be affected by perceived feasibility (Shapiro & Sokol, 1982). The theory of Planned Behavior places a greater emphasis on the environment by providing social support for the behavior. Because of the context of Indonesia as a developing country with multicultural backgrounds and ethnic, we will take into our investigation the effects of social support in our understanding of entrepreneurial intention.

People all over the world know Indonesia for its natural and cultural riches. As the largest economy in Southeast Asia, around half of the population is under 30 years old, and it will rise over the next decade (United Nations, 2018). On average, only 16% of Indonesian young adults had completed tertiary education in 2017, compared to 38% for the G20. Youth with bachelor's degrees outnumber those with certificates, but few have master's degrees. A tertiary education increases employment rates for young women by 30% (OECD, 2019). This research is conducted in Indonesia for company employees with a different culture and environment for entrepreneurial culture research contribution. We examined the effect of education on the entrepreneurial intention's perceived feasibility and desirability. This will provide a new lens through which to view education's contribution to the entrepreneurial field.

This paper contributes to the existing knowledge by focusing on how the institutional environment will affect the perceived desirability and feasibility of the company employees' entrepreneurial intention. More importantly, we investigate the moderating roles of education and entrepreneurial experience in the interrelationships between the institutional environment and company employees' perceived desirability and feasibility in Indonesia. Also, we use subjective norms to moderate the relation between perceived desirability and perceived feasibility on entrepreneurial intention. It will contribute to new knowledge about entrepreneurship in Indonesia.

## 2. Literature Reviews and Research Hypothesis

### 2.1. Institutional Environment

Institutional considerations, such as direct action in creating and sustaining a conducive climate for entrepreneurship, impact the entrepreneurial effort. The development of entrepreneurship in a society is directly related to the social regulations and policies that govern the allocation of rewards (Baumol, 1990). The foundation of the regulatory environment has been defined as a formal system of rules and regulations that constrains or promotes certain behaviors (Bruton et al., 2010). New institutional theories propose that organizational structures and behaviors evolve to match institutional settings, which are legislative, normative,

and cognitive requirements to ensure legitimacy (Scott, 2004).

A regulatory institution profile consists of regulations, laws, and government policies that support new business, reduce the risk for individuals starting a new venture and facilitate entrepreneurs' efforts to acquire resources (Busenitz et al., 2000). Normative approval for entrepreneurship is the extent to which a culture appreciates entrepreneurial activities and perceives innovation as the momentum for social growth (Busenitz et al., 2000). The cognitive environment refers to the templates and scripts shared among a socio-cultural community (Seelos et al., 2011).

Research shows that the regulatory environment (Urban & Kujinga, 2017) and normative approval (Bygrave & Minniti, 2000) is associated with entrepreneurial intention. And the entrepreneurial cognition literature has developed an examination of cognitions relating to entrepreneurial decision-making (Baron, 2004; Krueger et al., 2000). A pro-entrepreneurship culture occurs when most people value entrepreneurial activity, innovative thinking, and creativity (Bruton et al., 2010). When individuals perceive that there is support for entrepreneurship-related resources in their culture, they may develop a strong belief that they can overcome difficulties and barriers in the process of new venture creation. Background variables and experience enhance self-belief, increasing social entrepreneurs' perceived capability to act (perceived feasibility) and the desire to become entrepreneurs (perceived desirability).

The cognitive dimension consists of the knowledge and skills possessed by people in a culture of establishing and operating a new business. Within a culture, issues, and knowledge sets become institutionalized, and specific information becomes a part of shared social knowledge. The cognitive environment refers to the templates and scripts shared among a socio-cultural community (Seelos et al., 2011). The cognitive dimension relates to culturally constructed rules and meanings that shape human behavior (Bruton et al., 2010). Beliefs influence entrepreneurial processes, structures, and cultural cognitive legitimacy. Cultural cognitive legitimacy is the degree to which a process is aligned with ideologies that are common assumptions in a social setting (Sine & David, 2010). The entrepreneurial cognition literature has developed an examination of cognitions relating to entrepreneurial decision-making (Baron, 2008; Krueger et al., 2000), which is perceived desirability in this research. Background variables and experience enhance self-belief, which increases social entrepreneurs' perceived capability to act, which is perceived feasibility.

According to Krueger & Carsrud (1993), situational circumstances are significantly connected to intentions; this report includes feasibility and desirability measurements as antecedents to developing meaningful relationships. Accordingly, we propose the following hypothesis:

H1: Institutional environment determines company employees' desirability towards an entrepreneurial career.

H1a: Regulatory support is positively related to company employees' desira-

bility toward an entrepreneurial career.

H1b: Normative approval is positively related to company employees' desirability toward an entrepreneurial career.

H1c: Entrepreneurial cognition is positively related to company employees' desirability toward an entrepreneurial career.

H2: Institutional environment determines company employees' feasibility towards an entrepreneurial career.

H2a: Regulatory support is positively related to company employees' feasibility toward an entrepreneurial career.

H2b: Normative approval is positively related to company employees' feasibility toward an entrepreneurial career.

H2c: Entrepreneurial cognition is positively related to company employees' feasibility toward an entrepreneurial career.

## 2.2. Educational Attainment

Demographic variables were discovered to indirectly affect work status choice intentions via their effect on attitude, subjective norm, and perceived behavioral control (Kolvereid, 1996). Educational attainment can influence the self-employment decision and the success of becoming an entrepreneur (Robinson & Sexton, 1994). The level of education is a variable for which contrasting results have been obtained. The results vary regarding the existence of a significant impact and the nature of this impact. Robinson and Sexton (1994) show that the self-employment decision is influenced by educational attainment. However, a study at the macro level by Uhlaner & Thurik (2007) shows that a lower self-employment rate accompanies a higher level of education in a country. Blanchflower (2004) reports that education positively correlates with self-employment in the US but negatively in Europe.

H3: Educational attainment positively moderates the effect of the institutional environment on company employees' desirability and feasibility toward an entrepreneurial career.

## 2.3. Entrepreneurial Experience

The environment for entrepreneurship substantially influences the quantity and quality of entrepreneurial activity in an economy (Krueger et al., 2000). It will drive individuals to be involved in entrepreneurial activities (Krueger & Brazeal, 1994). Starting a new business or initiating a new venture is often defined as a purposive and intentional career choice (Chen et al., 1998).

Successful experience with the target behavior will enhance the perception of efficacy, whereas failure undermines it (Newbery, Lean, Moizer, & Haddoud, 2018). In social cognitive theory (Bandura, 1977), efficacy can be developed via vicarious learning, social persuasion, physiological states, and mastery experiences. Bandura (1977) proposes that the means to enhance the perception of self-efficacy is by reducing negative emotional states and correcting the misin-

terpretations of bodily states. Vicarious experience refers to observing a 'similar other' successfully performing the behavior and appraising one's performance against that similar other.

Individuals who have a strong sense of self-confidence in their abilities in a given field will view setbacks as opportunities to overcome rather than as threats to avoid. These individuals establish challenging goals and are committed to achieving them. They intensify and sustain their efforts in the face of obstacles, swiftly regaining their effective direction following a setback or a delay (Bandura, 1977; Hindle et al., 2009). This propensity to act depends on the perception of control of the behavior consequences on the environment and the context (Shapiro & Sokol, 1982). This propensity to act includes the degree of personal attraction to start a new venture (perceived desirability) and the reflection of the individual's belief that they can create an organization (perceived feasibility). Accordingly, we propose the following hypothesis:

H4: Entrepreneurial experience positively moderates the effect of the institutional environment on company employees' desirability and feasibility toward an entrepreneurial career.

#### 2.4. Perceived Desirability and Perceived Feasibility

Intentionality is recognized as a characteristic of emerging businesses. This is true even when the start of a new venture is unanticipated, like when a new opportunity appears out of nowhere (Krueger et al., 2000). The decision to initiate an entrepreneurial career is exciting and essential because intentionality is a critical characteristic of new venture creation (Gartner & Katz, 1988). Intention-based models offer an excellent deal for entrepreneurial research because they give valuable insight for new venture initiation even without observing it (Krueger & Carsrud, 1993). An exciting characteristic of intentions-based models is handling the antecedents of behavior.

A person's intentions can be predicted by their attitudes (Ajzen, 1991) and by circumstances outside of their control, such as their institutional setting, their employment situation, or even their demographic characteristics and unique traits (Krueger & Carsrud, 1993). Entrepreneurial intention is a conscious state of mind that precedes action but directs attention toward the aim of starting a new business (Esfandiar et al., 2019; Krueger & Carsrud, 1993; Krueger et al., 2000). Entrepreneurial intention depends on the individual's perception of desirability, feasibility, and propensity to act (Shapiro & Sokol, 1982). The intention is founded on two perceptions: the perceived desirability of being an entrepreneur, which refers to people's desire to engage in a specific behavior, and the perceived feasibility of becoming an entrepreneur, which refers to people's ability to engage in that behavior (Fitzsimmons & Douglas, 2011).

According to the theory of planned behavior, perceived desirability and feasibility have been crucial factors in explaining or predicting entrepreneurial intention in various contexts. According to Ajzen (1991) the idea of moral duty de-

scribes how an individual's perceptions of social obligation may impact or determine his or her intention to adhere to specific social behaviors. In other words, if individuals feel that other people would engage in a particular behavior in their immediate area, they will have a higher urge to engage in that behavior themselves as well.

The will to start a new venture is a function of perceptions of feasibility and desirability (Krueger & Carsrud, 1993). Perceived desirability is defined as the personal appeal of starting a business. It takes intrapersonal and extrapersonal factors into account. On the other hand, perceived feasibility is the degree to which one believes they are personally competent in beginning a business (Shapero & Sokol, 1982). The importance of entrepreneurial intentions as antecedents of planned behavior (such as founding a new venture) has been emphasized (Krueger et al., 2000).

Kim and Hunter (1993) suggested that attitudes successfully predict the will, and intentions successfully predict behavior. Shapero and Sokol (1982), a proponent of the entrepreneurial event theory, indicated that entrepreneurial intentions are influenced by people's perceptions of desirability, feasibility, and tendency to act. Individuals' behavior is supposed to follow the same pattern until something breaks the inertia (e.g., job uncertainty, job loss, inheritance, etc.). This disruption causes people to examine and evaluate other options, such as starting a business. Individuals develop attitudes about an action by linking it with the behavior's expected outcomes. The desire to engage in the activity will be stronger if the related results are mostly positive. The intent to undertake the behavior is weaker if the accompanying effects are primarily adverse. In venture formation, one can legitimately measure one's attitude toward the conduct by analysing the attractiveness of the connected results of starting a business. We propose the following hypothesis:

H5a: Desirability of an entrepreneurial career affects company employees' intention to start a new venture.

H5b: Perceived desirability mediates the relations between the institutional environment and company employee entrepreneurial intention

H6a: Feasibility of an entrepreneurial career affects company employees' intention to start a new venture.

H6b: Perceived feasibility mediates the relations between the institutional environment and company employee entrepreneurial intention

## 2.5. Subjective Norm

Subjective norms reflect both the extent to which essential referent individuals approve or disapprove of performing a given behavior and the strength of an individual's motivation to comply with the referent individuals' wishes (Ajzen 1991). In order to accomplish desired outcomes, people manage their behavior by choosing one of two perspectives (Baron, 2004). Evidence regarding the effect of subjective norms on entrepreneurial intent has been mixed. The impact of so-

cial support was related to perceived desirability on entrepreneurship (Heilbrunn et al., 2017; Shook & Bratianu, 2010), but other research did not find the relation to entrepreneurial intention (Hindle et al., 2009).

Krueger also found that the sum of expected outcomes of venture creation was related to the attitude toward the act. To the extent the individual is not motivated to comply with the individual referents' wishes, the personal referents' desires will not affect the individual's intention to perform the behavior. Thus, to the extent that an individual's referents support the individual starting a venture and the individual has strong motivation to comply with their referents, the more likely the individual will have a desire to create a new venture (Shook & Bratianu, 2010). Entrepreneurial self-efficacy refers to a person's belief in their abilities and skills to successfully complete various roles and responsibilities, resulting in a positive self-view in pursuing venture development goals (DiMaggio & Powell, 2015). The more confident individuals are in their ability to conduct the behavior, the more likely they intend to do so (Shook & Bratianu, 2010). Self-efficacy is associated with initiating and maintaining behavior in the face of uncertainty, setting higher goals, and lowering threat rigidity and learned helplessness (Bandura, 1977). Self-efficacy is significant since recognizing opportunities is influenced by situational beliefs of controllability and self-efficacy. The attitude toward the act is the determinant of entrepreneurial intention (Krueger et al., 2000). They discovered that the total of projected venture creation outcomes was linked to attitude toward the act and that attitude toward the act was linked to entrepreneurial intention. The greater the likelihood that people connect positive results with starting a business, the more likely they will begin one.

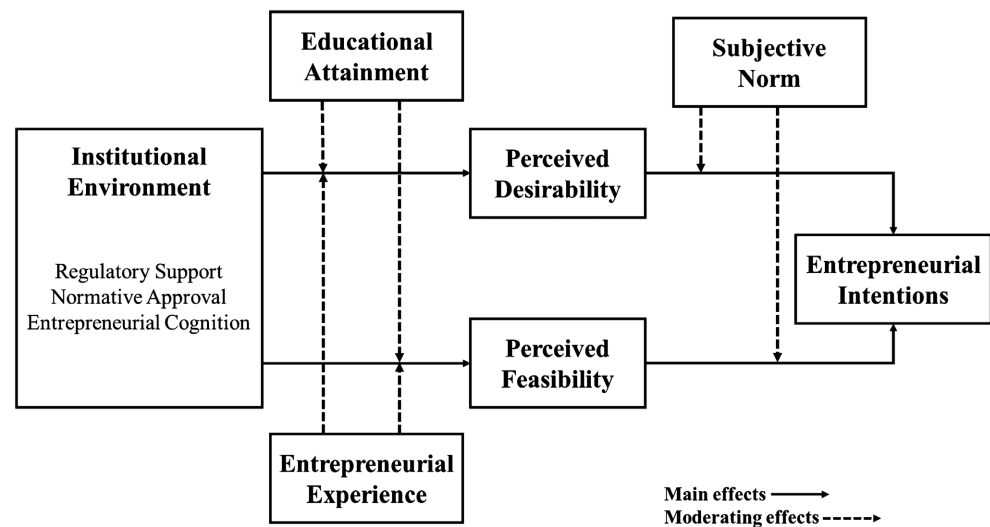
To the extent the individual is not motivated to comply with the individual referents' wishes, the personal referents' desires will not affect the individual's intention to perform the behavior. Thus, to the extent that an individual's referents support the individual starting a venture and the individual has strong motivation to comply with their referents, the more likely the individual will have a desire to create a new venture (Shook & Bratianu, 2010). Hence, the following hypothesis:

H7: Subjective norms strengthen the positive effects of desirability and feasibility on company employees' intention to start a new venture.

### 3. Research Method

#### 3.1. Conceptual Model and Respondent Profile

The conceptual model of this study is presented in **Figure 1**. The context of the study is the company employees in Indonesia, the fourth-largest populated country in the world, along with the most prominent national workforce. Based on earlier research, research scales were operationalized. The operationalization of variables was adopted from various sources, with minor changes made to preserve consistency in the objective and sample group and resolve translation



**Figure 1.** Research framework.

issues. All variable questions were adapted from [Esfandiar et al. \(2019\)](#) and [Shook & Bratianu \(2010\)](#). The questionnaire was translated into Indonesian, with back-translation and a pilot test on 30 respondents, ensuring its equivalence to the original English form.

Changes were made in order to satisfy the needs of the present study environment and the study goal. Perceived desirability was measured using three items; perceived feasibility using two items, subjective norm using three items, entrepreneurial self-efficacy using five items, and entrepreneurial intention using two items. All measurement questions were graded on a seven-point Likert-type scale, with 1 indicating strong disagreement and 7 indicating strong agreement to reflect the degree of agreement. Through a questionnaire survey distributed through email, social media, and mail, empirical data were collected from employees willing to participate and disseminated the questionnaires they considered suitable. Data were collected from multiple approaches such as email, personal questionnaire survey, social media, Line, WhatsApp, and phone calls.

Three hundred and fifty responses were collected from the survey, and only 296 responses were valid. Most of the respondents are male (52%), with 41 - 45 years old (25%), and most of the respondents have more than five years of working experience. The descriptive statistic of the respondent represents in [Table 1](#).

### 3.2. Analytical Approach

This study used Smart Partial Least Square (Smart PLS) statistical software to test the hypotheses and analyze them using the structural equation model (SEM). The PLS-SEM approach can be applied to estimate complex models with many constructs, indicator variables, and structural routes without putting distributional assumptions on the data. On the other hand, PLS-SEM is a causal-predictive approach to SEM that focuses on prediction when estimating statistical

**Table 1.** Respondent profile.

	Frequency	%		Frequency	%
<b>Age</b>			<b>Gender</b>		
<25 year	37	12.5%	Male	154	52%
26 - 30 year	61	20.6%	Female	142	48%
31 - 35 year	47	15.9%			
36 - 40 year	40	13.5%	<b>Experience starting business</b>		
41- 45 year	74	25.0%	None	164	55.4%
46 - 50 year	28	9.5%	1 times	103	34.8%
>51 year	9	3.0%	2 times and more	29	9.8%
<b>Working Experience</b>			<b>Highest Academic Degree</b>		
<5 year	86	29.1%	Vocational School	22	7.4%
6 - 10 year	68	23.0%	Bachelor	205	69.3%
11 - 15 year	54	18.2%	Master	69	23.3%
16 - 20 year	46	15.5%			
>21 year	42	14.2%			

models with structures that are aimed to provide causal explanations (Hair et al., 2019; Sarstedt et al., 2017). PLS-SEM combines principal component analysis and ordinary least squares regressions to estimate partial model architectures (Mateos-Aparicio, 2011).

For model testing, the reliability reflective indicator loadings value has to be the same or greater than 0.708, and the internal consistency reliability Cronbach alpha value is between 0.7 and 0.9. To ensure the convergent validity value, the items loaded value of Average Variance Extracted (AVE) is the same or greater than 0.5. And also, the inter-research variables cross-loadings have to be checked, and the value lower than 0.9 and the redundancy analysis collinearity (VIF) value is less than 3. For this research, the Smart PLS performed a confirmatory factor analysis (CFA) while estimating the structural equation model (SEM).

#### 4. Results

Composite Reliability (CR) and Cronbach's alpha value were used to assess reliability. Items loaded on their respective (a priori) constructs were examined for convergent validity if their loadings were larger than 0.5. In contrast, discriminant validity was checked using the Average Variance Extracted (AVE) value and confirmed no significant inter-research variables cross-loadings.

The result of the internal consistency value, the value Cronbach Alpha (CA) in Table 2, ranges from 0.508 to 0.929, which is considered satisfactory. Also, the composite reliability (CR) results range from 0.848 to 0.934, satisfying the

**Table 2.** Accuracy analysis statistics.

Research Construct		R-Squared Value	Cronbach's Alpha value	CR Value	AVE Value	Outer VIF Value	Factor Loading
Regulatory Support	RE1	0.000	0.844	0.906	0.762	2.112	0.816
	RE2					3.721	0.899
	RE3					7.226	0.939
	RE4					6.137	0.918
	RE5					2.628	0.840
Normative Approval	NE1	0.000	0.790	0.877	0.703	1.458	0.822
	NE2					1.939	0.849
	NE3					1.836	0.845
Entrepreneurial Cognition	CE1	0.000	0.508	0.803	0.670	1.142	0.740
	CE2					1.286	0.677
	CE3					1.371	0.824
Perceived Desirability	PD1	0.267	0.852	0.910	0.771	2.576	0.915
	PD2					2.056	0.855
	PD3					1.96	0.864
Perceived Feasibility	PF1	0.452	0.859	0.934	0.876	2.303	0.935
	PF2					2.303	0.937
Subjective Norm	SN1	0.000	0.727	0.848	0.653	1.952	0.838
	SN2					2.046	0.895
	SN3					1.185	0.674
Entrepreneurial Intention	EI1	0.382	0.759	0.892	0.805	1.598	0.882
	EI2					1.598	0.913

threshold recommended by the prior literature. And also the outer loading.

The accuracy statistic showed that indicator RE 3, RE4, CE2, and SN3 is not valid and reliable, so this indicator has been removed for further analysis. The result shows that all the indicators are valid and reliable for further analysis. The most result of the Cronbach alpha value is more than 0.7

The Heteroit Monoroit Ratio was used to calculate discriminant validity. To do so, the square root of the extracted variance in the upper portion of the parenthesis in the first column must be bigger than the correlations in the same column in the following lines of the same column. For each column, this criterion is used. **Table 3** reveals that this criterion was met in all subscales, showing the tested instrument's discriminant validity.

The Bootstrapping Technique has been used for analyzing the hypothesis. The Bootstrapping Technique is a non-parametric procedure for determining the significance of path coefficients (beta) (Streukens & Leroi-Werelds, 2016). This

**Table 3.** Inter-construction correlation matrix—the heteroitoi monoroit ratio.

Variable	PD	ED	EC	EE	EI	PF	NA	RS
Desirability (PD)	0.084							
Education (ED)	0.575	0.216						
Entrepreneurial Cognition (EC)	0.265	0.052	0.161					
Entrepreneurial Experience (EE)	0.725	0.106	0.569	0.308				
Entrepreneurial Intention (EI)	0.589	0.174	0.850	0.228	0.518			
Feasibility (PF)	0.311	0.132	0.568	0.118	0.299	0.405		
Normative Approval (NA)	0.183	0.105	0.526	0.132	0.214	0.500	0.582	
Subjective Norm (SN)	0.532	0.084	0.328	0.117	0.415	0.343	0.322	0.169

statistical approach involves averaging estimates from several tiny data samples to estimate values over a population. Samples are created by extracting observations from a large data sample one at a time and returning them to the data sample once they've been chosen, allowing a single observation to appear in several small samples. Replacement sampling is the term for this method of sampling. The calculation is carried out to efficiently calculate if the tested model is significant, with the program stating that it should be conducted 350 times. The hypothesis result for direct effect and moderating effect is shown in [Figure 2](#). And the Mediation effect is shown in [Table 4](#).

The direct effects analysis revealed that normative approval and entrepreneurial cognition directly impact perceived desirability but not regulatory support. The regulatory support and entrepreneurial cognition directly impact perceived feasibility but not for normative approval. Perceived desirability and perceived feasibility have a direct relation to entrepreneurial intention.

For moderating effect, only five results showed significance. Education moderates the relationship between regulatory support and perceived desirability negatively. Entrepreneurial experience moderates the relation between perceived desirability on regulatory support in a positive result. On the contrary, the entrepreneurial experience moderates the relation between entrepreneurial cognition and perceived desirability in a negative result. Also, it moderates the relation between regulatory support and perceived feasibility in a negative result. Another finding of the moderating effect of the subjective norm is that the subjective norm moderates the relation between perceived desirability and entrepreneurial intention.

According to the mediation effect, perceived desirability mediates the relationship between normative approval and entrepreneurial cognition on entrepreneurial intention. The relationship between regulatory support and entrepreneurial intention is not mediated by perceived desirability. According to the mediation effect, perceived desirability mediates the relationship between normative approval and entrepreneurial cognition on entrepreneurial intention.

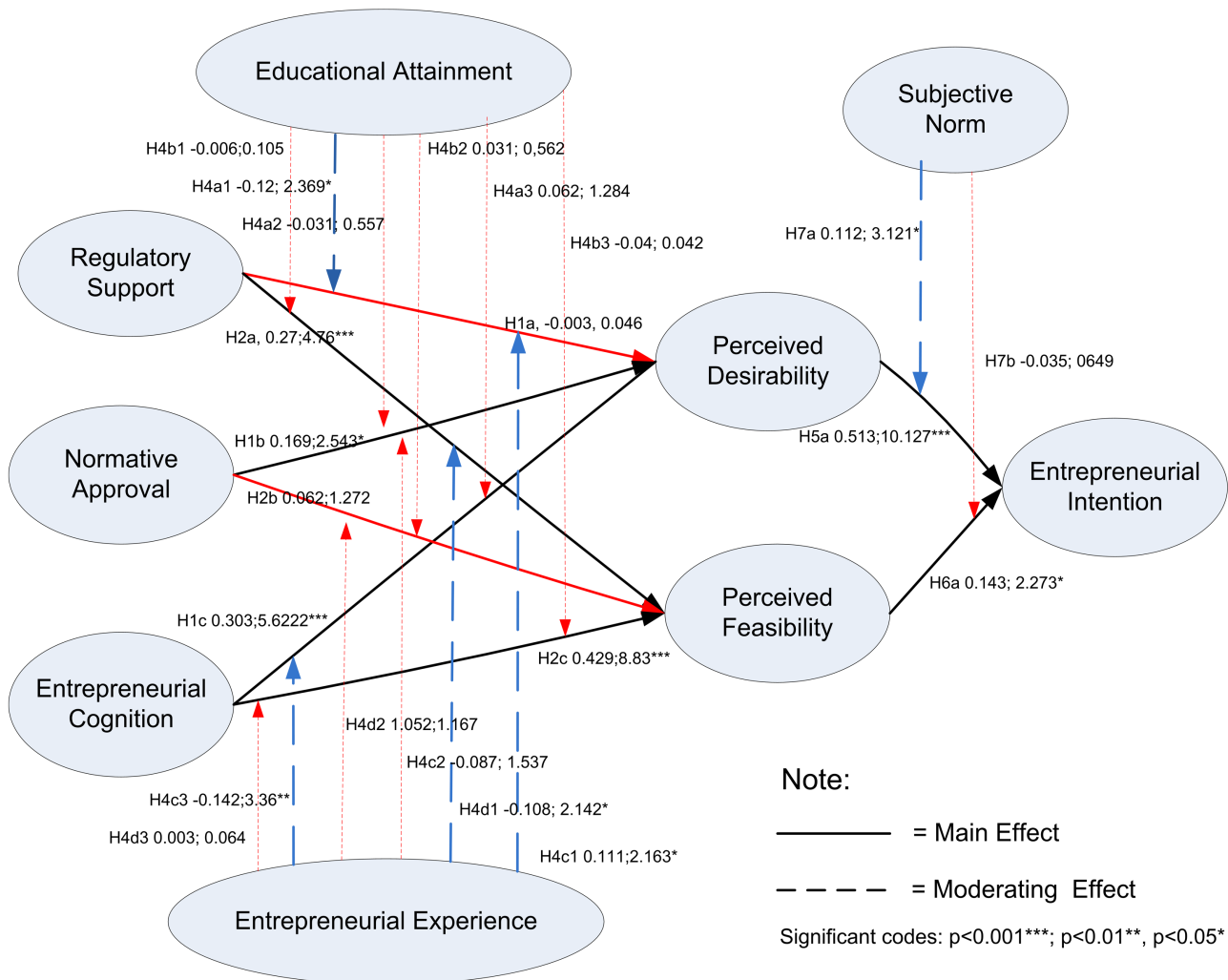


Figure 2. Measurement and structural model result.

Table 4. The mediation effect results.

Mediation Path	Original Sample	Sample Mean	Stand. Deviation	T Stat.	P Values	Result
Regulatory Support → Desirability → Entrepreneurial Intention	-0.001	-0.002	0.030	0.046	0.963	Not Supported
Normative Approval → Desirability → Entrepreneurial Intention	0.087	0.090	0.036	2.393	0.017	Supported
Entrepreneurial Cognition → Desirability → Entrepreneurial Intention	0.155	0.154	0.030	5.153	0.000	Supported
Regulatory Support → Feasibility → Entrepreneurial Intention	0.038	0.039	0.019	1.986	0.048	Supported
Normative Approval → Feasibility → Entrepreneurial Intention	0.009	0.008	0.008	1.130	0.259	Not Supported
Entrepreneurial Cognition → Feasibility → Entrepreneurial Intention	0.061	0.061	0.030	2.053	0.041	Supported

The relationship between regulatory support and entrepreneurial intention is not mediated by perceived desirability. Another result for perceived feasibility showed that it mediates the relationship between entrepreneurial intention on regulatory support and entrepreneurial cognition, but not normative approval.

## 5. Discussion

We began by asking what motivates the company's employees' entrepreneurial intentions to perceive desirability and perceive feasibility. When those close to them support their entrepreneurial endeavors, their perceived desirability will grow stronger. Furthermore, if individuals believe they have the knowledge, experience, and capabilities to start a business, they will be motivated to create a new venture.

This perceived feasibility and desirability are inside the individual, and it influences by the external environment, which is the institutional environment. The result showed that the company employee's perceived desirability is influenced by normative approval and entrepreneurial cognition but not by regulatory support. And for perceived feasibility is influenced by regulatory support and entrepreneurial cognition, but not normative approval. This surprising result showed that the regulatory maker could support the feasibility of the company employees' entrepreneurial intention by making an entrepreneurial program and financial support for starting a new venture. But this policy has to be supported by normative approval and entrepreneurial cognition to boost the perceived desirability of entrepreneurial intention. This entrepreneurial program can be achieved by supporting entrepreneurial knowledge transfer, not only for the company employees' but also for every family. Entrepreneurial activities have to become one of the career choices for living.

The result for moderating variable showed that education moderates the relation between regulatory support and perceived desirability with a negative effect. When a company's employees have a strong educational background and receive government support for entrepreneurial activities, their motivation for entrepreneurial endeavors will decrease. It can happen because they believe it is preferable to stay in a position with a stable income than to start a new enterprise with no guarantee of success. Additionally, even if they receive full government support, they have already invested more in their education. It will take additional investment to learn and establish a new enterprise, decreasing the desire to start a new venture.

On the contrary, the entrepreneurial experience moderates the relation between regulatory support and perceived desirability in positive results but negatively for the perceived feasibility. This result supports the previous development that government can help the company employees' entrepreneurial intention by providing the activities, so they can have the experience of starting a new business. The creating business experience can be achieved by making entrepreneurial simulation activities for creating a new venture. This experience will become a stepping stone before using their expertise and knowledge for entrepreneurial activities. But these activities also have a downside cause when they can find themselves not successful in this experience. The entrepreneurial desire can decrease, and they will find it is not feasible for them to start a new venture. This result can be helpful for the government. When the government wants to sup-

port entrepreneurial activities, they have to help them with the knowledge of how to deal with entrepreneurial problems and how to solve them, so the desire and feasibility will be supported.

Another interesting finding is the subjective norm moderating the relation between entrepreneurial intention with perceived desirability but not perceived feasibility. This finding supports Shook & Bratianu (2010) previous research that social support was related to perceived desirability for entrepreneurial intention.

## 6. Conclusion

From the perspective of Indonesia, our findings add to the expanding body of knowledge about how governments may encourage entrepreneurship. The study's findings may be valuable for policymakers in developing an entrepreneurship-friendly climate to increase the prosperity of venture creation and stimulate economic growth. According to the results, institutional environment factors may assist explain individuals' entrepreneurial inclinations by influencing their perceived desirability and feasibility (Krueger & Carsrud, 1993). Because of the unique research situation, our findings may serve as a springboard for future investigations into firm employees' entrepreneurial inclinations.

## 7. Limitation

This research also has limitations. The number of the respondents is only 296, and they come from big cities, which do not represent the company employee in the small town. And even though the unique big-city company sample is valuable for understanding the individual's entrepreneurial intention, our finding may have low generalisability to countries with different cultures. Furthermore, the poll was distributed through snowball sampling via email and the internet, making it difficult to confirm the names of the respondents.

## Acknowledgments

We wish to express our appreciation to all participants who generously volunteered their time to participate in this study. We would like to thank the Faculty of Business and Management, Atma Jaya Catholic University as the employer of the first author, for the full support of this research.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

## References

- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50, 179-211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Bandura, A. (1977). Self-Efficacy: Toward a Unifying Theory of Behavioral Change. *Psychological Review*, 84, 191-215. <https://doi.org/10.1037/0033-295X.84.2.191>

- Baron, R. A. (2004). The Cognitive Perspective: A Valuable Tool for Answering Entrepreneurship's Basic "Why" Questions. *Journal of Business Venturing*, *19*, 221-239. [https://doi.org/10.1016/S0883-9026\(03\)00008-9](https://doi.org/10.1016/S0883-9026(03)00008-9)
- Baron, R. A. (2008). The Role of Affect in the Entrepreneurial Process. *Academy of Management Review*, *33*, 328-340. <https://doi.org/10.5465/AMR.2008.31193166>
- Baumol, W. J. (1990). Entrepreneurship: Productive, Unproductive, and Destructive. *Journal of Political Economy*, *98*, 893-921. <https://doi.org/10.1086/261712>
- Blanchflower, D. G. (2004). *Self-Employment: More May Not Be Better* (Working Paper 10286). National Bureau of Economic Research. <https://doi.org/10.3386/w10286>
- Bruton, G. D., Ahlstrom, D., & Li, H. L. (2010). Institutional Theory and Entrepreneurship: Where Are We Now and Where Do We Need To Move in the Future? *Entrepreneurship Theory and Practice*, *34*, 421-440. <https://doi.org/10.1111/j.1540-6520.2010.00390.x>
- Burke, A. E., FitzRoy, F. R., & Nolan, M. A. (2008). What Makes a Die-Hard Entrepreneur? Beyond the "Employee or Entrepreneur" Dichotomy. *Small Business Economics*, *31*, Article No. 93. <https://doi.org/10.1007/s11187-007-9086-6>
- Busenitz, L. W., Gómez, C., & Spencer, J. W. (2000). Country Constitutional Profiles: Unlocking Entrepreneurial Phenomena. *Academy of Management Journal*, *43*, 994-1003. <https://doi.org/10.5465/1556423>
- Bygrave, W., & Minniti, M. (2000). The Social Dynamics of Entrepreneurship. *Entrepreneurship Theory and Practice*, *24*, 25-36. <https://doi.org/10.1177/104225870002400302>
- Campbell, B. A., Ganco, M., Franco, A. M., & Agarwal, R. (2012). Who Leaves, Where to, and Why Worry? Employee Mobility, Entrepreneurship and Effects on Source Firm Performance. *Strategic Management Journal*, *33*, 65-87. <https://doi.org/10.1002/smj.943>
- Chen, C. C., Greene, P. G., & Crick, A. (1998). Does Entrepreneurial Self-Efficacy Distinguish Entrepreneurs from Managers? *Journal of Business Venturing*, *13*, 295-316. [https://doi.org/10.1016/S0883-9026\(97\)00029-3](https://doi.org/10.1016/S0883-9026(97)00029-3)
- DiMaggio, P. J., & Powell, W. W. (2015). The Iron Cage Revisited Institutional Isomorphism and Collective Rationality in Organizational Fields. In J. A. C. Baum & F. Dobbin (Eds.), *Economics Meets Sociology in Strategic Management* (Advances i, Vol. 17, Issue 2, pp. 143-166). Emerald Group Publishing Limited. [https://doi.org/10.1016/S0742-3322\(00\)17011-1](https://doi.org/10.1016/S0742-3322(00)17011-1)
- Dixon-Fowler, H. R., Slater, D. J., Johnson, J. L., Ellstrand, A. E., & Romi, A. M. (2013). Beyond "Does It Pay to Be Green?" A Meta-Analysis of Moderators of the CEP-CFP Relationship. *Journal of Business Ethics*, *112*, 353-366. <https://doi.org/10.1007/s10551-012-1268-8>
- Esfandiari, K., Sharifi-Tehrani, M., Pratt, S., & Altinay, L. (2019). Understanding Entrepreneurial Intentions: A Developed Integrated Structural Model Approach. *Journal of Business Research*, *94*, 172-182. <https://doi.org/10.1016/j.jbusres.2017.10.045>
- Fitzsimmons, J. R., & Douglas, E. J. (2011). Interaction between Feasibility and Desirability in the Formation of Entrepreneurial Intentions. *Journal of Business Venturing*, *26*, 431-440. <https://doi.org/10.1016/j.jbusvent.2010.01.001>
- Folta, T. B., Delmar, F., & Wennberg, K. (2010). Hybrid Entrepreneurship. *Management Science*, *56*, 253-269. <https://doi.org/10.1287/mnsc.1090.1094>
- Franco, A. (2005). Employee Entrepreneurship: Recent Research and Future Directions. In S. A. Alvarez, R. Agarwal, & O. Sorenson (Eds.), *Handbook of Entrepreneurship Research* (pp. 81-96). Springer. [https://doi.org/10.1007/0-387-23622-8\\_5](https://doi.org/10.1007/0-387-23622-8_5)

- Fritsch, M. (2008). How Does New Business Formation Affect Regional Development? Introduction to the Special Issue. *Small Business Economics*, 30, 1-14. <https://doi.org/10.1007/s11187-007-9057-y>
- Gambardella, A., Ganco, M., & Honoré, F. (2015). Using What You Know: Patented Knowledge in Incumbent Firms and Employee Entrepreneurship. *Organization Science*, 26, 456-474. <https://doi.org/10.1287/orsc.2014.0937>
- Gartner, W., & Katz, J. A. (1988). Properties of Emerging Organizations. *Academy of Management Review*, 13, 429-441. <https://doi.org/10.2307/258090>
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to Use and How to Report the Results of PLS-SEM. *European Business Review*, 31, 2-24. <https://doi.org/10.1108/EBR-11-2018-0203>
- Heilbrunn, S., Itzkovitch, Y., & Weinberg, C. (2017). Perceived Feasibility and Desirability of Entrepreneurship in Institutional Contexts in Transition. *Entrepreneurship Research Journal*, 7, Article ID: 20160046. <https://doi.org/10.1515/erj-2016-0046>
- Hindle, K., Klyver, K., & Jennings, D. F. (2009). An “Informed” Intent Model: Incorporating Human Capital, Social Capital, and Gender Variables into the Theoretical Model of Entrepreneurial Intentions. In A. L. Carsrud, & M. Brännback (Eds.), *Understanding the Entrepreneurial Mind* (Vol. 24, 2009th ed., pp. 35-50). Springer. [https://doi.org/10.1007/978-1-4419-0443-0\\_3](https://doi.org/10.1007/978-1-4419-0443-0_3)
- Kim, M.-S., & Hunter, J. E. (1993). Attitude-Behavior Relations: A Meta-Analysis of Attitudinal Relevance and Topic. *Journal of Communication*, 43, 101-142. <https://doi.org/10.1111/j.1460-2466.1993.tb01251.x>
- Kollmann, T., Stöckmann, C., & Kensbock, J. M. (2017). Fear of Failure as a Mediator of the Relationship between Obstacles and Nascent Entrepreneurial Activity—An Experimental Approach. *Journal of Business Venturing*, 32, 280-301. <https://doi.org/10.1016/j.jbusvent.2017.02.002>
- Kolvereid, L. (1996). Prediction of Employment Status Choice Intentions. *Entrepreneurship Theory and Practice*, 21, 47-58. <https://doi.org/10.1177/104225879602100104>
- Krueger, N. F., & Brazeal, D. V. (1994). Entrepreneurial Potential and Potential Entrepreneurs. *Entrepreneurship: Theory and Practice*, 18, 91-104. <https://doi.org/10.14211/regepe.v7i2.1071>
- Krueger, N. F. J., Reilly, M. D., & Carsrud, A. L. (2000). Competing Models of Entrepreneurial Intentions. *Journal of Business Venturing*, 15, 411-432. [https://doi.org/10.1016/S0883-9026\(98\)00033-0](https://doi.org/10.1016/S0883-9026(98)00033-0)
- Krueger, N. F., & Carsrud, A. L. (1993). Entrepreneurial Intentions: Applying the Theory of Planned Behaviour. *Entrepreneurship and Regional Development*, 5, 315-330. <https://doi.org/10.1080/08985629300000020>
- Mateos-Aparicio, G. (2011). Partial Least Squares (PLS) Methods: Origins, Evolution, and Application to Social Sciences. *Communications in Statistics: Theory and Methods*, 40, 2305-2317. <https://doi.org/10.1080/03610921003778225>
- Newbery, R., Lean, J., Moizer, J., & Haddoud, M. (2018). Entrepreneurial Identity Formation during the Initial Entrepreneurial Experience: The Influence of Simulation Feedback and Existing Identity. *Journal of Business Research*, 85, 51-59. <https://doi.org/10.1016/j.jbusres.2017.12.013>
- OECD (Organisation for Economic Co-Operation and Development) (2019). *Education at Glance 2019*. [https://www.oecd.org/education/education-at-a-glance/EAG2019\\_CN\\_IDN.pdf](https://www.oecd.org/education/education-at-a-glance/EAG2019_CN_IDN.pdf)
- Robinson, P. B., & Sexton, E. A. (1994). The Effect of Education and Experience on

- Self-Employment Success. *Journal of Business Venturing*, 9, 141-156.  
[https://doi.org/10.1016/0883-9026\(94\)90006-X](https://doi.org/10.1016/0883-9026(94)90006-X)
- Sarstedt, M., Ringle, C. M., & Hair, J. F. (2017). *Handbook of Market Research*. Springer International Publishing AG.
- Scott, W. R. (2004). Institutional Theory: Contributing to a Theoretical Research Program. In: K. G. Smith, & M. A. Hitt (Eds.), *Great Minds in Management: The Process of Theory* (pp. 460-485). Oxford University Press.
- Seelos, C., Mair, J., Battilana, J., & Tina Dacin, M. (2011). The Embeddedness of Social Entrepreneurship: Understanding Variation across Local Communities. In C. Marquis, M. Lounsbury, & R. Greenwood (Eds.), *Research in the Sociology of Organizations* (Vol. 33, pp. 333-363). Emerald Group Publishing Ltd.  
[https://doi.org/10.1108/S0733-558X\(2011\)0000033013](https://doi.org/10.1108/S0733-558X(2011)0000033013)
- Shapiro, A., & Sokol, L. (1982). The Social Dimensions of Entrepreneurship. In C. A. Kent, D. L. Sexton, & K. H. Vesper (Eds.), *Encyclopedia of Entrepreneurship* (Encyclopedia, pp. 72-90). Prentice-Hall.
- Shook, C. L., & Bratianu, C. (2010). Entrepreneurial Intent in a Transitional Economy: An Application of the Theory of Planned Behavior to Romanian Students. *International Entrepreneurship and Management Journal*, 6, 231-247.  
<https://doi.org/10.1007/s11365-008-0091-2>
- Sine, W. D., & David, R. J. (2010). Institutions and Entrepreneurship. In W. D. Sine, & R. J. David (Ed.) *Research in the Sociology of Work* (Vol. 21, pp. 1-26.). Emerald Group Publishing Limited. [https://doi.org/10.1108/S0277-2833\(2010\)0000021005](https://doi.org/10.1108/S0277-2833(2010)0000021005)  
[https://www.mcgill.ca/desautels/files/desautels/sine-david-research-in-the-sociology-of-work-2010\\_0.pdf](https://www.mcgill.ca/desautels/files/desautels/sine-david-research-in-the-sociology-of-work-2010_0.pdf)
- Stenholm, P., Acs, Z. J., & Wuebker, R. (2013). Exploring Country-Level Institutional Arrangements on the Rate and Type of Entrepreneurial Activity. *Journal of Business Venturing*, 28, 176-193. <https://doi.org/10.1016/j.jbusvent.2011.11.002>
- Streukens, S., & Leroi-Werelds, S. (2016). Bootstrapping and PLS-SEM: A Step-by-Step Guide to Get More Out of Your Bootstrap Results. *European Management Journal*, 34, 618-632. <https://doi.org/10.1016/j.emj.2016.06.003>
- Uhlaner, L., & Thurik, R. (2007). Postmaterialism Influencing Total Entrepreneurial Activity across Nations. *Journal of Evolutionary Economics*, 17, 161-185.  
<https://doi.org/10.1007/s00191-006-0046-0>
- United Nations (2018, May 16). 68% of the World Population Projected to Live in Urban Areas by 2050. *News*.  
<https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html>
- Urban, B., & Kujinga, L. (2017). The Institutional Environment and Social Entrepreneurship Intentions. *International Journal of Entrepreneurial Behaviour and Research*, 23, 638-655. <https://doi.org/10.1108/IJEBr-07-2016-0218>
- Werner, A., Gast, J., & Kraus, S. (2014). The Effect of Working Time Preferences and Fair Wage Perceptions on Entrepreneurial Intentions among Employees. *Small Business Economics*, 43, 137-160. <https://doi.org/10.1007/s11187-013-9528-2>