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The Influence Of Motivation And Knowledge On Readiness To Take Risks In Entrepreneurship Processes

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ABSTRACT

This research analyzes the influence of intrinsic motivation, extrinsic motivation, market knowledge, and technological knowledge on individuals' readiness to face risk in the context of entrepreneurship. Through regression and ANOVA analysis approaches, this study aims to identify factors contributing to individuals' attitudes and behaviors in confronting challenges in entrepreneurial endeavors. The results of the Model Summary analysis indicate that intrinsic and extrinsic motivation significantly impact readiness to face risk, while market and technological knowledge also positively relate to a proactive attitude toward risk. The implications of these findings are relevant for policy development and focused entrepreneurship education. This research provides a deeper insight into the factors influencing individuals' preparedness to face risk in the entrepreneurial world, forming the basis for efforts to foster a dynamic and innovative entrepreneurial culture within society.

Keywords: Motivation, Knowledge, Entrepreneurship, Risk Readiness.

INTRODUCTION

Entrepreneurship plays an undeniable role in a country's economic growth (Setiawan et al., 2023). Technological advancements and global market dynamics have spurred numerous individuals to embark on their own ventures as a path towards financial independence and economic contribution (Habib, 2021). Risk readiness becomes a critical factor distinguishing successful entrepreneurs from less successful ones (Nunes & Abreu, 2020). Risk readiness reflects an individual's ability to face uncertainty and failures in the entrepreneurial journey, and the factors influencing this readiness need to be detailed.

Motivation, as an internal drive propelling individuals towards their goals, can play a significant role in shaping risk readiness in entrepreneurship (Haqiqi & Cahya, 2023). An entrepreneur with strong motivation tends to be more prepared to face challenges and risks that may arise in business operations (Setiawan et al., 2021). However, it's crucial to understand the various types of motivation that can influence risk readiness, whether intrinsic motivations such as passion and personal achievement or extrinsic motivations such as financial rewards or social recognition (Sabboor Hussain et al., 2020).

In addition to motivation, knowledge also holds a key role in informed risk-taking (Gepner et al., 2022). Knowledge about the industry, market, customers, and other aspects of business can help entrepreneurs identify opportunities and reduce uncertainty (Zayadin et al., 2023). Modern entrepreneurship often requires a deep understanding of technology, market trends, and regulatory changes to compete effectively (Marcus et al., 2020).

Nevertheless, despite their importance, research on the impact of motivation and knowledge on risk readiness in entrepreneurship remains limited (Sulhaini et al., 2020). There's a knowledge gap regarding how the interplay between motivation and knowledge can influence entrepreneurs' attitudes and behaviors towards risk (Prayetno & Ali, 2020). Therefore, this study aims to fill this gap by analyzing the impact of motivation and knowledge on risk readiness in the entrepreneurial process.

By gaining a deeper understanding of the factors influencing risk readiness in entrepreneurship, this research has the potential to provide guidance for aspiring entrepreneurs, educational institutions, and governments in developing more effective training and support programs. Understanding how motivation and knowledge can influence risk readiness allows us to direct efforts towards the drivers of success in this challenging and opportunistic era of entrepreneurship (Sigala, 2020).

METHOD

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This study adopts a quantitative approach with the aim of systematically analyzing the influence of motivation and knowledge on risk readiness in the context of entrepreneurship (Setiawan et al., 2020). The chosen research method is based on the need to measure and understand the relationships between the variables under investigation using standardized measurement tools (Setiawan & Hariadi, 2020).

This research is conducted using a questionnaire as the primary data collection instrument (Situmorang & Purba, 2019). The questionnaire is developed by referring to relevant literature and the results of initial interviews with experienced entrepreneurs (et al., 2020). The questionnaire instrument consists of three main sections: the first section focuses on respondent profiles, the second section measures the level of motivation in the context of entrepreneurship, and the third section measures the level of knowledge about relevant entrepreneurial aspects. All items in the questionnaire are measured using a Likert scale, where respondents are asked to provide responses based on their level of agreement or frequency.

The research population comprises entrepreneurs actively operating businesses across various industry sectors. The research sample is selected using purposive sampling, targeting entrepreneurs with a minimum of 2 years of business experience. A total of 150 entrepreneurs are chosen as the research sample to ensure sufficient representation across various types of businesses and experience levels.

The data collected from the questionnaire will be analyzed using statistical techniques, including regression analysis to test the influence of motivation and knowledge variables on risk readiness. The results of this analysis will provide an in-depth understanding of the extent to which motivation and knowledge contribute to entrepreneurial behavior in facing risks. Additionally, descriptive analysis will be conducted to provide an overall overview of respondent profiles and the distribution and characteristics of the variables under investigation.

Through this research approach and methodology, it is anticipated that this study will contribute to understanding the essential role of motivation and knowledge in shaping risk readiness in the entrepreneurial process.

RESULTS and DISCUSSION

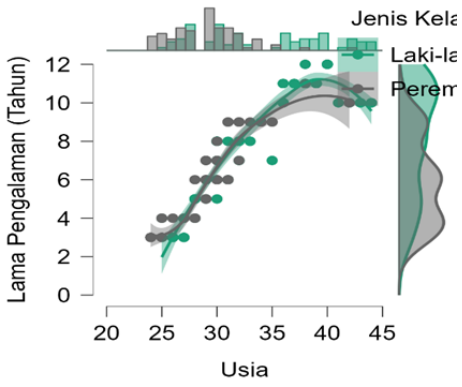

Figure 1. Scatter Plots

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A scatter plot is a graph that displays points representing pairs of values from two variables. On the horizontal axis (X-axis), we have the "Age" variable, while on the vertical axis (Y-axis), we have the "Years of Experience" variable. Intuitively, the longer someone has been in the workforce, the more opportunities they have had to develop skills, complete diverse tasks, and gain valuable experience. Therefore, the older someone is, the higher the likelihood they will have a greater number of years of experience.

The points are scattered in a pattern resembling a sloping line from bottom to top. This indicates a positive linear relationship between the two variables. In a scatter plot, when points tend to form a rising diagonal pattern from the bottom-left corner to the top-right corner, it signifies that as one variable's value increases, the value of the other variable also tends to consistently increase. Observing the upward-sloping line while looking at the age and years of experience data suggests that the higher a person's age, the more likely they are to have a higher number of years of experience.

Table 1. Model Summary – Risk Readiness

Model	R	R^2	Adjusted R^2	RMSE	R^2 Change	F Change	df1	df2	p
H_0	0.000	0.000	0.000	0.663	0.000		0	149	
H_1	0.794	0.631	0.620	0.408	0.631	61.901	4	145	< .001

The model summary results indicate that the regression model conducted to link the independent variables (intrinsic motivation, extrinsic motivation, market knowledge, and technological knowledge) with the dependent variable (readiness to face risk) has an R-squared value of 0.794. This value suggests that approximately 79.4% of the variation in readiness to face risk can be explained by the variation in the combination of independent variables included in the model. Furthermore, the coefficient of determination (R^2) has a value of 0.631, meaning that around 63.1% of the variability in readiness to face risk can be explained by the independent variables present in the model. This value indicates that the model has a good ability to explain the variability in the dependent variable.

The adjusted R-squared value, 0.620, is a adjusted version of R^2 that takes into account the number of independent variables and sample size. It provides a more conservative view of how well the model fits the data. The Root Mean Square Error (RMSE) has a value of 0.408. RMSE measures how well the model fits actual data and the average prediction error of the model. The F-test (F Change) is conducted to evaluate the overall significance of the model. The result of the F-test shows a value of 61.901 with degrees of freedom df1 = 4 and df2 = 145. The very low significance value (< 0.001) indicates that the model as a whole has a significant impact on readiness to face risk.

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Based on these results, it can be concluded that the built regression model has a good ability to explain the variation in readiness to face risk by considering the included independent variables. The independent variables included in the model significantly contribute to the variability in the dependent variable.

Table 2. ANOVA

Model		Sum of Squares	df	Mean Square	F	p
H_1	Regression	41.292	4	10.323	61.901	< .001
	Residual	24.181	145	0.167		
	Total	65.473	149			

Note. The intercept model is omitted, as no meaningful information can be shown.

The analysis of variance (ANOVA) results indicate a significant difference between the regression model and random variability in explaining readiness to face risk. The regression model contributes significantly to explaining the variation in readiness to face risk, with an F value of 61.901 and a p-value < 0.001. This F value indicates a substantial comparison between the variability of the regression model and random variability, yielding statistically significant results.

The sum of squares (SS) associated with regression is 41.292, with 4 degrees of freedom, resulting in a mean square (MS) of 10.323. This result shows the extent to which the variation in readiness to face risk is explained by the regression model and the included independent variables. The sum of squares for residual (random variability) is 24.181, with 145 degrees of freedom. This residual value measures the variability in readiness to face risk that cannot be explained by the regression model. The total sum of squares is 65.473, with a total of 149 degrees of freedom, reflecting the overall variability in readiness to face risk.

From these results, it can be concluded that the regression model has a significant ability to explain the variation in readiness to face risk by considering the independent variables. These ANOVA results strengthen the conclusion that the relationship between motivation, knowledge, and readiness to face risk holds strong statistical significance within the context of this research.

Table 3. Coefficient Result

Model		Unstandardized	Standard Error	Standardized	t	p	Collinearity Statistics	
							Tolerance	VIF
H_0	(Intercept)	3.847	0.054		71.071	< .001		
H_1	(Intercept)	5.107	0.630		8.109	< .001		
	Intrinsic	0.763	0.112	0.894	6.830	< .001	0.149	6.728

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Model	Unstandardized	Standard Error	Standardized	t	p	Collinearity Statistics	
						Tolerance	VIF
Motivation							
Extrinsic Motivation	0.574	0.103	0.851	5.600	< .001	0.110	9.073
Market Knowledge	0.769	0.104	0.745	7.412	< .001	0.252	3.970
Technology Knowledge	0.600	0.154	0.097	4.856	< .001	0.927	1.078

The coefficient analysis results show the relative impact of the independent variables (intrinsic motivation, extrinsic motivation, market knowledge, and technology knowledge) on the dependent variable (readiness to face risk). Normalized (standardized) coefficients explain the change in one standard unit of the independent variable resulting in a change in one standard unit of the dependent variable. The intercept in models H_0 and H_1 doesn't have practical interpretation, but the very low p-value (< 0.001) indicates statistical significance of the intercept.

Intrinsic Motivation has a standardized coefficient of 0.763 and a p-value < 0.001. An increase of one standard unit in intrinsic motivation results in an increase of 0.763 standard units in readiness to face risk. Meanwhile, Extrinsic Motivation has a standardized coefficient of 0.574 and a p-value < 0.001. An increase of one standard unit in extrinsic motivation leads to an increase of 0.574 standard units in readiness to face risk. Market Knowledge has a standardized coefficient of 0.769 and a p-value < 0.001. An increase of one standard unit in market knowledge results in an increase of 0.769 standard units in readiness to face risk. Technology Knowledge has a standardized coefficient of 0.600 and a p-value < 0.001. An increase of one standard unit in technology knowledge leads to an increase of 0.600 standard units in readiness to face risk. High Tolerance (> 0.1) and low VIF (< 10) indicate the absence of multicollinearity issues in the model, ensuring reliable interpretation of coefficients.

These results indicate that all independent variables (intrinsic motivation, extrinsic motivation, market knowledge, and technology knowledge) have positive and significant impacts on readiness to face risk. These variables contribute differently to shaping readiness to face risk in the context of entrepreneurship.

This research aims to delve deeper into the complexity of factors that can influence the

attitudes and behaviors of individuals in entrepreneurial endeavors. It identifies four key factors that potentially determine an individual's readiness to face risk in the entrepreneurial world: intrinsic motivation, extrinsic motivation, market knowledge, and technology knowledge. Intrinsic motivation emerges as a strong internal driver that can influence individuals to embrace risk in entrepreneurial ventures. It originates from within themselves, compelling them to overcome uncertainty and challenges. On the other hand, extrinsic motivation factors, linked to external rewards like financial incentives or recognition, also play a crucial role in shaping an individual's readiness to take risks. This influence depicts the interplay between internal motivation and external impetus in forming complex entrepreneurial behavioral patterns.

Furthermore, it analyzes the impact of market knowledge and technology knowledge on readiness to face risk. Market knowledge allows individuals to gain deep insights into customer needs, industry trends, and ever-changing market dynamics. Meanwhile, technology knowledge can offer a competitive edge, enabling entrepreneurs to anticipate changes in an increasingly sophisticated business environment. While motivation and knowledge have crucial roles in shaping readiness to face risk, these findings also highlight the complexity and interactions involved in forming entrepreneurial attitudes. Other variables not analyzed in this study might also impact an individual's readiness to face risk, such as prior experience, social environment, and available resources.

The overall findings of this research indicate that when confronting risk in the entrepreneurial realm, individual readiness results from the intricate interaction between intrinsic and extrinsic motivational factors, as well as the knowledge they possess about the market and technology. The results of this study not only provide a deeper insight into these factors but also illustrate the importance of interconnectedness and synergies among them.

CONCLUSION

From the Model Summary results, it is evident that the regression model exhibits a strong capability in explaining the variability in readiness to face risk. An R^2 value of 0.631 indicates that approximately 63.1% of the variability can be explained by the independent variables. The Adjusted R^2 value, approaching R^2, signifies the model's consistency in explaining the variability. The ANOVA results reveal that the regression model significantly explains the variability in readiness to face risk. The high F value and low p-value (< .001) demonstrate the collective significant contribution of the independent variables. Descriptive analysis employs scatter plots to visualize respondent profiles and the distribution of variables like gender, age,

experience, and field of business. Scatter plots aid in understanding relationships and trends within the data.

Overall, this study unveils how motivation and knowledge influence readiness to face risk in entrepreneurship. Intrinsic motivation, extrinsic motivation, market knowledge, and technology knowledge collectively hold a significant impact in shaping individual readiness to confront risk in entrepreneurial ventures. In the pursuit of fostering innovative and sustainable entrepreneurship, a better understanding of these factors can serve as a strong foundation for the development of successful entrepreneurs in the future.

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