

SOCIAL CAPITAL AND ENTREPRENEURIAL INTENTION AMONG INDONESIA RURAL COMMUNITY

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ABSTRACT

Despite the escalated interest in entrepreneurship, scholars have underexamined the role of social capital in determining entrepreneurial intention. This research attempts to examine how social capital matters in enhancing the intention of becoming an entrepreneur in the rural community. The method adopted in this work was a quantitative research approach using a survey model. The respondents of this survey were collected from the rural community in a selected area in Indonesia. Furthermore, to test the relationship between variables, we used Structural Equation Modeling Partial Least Squares (SEM-PLS) to regress the data. The findings of the study confirm that social capital has robustly influenced the intention of being an entrepreneur. However, the perceived desirability of entrepreneurship failed to mediate the linkage between social capital and entrepreneurial intention. The findings have several implications for the government in developing economic growth and entrepreneurship in the local community.

Keywords: Entrepreneurial intention, Local economic development, Social-capital, Community Welfare

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INTRODUCTION

The theme of entrepreneurship has gained consideration among scholars over the last two decades. The fundamental reason for this is the decisive part entrepreneurship plays in contributing to economic development

economic and maintaining economic growth that contributes to community welfare (Aparicio et al., 2016; Huggins et al., 2018; Urbano et al., 2019; Ribes-Giner et al., 2019). Scholars in both developed and emerging nations have also agreed that new business creation can alleviate poverty and unemployment rates through more

significant job opportunities (Naminse et al., 2018; Saptono et al., 2021; Tufa, 2021). In dealing with these matters, governments attempt to respond by providing entrepreneurship programs, and policy researchers develop several possibilities to boost entrepreneurship (Akinyemi & Adejumo, 2018).

Most researchers believe that entrepreneurship education is the dominant factor affecting the intention to become an entrepreneur (Ni & Ye, 2018; Tung et al., 2020), while the growing body of literature has pointed out that entrepreneurial intention is determined by internal dimensions, such as self-efficacy and attitude (Hsu et al., 2019; Rosique-Blasco et al., 2019; Esfandiar et al., 2019). In addition, recent studies have documented the role of technology in promoting new ventures (Lamine et al., 2018; Nuscheler et al., 2018).

Despite the escalated interest in entrepreneurship, scholars have underexamined the role of social capital in determining the intention to become an entrepreneur (Kim & Aldrich, 2005; Ruef, 2010; Ali & Yousuf, 2019). As a consequence, the development of entrepreneurship education programs rarely is applied to rural circumstances (Korsching & Allen, 2004; Walzer, 2011; Roxas & Azmat, 2014). The rural community has the more considerable social capital, which is a vital resource for enhancing the community's well-being (Sseguya et al., 2018; Musson & Rousselière, 2019). In the context of Indonesia, rural areas are commonly identic with traditional farmers with inadequate revenue, but it has shown remarkable since the emergence of entrepreneurship.

Some studies have argued that the development of entrepreneurs in the rural community is linked with social capital (Putra et al., 2018; Lank & Fing, 2019). Putnam (2000) demonstrated that entrepreneurs could create a business opportunity through networks, both directly and indirectly, with their clients, active partner, and within the interaction between people connected through social capital. Social capital refers to the individual ability to work together to achieve a common goal in an organization or community. Besides, social capital covers various resources such as finances, economics and social sciences, which can promote the goal of entrepreneurship, overcome the scarcity of resources, and enhance well-being (Poortinga, 2012; Runyan et al., 2012).

Social capital is associated with social life features, including reciprocity, norms, and trust, which translate into mutual benefits (Putnam, 2000) and enable individuals and communities to build trust and provide critical networks in promoting new businesses. Furthermore, an appropriate social setting raises the possibility for an individual to move forward in seeking out new, greater entrepreneurship opportunities. Porter (1998) revealed that economic, social, and network factors are mentioned as the most crucial variables in developing new ventures. Additionally, Putnam (1993) noted that social capital is intended to enhance community involvement in creating a joint venture.

The existing literature on the determinant of social capital as drivers in entrepreneurship development underlines the significant parts social chains, managerial connectivity, and supporting and enlarging entrepreneurship play in initiating a new venture (Roxas & Azmat, 2014; Eriksson & Rataj, 2019; Prasetyo & Kistanti, 2020). Notwithstanding the research on the fundamental role of social capital in enlarging community welfare, however, research related to social capital, entrepreneurial intention, and community well-being, particularly in the rural community, has been overlooked by scholars.

This present study provides three essential contributions. First, it raises the contribution of the references to the dominant factors driving individuals to become entrepreneurs by including the community's social capital, which has been missing in the literature (e.g., Kristiansen & Indarti, 2004; Wijaya, 2019). Second, the study of social capital and entrepreneurial intention in different areas is studied in the Philippines and Pakistan (Roxas & Azmat, 2014; Ali & Yousof, 2019), Southern Africa (Malebana, 2016), Taiwan (Chia & Liang, 2016; Cheng & Liao, 2017), Vietnam (Turner & An Nguyen, 2005), Croatia and Macedonia (2017), but this research has been regulated in Indonesia. The unique thing about Indonesia is that it is a vastly populous country and is well-known for its high levels of social capital and the culture of indigenous people living in rural areas. Third, this study proposes new insights into the pivotal part of social capital in explaining new business creation and community development, which has been marginalized in a large proportion of studies on entrepreneurship.

LITERATURE REVIEW

The study on social capital has underpinned the emerging role of community development and welfare. Scholars have captured the influences of social capital from various perspectives. Some prior works have documented that social capital has value in recognizing entrepreneurial opportunities (Shi et al., 2015; Rodrigo-Alarcon et al., 2018) and that the nexus between social networks and entrepreneurship has an impact on business start-ups (Spiegel et al., 2016). Social capital covers three main parts: economic, cultural, and social, which are potential for business development (Lehner, 2014). According to Yu et al. (2013), social capital has as its main dimension the relationship of people with social networks or distinctive objectives among groups that possibly provide recognition and differentiation. Additionally, Ayios et al. (2014) described the social capital dimensions of a social organization (e.g., trust, norms, and networks), which can enhance community efficiency by providing coordinated behaviors, including entrepreneurship.

There is a vastly growing number of studies explaining that social capital has a link with entrepreneurial intention. For instance, Putnam (2000); Theodoraki et al. (2018) noted that social capital plays a crucial role in entrepreneurship. Despite prior studies by Putnam (2000), Audretsch et al. (2006) noted a causality between social capital and economic welfare. However, there is a lack of study that combines and empirically explains the contribution to entrepreneurship. In addition to previous studies, Thornton and Flynn (2003) demonstrated that social capital can influence entrepreneurship in three different levels of analysis, including network ties between individuals, working groups, and firms and industries. This indicates that social capital can be an alternative for creating the intention to start a business, including in the rural and tourism sectors (Seaman, 2015; Zhou et al., 2017). Support for entrepreneurship, then, is an essential aspect for economic development and community enhancement.

On the other hand, the recent studies by Onyx and Bullen (2000), Roxas and Azmat (2014); Ali and Yousof (2019) have considered four aspects of social capital which have been confirmed as valid and reliable at the community level. These

include the family and friend connection (FFC), engagement in the local community (PLC), the feeling of trust and safety (FTS), and a neighborhood connection (NC). Despite this, the entrepreneurial intention could be elucidated by the Theory of Reasoned Action (TRA) (Ajzen & Fishbein, 1975), and the Theory of Planned Behavior (TPB) (Ajzen, 1991). TRA was initiated to study human behavior and the intention of a person's behavior towards a particular behavior as a determining factor for whether or not an individual performs that behavior (Ajzen & Fishbein, 1975). TRA pointed out that one's beliefs can drive attitudes and social norms, which will shift the willingness to behave as either regulated or unplanned behavior. The theory asserts the primary task of a person's "intention" in driving a certain behavior (Passaro et al., 2018), and has two main constructs of intention: attitude toward behavior and subjective norms associated with that behavior (Alqasa et al., 2014).

TPB is a theory formulated on the presumption that humans will usually behave appropriately (Ajzen, 1991). Individuals are more likely to behave in a rational way, thinking about the impact of their actions before deciding to engage in those behaviors. This theory provides a framework for studying a person's attitude towards behavior. Based on prior work, both research and empirical examination has shown that assessment must be done as a one-dimensional construct due to a general assessment consisting of two separate components, one that functions instrumentally or cognitively and one experimentally or effectively. This theory noted that intention is the tendency of behavior until the right time and opportunity will be realized in the form of action. The failure of social and personality measures able to predict entrepreneurial activity shows another approach (Ajzen, 1991).

The component of entrepreneurship is closely associated with an individual's efforts in seeking out and undertaking existing opportunities to mobilize resources and create new ventures (De Carolis et al., 2009). In particular, three primary variables are involved in explaining entrepreneurial intention, including perceived desirability of entrepreneurship (PDE), perceived social norm towards entrepreneurship (PSNE), and perceived self-efficacy (PSE). PDE measures individual perception toward individual

accomplishment in starting new ventures. (Fayolle, 2008), while PSNE refers to the normative pressure which is felt by certain reference groups to engage in or avoid a particular behavior (Ajzen, 1991). More specifically, social norms heighten the prevailing social tension that comes from an individual's perception, including family, peers and community, and society, about how to inaugurate a new business (Krueger et al., 2000). PSE is concerned with the measurement of human perception toward the feasibility of initiating a business in such an activity (Krueger et al., 2000). For these matters, then, the three main mentioned variables can explain the intention of being entrepreneurs.

Following empirical studies by Roxas and Azmat (2014), Ali and Yousof (2019) noted that PDE, PSE, and PNSE play a crucial role in mediating the linkage between social capital and the intention to become an entrepreneur. Furthermore, positive attitudes on entrepreneurship, individual perceptions about social norms, and individuals' beliefs in entrepreneurial involvement had a more considerable influence on entrepreneurial intentions. Ali and Yousof (2019) also elaborated that these main indicators were impacted by social capital in the community, and thus, the linkage between social capital and entrepreneurial intentions was determined by PDE, PSE, and PSNE. For this reason, this present research considers that entrepreneurial intention is explained by PSNE, PSE, and PDE, as demonstrated by Krueger and Carsrud (1993), Roxas and Azmat (2014), and Ali and Yousof (2019). Taking these preliminary studies and theories into consideration, then, our hypotheses are as follows.

- H1: Participation in the local community positively affects the perceived desirability of entrepreneurship
- H2: Participation in the local community positively affects perceived self-efficacy
- H3: Participation in the local community positively affects perceived social norms toward entrepreneurship
- H4: Feelings of trust and safety positively affect the perceived desirability of entrepreneurship
- H5: Feelings of trust and safety positively affect perceived self-efficacy

- H6: Feelings of trust and safety positively affect perceived social norms toward entrepreneurship
- H7: Neighborhood connections positively affect the perceived desirability of entrepreneurship
- H8: Neighborhood connections positively affect perceived self-efficacy
- H9: Neighborhood connections positively affect perceived social norms toward entrepreneurship
- H10: Family and friend connections positively affect the perceived desirability of entrepreneurship
- H11: Family and friend connections positively affect perceived self-efficacy
- H12: Family and friend connections positively affect perceived social norms toward entrepreneurship
- H13: Perceived desirability of entrepreneurship positively affects entrepreneurial intention
- H14: Perceived self-efficacy positively affects entrepreneurial intention
- H15: Perceived social norms toward entrepreneurship positively affect entrepreneurial intention

METHODOLOGY

Study Design

This research involved a quantitative method using a cross-sectional survey approach that is used widely in entrepreneurship studies. The benefit of adopting this approach is to help understand how social capital affects the intention of being an entrepreneur. The respondents of this study were recruited from the local community in the rural-based tourism sectors of Malang and Batu of Indonesia because of the fast-growing number of entrepreneurs in those areas and rural development (e.g., village-based tourism, eco-tourism), which have involved the local community in engaging business.

Data collection

The hypotheses were confirmed using quantitative data from convenience sampling as it is suitable to use for an entrepreneurship study. The data were collected with a self-

administered survey during the Covid-19 pandemic in 2021. This study invited the community in the rural areas and village tourism sites in Batu and Malang of Indonesia, which are widely known as village-based tourism sites. A total of 335 questionnaires were returned; about 320 inquiries can fulfill the requirement for

analysis. The participants in this study were concerned with the local community that involves entrepreneurial activities in the location of rural-based tourism. With respect to privacy rules, the participants were informed that their responses would be anonymous, and a consent agreement was acknowledged.

Table 1: The demographic of the sample

S/No.	Information	Frequency	%
1.	Age		
	30 years and less	96	30.0
	31–40 years	192	60.0
	41–50 years	32	10.0
2.	Education		
	Non-formal education	2	0.6
	Elementary level	2	0.6
	Secondary level	100	31.3
	High school level	164	51.3
	Postgraduate	25	7.8
3.	Gender		
	Female	198	61.9
	Male	122	38.1
4.	Working experience		
	1–5 year	78	24.4
	6–10 year	120	37.5
	Less than 1 year	57	17.8
	None	54	16.9
5.	Present source of income or livelihood		
	1–5 year	59	18.4
	11–20 year	109	34.1
	6–10 year	58	18.1
	Less than 1 year	85	26.6
	Over 20 years	9	2.8
6.	Working types		
	Business owner	195	60.9
	Part-time	51	15.9
	Full-time	9	2.8
	Others	65	20.3

Table 1 shows the characteristics of respondents by the demographics of age, education, sex, experience, income, and work types. In general, the majority (60.0%) of participants are people between 31 and 41 years old, while the second largest group (30.0%) are those 30 years old and less. Senior high school and secondary school graduates dominate the education category, with 51.3% and 31.3%, respectively. As for work experience, those with 6 to 10 years of experience comprise the largest

group, 37.5%, however, people working between 11 and 20 years represent the largest percentage, 34.1, for their present source of income. And last, ‘business owners’ represent that largest percentage, 60.9, of types of business.

Measurement

This research adopted a questionnaire from relevant theories and preliminary studies in the field. More precisely, we borrowed five items promoted by Chen et al. (1998) to estimate

community social capital while adapting questionnaires promoted by Krueger et al. (2000); Krueger (1993), and Begley and Tan (2001) to explain PDE, PSE, and PNSE. Accordingly, 15 indicators from Onyx and Bullen (2000) were applied to understand the community level of social capital. These indicators explained individuals' involvement in the community, FTS, NCs, and FFCs. We adopted multi-item measures with a 7-point Likert scale for the multivariate construct (1=strongly disagree and 7=strongly agree). The questionnaires were prepared in the Bahasa Indonesia language to be better comprehended by the respondents.

Analysis Approach

The gathered data was calculated using Smart-PLS version 3.2.6, which is widely adopted for Structural Equation Modeling Partial Least Squares (SEM-PLS) analysis. In detail, the analysis data using SEM-PLS in this study followed several procedures of tests: the calculation model to ensure its reliability and validity; the loading factor (>0.70) to determine the convergent validity; and CR and the Cronbach's Alpha (α) (>0.70) was applied to estimate composite reliability (Hair *et al.*, 2020).

Furthermore, the discriminant validity was performed using the Fornell-Larcker criterion and the heterotrait-monotrait ratio (HTMT) approach.

Common Method Variance (CMV)

To estimate the existence of bias, this work adopted the procedure from Kock and Gaskins (2014) to accomplish the CMV by comparing the collinearity test that should be less than 3.3.

RESULTS

Model Calculation

The statistical calculations show that indicators of EI, PDE, PSE, PSNE, PLC, FTS, NC, and FFC have a loading factor of 0.712 to 0.941, indicating convergent validity. None of the items in each variable were dropped due to values exceeding 0.70, meaning that all items were valid (Hair *et al.*, 2020). Furthermore, the variables EI, PDE, PSE, PSNE, PLC, FTS, NC, and FFC have AVE values in the range of 0.681 to 0.855 (> 0.50), meaning they fulfill discriminant validity. Moreover, the CR and α values for the variables were greater than 0.70, implying that the composite reliability dimension was achieved (See Table 2).

Table 2: Model evaluation

Variable	Code	Outer loadings	α	C.R.	AVE
Entrepreneurial Intention (EI)	EI1	0.839	0.904	0.928	0.722
	EI2	0.810			
	EI3	0.858			
	EI4	0.916			
	EI5	0.822			
Perceived desirability of entrepreneurship (PDE)	PDE1	0.857	0.841	0.894	0.681
	PDE2	0.842			
	PDE3	0.712			
	PDE4	0.879			
Perceived self-efficacy (PSE)	PSE1	0.875	0.844	0.896	0.684
	PSE2	0.836			
	PSE3	0.856			
	PSE4	0.734			
Perceived social norms toward entrepreneurship (PSNE)	PSNE1	0.833	0.921	0.945	0.811
	PSNE2	0.911			
	PSNE3	0.941			
	PSNE4	0.913			

Table 2: Continued

Participation in the local community (PLC)	PLC1	0.907	0.939	0.956	0.845
	PLC2	0.931			
	PLC3	0.917			
	PLC4	0.922			
Feelings of trust and safety (FTS)	FTS1	0.889	0.915	0.940	0.798
	FTS2	0.929			
	FTS3	0.840			
	FTS4	0.912			
Neighborhood connections (NC)	NC1	0.845	0.918	0.938	0.752
	NC2	0.877			
	NC3	0.860			
	NC4	0.876			
	NC5	0.878			
Family and friend connections (FFC)	FFC1	0.859	0.793	0.879	0.707
	FFC2	0.864			
	FFC3	0.798			

Notes: α =Cronbach's alpha, CR= composite reliability, AVE= average variance extracted

Discriminant validity is met when the indicators from the different constructs are not correlated. Table 3 informs that all loading values of the indicators involved are not higher than the

loading factor in the construct. Thus, this calculation accomplishes the criteria of discriminant validity.

Table 3: Discriminant validity (Fornell-Larcker)

	EI	FFC	FTS	NC	PDE	PLC	PSE	PSNE
EI	0.850							
FFC	0.670	0.841						
FTS	0.648	0.743	0.893					
NC	0.685	0.825	0.764	0.867				
PDE	0.751	0.761	0.799	0.768	0.825			
PLC	0.592	0.676	0.857	0.723	0.765	0.919		
PSE	0.726	0.755	0.800	0.778	0.802	0.820	0.827	
PSNE	0.689	0.650	0.738	0.692	0.796	0.722	0.763	0.900

Notes: CSC=Community Social Capital, PDE=Perceived desirability of entrepreneurship, PSNE=Perceived social norms toward entrepreneurship, PSE=Perceived self-efficacy, and EI=Entrepreneurial intentions.

This research also follows HTMT to estimate discriminant validity. The criterion to accomplish discriminant validity is when HTMT is less than 0.90 (Gold et al., 2021). From the estimations in Table 4, the HTMT ratios are under the threshold

value of 0.90 and thus confirm the discriminant validity of the construct.

Table 4: Discriminant validity (HTMT)

	EI	FFC	FTS	NC	PDE	PLC	PSE	PSNE
EI								
FFC	0.792							
FTS	0.701	0.870						
NC	0.753	0.765	0.834					
PDE	0.755	0.833	0.712	0.875				
PLC	0.626	0.875	0.722	0.777	0.862			
PSE	0.813	0.815	0.706	0.877	0.946	0.820		
PSNE	0.745	0.855	0.705	0.752	0.907	0.776	0.861	

The collinearity estimation

To determine the existence of collinearity in the construct, this work incorporates common method variance (CMV) using the criteria of Kock

and Gaskins (2014). The existence of CMV is determined when the threshold is under 3.3; thus, the construct was decided to meet the CMV criteria (see Table 5).

Table 5: The collinearity test result

	EI	FFC	FTS	NC	PDE	PLC	PSE	PSNE
EI								
FFC					2.470		2.470	2.470
FTS					2.789		2.789	2.789
NC					2.843		2.843	2.843
PDE	2.627							
PLC					2.938		2.938	2.938
PSE	2.180							
PSNE	2.102							

Hypothesis testing

The output of structural model estimation is provided in Table 6. The statistical analysis shows that PLC ($\beta=0.218$; 0.423; 0.423) has a robust correlation with PDE, PSE, and PSNE (H1, H2, H3 are approved). Accordingly, FTS ($\beta=0.284$; 0.129; 0.282) confirms H4, H5, and H6. This study also indicates that NC is linked with PDE, PSE, PSNE, supporting H7, H8, and H9 ($\beta=0.194$; 0.206; 0.216). Only H12 is not supported in this study, as FFC cannot explain PSNE. EI has been

explained by PDE, PSE, and PSNE ($\beta=0.397$; 0.294; 0.148). The graphical information of the structural model is configured in Figure 2.

Table 6: Results of hypotheses tested

Hypothesis	Relationship	β	SE	T-value	Confidence Interval (BC)		Supported
					LL	UL	
H ₁	PLC → PDE	0.218	0.075	2.914	0.104	0.349	Yes
H ₂	PLC → PSE	0.423	0.063	6.705	0.319	0.526	Yes
H ₃	PLC → PSNE	0.423	0.063	6.705	0.319	0.526	Yes
H ₄	FTS → PDE	0.284	0.088	3.215	0.146	0.433	Yes
H ₅	FTS → PSE	0.129	0.073	1.764	0.009	0.252	Yes
H ₆	FTS → PSNE	0.282	0.136	2.079	0.076	0.519	Yes
H ₇	NC → PDE	0.194	0.067	2.893	0.073	0.295	Yes
H ₈	NC → PSE	0.206	0.064	3.244	0.107	0.313	Yes
H ₉	NC → PSNE	0.216	0.113	1.910	0.045	0.406	Yes
H ₁₀	FFC → PDE	0.243	0.079	3.055	0.125	0.376	Yes
H ₁₁	FFC → PSE	0.202	0.076	2.656	0.073	0.317	Yes
H ₁₂	FFC → PSNE	0.080	0.086	0.924	-0.070	0.223	No
H ₁₃	PDE → EI	0.397	0.109	3.644	0.202	0.548	Yes
H ₁₄	PSE → EI	0.294	0.096	3.055	0.152	0.455	Yes
H ₁₅	PSNE → EI	0.148	0.080	1.865	0.032	0.282	Yes

Source: Authors (2021). Note (s): t-value > 1.645, p < 0.05, BC= bias-corrected, UL = upper level; LL, lower level; SE, standard error; β , path coefficient

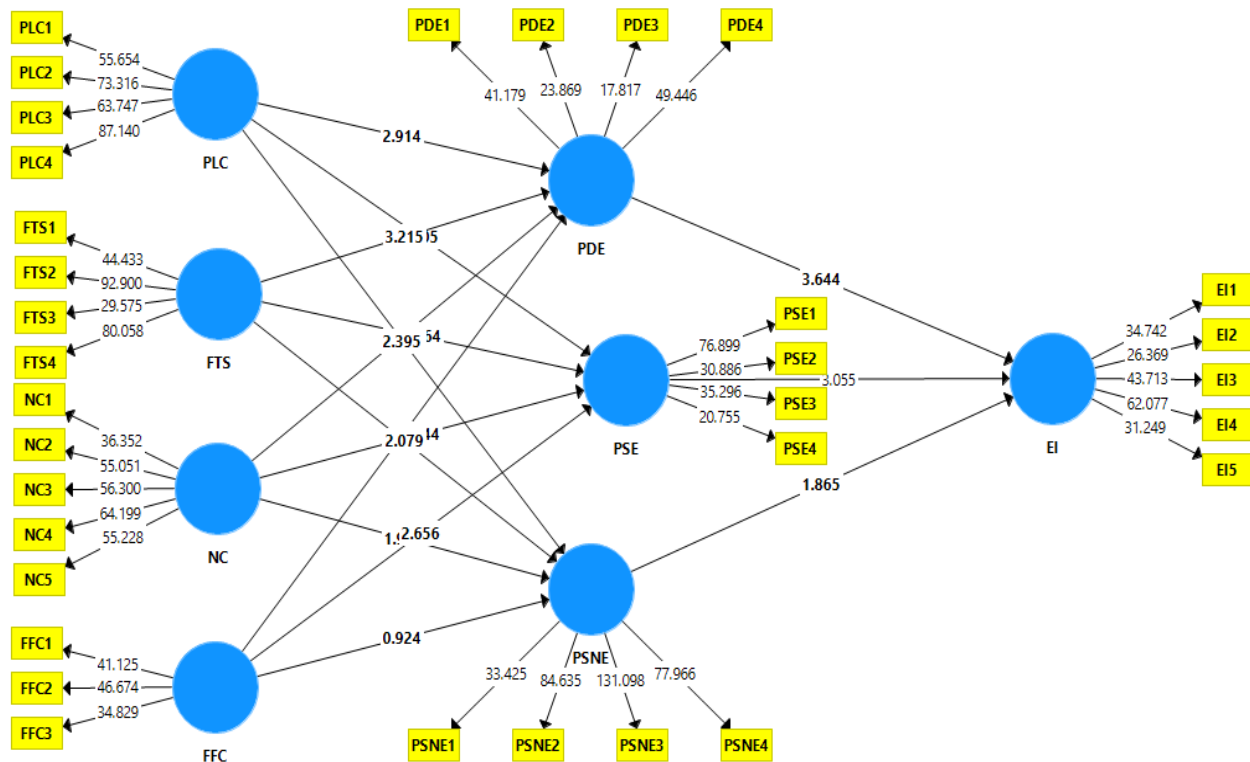


Figure 1: The Structural Equation Modelling Calculation

DISCUSSION

An initial intention of this work was to determine the impact of community social capital (CSC) on perceived desirability of entrepreneurship (PDE), perceived social norm towards entrepreneurship (PSNE), and perceived self-efficacy (PSE). The findings of the study have confirmed that social capital successfully explains and links to the form of entrepreneurial activities and individual behaviors (Lee, 2009; De Carolis et al., 2009; Ring, Peredo, & Chrisman, 2009; Flora & Flora, 1993; Roxas & Azmat, 2014; Ali & Yousuf, 2019). The study results have manifested that CSC can influence individual decisions to engage in entrepreneurship. In other words, the perceived desirability of entrepreneurship is explained by CSC, which facilitates accessing essential resources, including capital, knowledge, government support, and social and psychological factors. The results also support the antecedent study by Putnam (2000), which revealed that social capital plays a significant role in social and economic activities undergoing network ties.

In addition, this study has found that PSE and PSNE influence entrepreneurial intention (EI); the CR score is 4.471 and 2.057, respectively. These findings are in agreement with Liñán et al. (2011); Roxas and Azmat (2014); and Ali and Yousuf (2019), who concluded that entrepreneurial intention is determined by exogenous factors such as extensive social circumstances. Indeed, these results support prior works by Aldridge and Audretsch (2011), Roxas and Azmat (2014), and Ali and Yousuf (2019), which said PDE, PSE, and PSNE are developed through community activities. Social norms which influence a risk-taking decision, avoid uncertainty and business failure, and provide access to entrepreneurial knowledge are affected by CSC. Further, Lank and Fink (2019) noted that social capital helps entrepreneurs by providing global ideas, which lead to support for their business plan. A possible explanation for why PDE is not accepted in this study might be that respondents believe PDE does not stand alone but becomes part of PSE and PSNE. These findings suggest an entry point for stakeholders to further enhance PDE through entrepreneurship education and training for the community through the community vocational academies in each region that were built several years ago.

Furthermore, the results of this study also show that PSNE and PSE mediate the relationship between CSC and EI. These findings corroborate preliminary studies by Liñán et al. (2011); Roxas and Azmat (2014); and Ali and Yousuf (2019), which showed that CSC in a community does not drive straight to escalated degrees of entrepreneurial awareness and intention. An individual tends to show higher EI when CSC affects individual PDE, PSNE, and PSE altogether. These results strongly support prior studies by Roxas and Azmat (2014) and Ali and Yousuf (2019) that confirmed the essential role of PSE and PSNE in mediating the relationship between CSC and EI in a particular community. This study supports prior work about the advantages of CSC in providing entrepreneurship in rural groups in both developed and emerging nations. The possible addition of this work is the investigation of whether EI, as agreed by PSNE, PSE, and CSC, is met in entrepreneurship, such as starting a new venture.

The majority of scholarly findings mentioned that PSNE and PSE successfully mediate the influence of CSC on EI (Liao & Welsch, 2005; Kim & Seock, 2019). It indicates that PSNE and PSE can be drivers of individual intentions and those dealing with the likely approval from circumstances such as trust, friends, and neighborhoods. However, in this study, PDE failed to mediate the impact of CSC on EI. The result of this study, therefore, becomes an entry point for the Indonesian government to place attention on community entrepreneurship education and training. An increased understanding of social networks is expected through these programs. Social networks in the community can enhance entrepreneurial knowledge, as well as business opportunity assessment, marketplace determination, and access to funding resources (Roxas & Azmat (2014).

Finally, based on the demographics of the respondents, entrepreneurship programs in the form of training have advantages for distinguishing grades of communities, such as unemployed people, women, young people, and retirees. This uniqueness is, for example, that developing an entrepreneurial intention in those who are unemployed and those who have low levels of education will give them comprehension of the benefits of initiating their personal business and driving economic welfare

where they face several options for engaging in profitable work. Likewise, a greater level of entrepreneurial intention in the youth community is essential for community enhancement because it not only prevents them from engaging in unproductive (and perhaps destructive) pursuits but is also in line with the characteristics of the youth community's willingness to be creative concerning their own ventures (Olugbola, 2017; Passaro et al., 2018). The enhancement of entrepreneurial intention for women is equally essential because being an entrepreneur can add revenue to their households.

CONCLUSION AND RECOMMENDATION

This paper has investigated the driver of entrepreneurial intention among local communities in Indonesia. The findings indicate that social capital takes a primary role in determining the intention of being an entrepreneur. However, the perceived desirability of entrepreneurship fails to mediate the linkage between social capital and entrepreneurial intention. The outcomes of this paper provide implications for developing entrepreneurship in an emerging market society and local community development. First, the results point out the matter of providing the formation and optimization of community social capital, as well as providing opportunities for entrepreneurship in local communities to boost economic development. Furthermore, entrepreneurship education and training for local communities should focus on cognitive and affective aspects so that the community can minimize barriers to PDE, PSNE, and PSE. Second, the results emphasize the importance of community-based entrepreneurship training programs that expand networks within and across communities. Third, our results also show the significance of entrepreneurship education in higher education, as well as those carried out by policymakers. This study has some limitations, however. First, the study took place in a demographic area in communities in the rural-based tourism sector in Malang and Batu of East Java, Indonesia. Second, the sampling is limited by non-probability, which can confine the generalization of the research findings. Future scholars can expand on this study using relevant measurements and structural models for broader samples using probabilistic methods to identify

sample justification from a wider population. Further research should involve other significant external variables such as culture, local wisdom, stakeholder support, and financial resources. Last, the measurement of feelings of trust and safety (FTS) centered on the involvement of individuals in the community. As a result, future researchers can elaborate on FTS by incorporating the insurance system and legal frameworks. Despite these limitations, this work represents an effort to estimate the effect of community social capital on entrepreneurial intention, a topic that remains relevant, is new to the community in Indonesia, adds to the literature on entrepreneurship, and serves as a basis for future research.

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