



ISSN 2809-8501 (Online)
UTSAHA (Journal of Entrepreneurship)

<https://journal.ifpublisher.com/index.php/joe>

Vol. 3, Issue. 1, January 2024

doi.org/10.56943/joe.v3i1.390

Improvement of Entrepreneurship through Strengthening Transformational Leadership and Knowledge Management

Nancy Yusnita^{1*}, Yusi Virlania²

¹nancyyusnita@unpak.ac.id, ²yvirlania@yahoo.co.id

Universitas Pakuan

*Corresponding Author: Nancy Yusnita

Email: nancyyusnita@unpak.ac.id

ABSTRACT

The increasing number of unemployed in Indonesia, which is caused by an imbalance between the number of the workforce and employment opportunities, is one of the reasons why entrepreneurs are needed. The aim of this research is to find efforts to increase entrepreneurship in teachers of Private Vocational High Schools in North Bogor, Bogor through strengthening transformational leadership and knowledge management, by identify and analyze the influence between these variables. This research was conducted on 121 teachers in North Bogor, Bogor to ensure improved Entrepreneurship by concerning at the strengthening transformational leadership, knowledge management. It uses a quantitative survey-by-survey approach using path analysis. Regression analysis with a significance level = 0.05 was used to test the hypothesis. Based on the research results it can be assumed that entrepreneurship can be further developed by strengthening transformational leadership and knowledge management, both exclusively and as a whole.

Keywords: *Entrepreneurship, Knowledge Management, Organizational Goal, Transformational Leadership*

INTRODUCTION

Since part of the secondary school program, Vocational High School (SMK) aims to prepare students to become assisting members of society with the capacity to form complementary relationships with the social, artistic, and natural environments around them and also develop their abilities in the business and work environments. It is expected of students who complete vocational high school that they will be able to work and grow both individually and professionally, based to their abilities. As a developing country, this becomes problematic because it is accompanied by an extremely fast rate of population growth. Indonesia maintains to encounter serious problems, primary among them the difficulty in providing job opportunities, leading to a high rate of unemployment. One of the factors driving demand for entrepreneurs in Indonesia is an increasing amount of unemployed people, which is a result of an imbalance between the number of available jobs and the quantity of candidates. Due to competition from the workforce, which increasingly demands workers with advanced degrees and training, everyone must become more knowledgeable and capable. The data from the Central Bureau of Statistics (BPS) indicates that the rate of job termination (PHK) in Indonesia based on the level of education in December 2021, starting from no school, elementary school, junior high school, high school, vocational school, diploma, and university, is 3.61 million, 6.45 million, 9.09 million, 11.13 million, 5.87 million, and 5.98 million, respectively. Based on this number, vocational academy graduates are the largest compared to other education graduates, which means that the largest severance pay is for vocational academy graduates.

One crucial component of an association's literacy process is knowledge management. An association's knowledge base needs to be appropriate in order to advance the association. Everyone in an association needs to share knowledge in order for it to survive. Leaders have the ability to impact school teachers' businesses. It is imperative for leaders to allocate all available resources towards accomplishing the association's goals and objectives (Putra et al., 2022). Offering work provocation is a crucial component that affects an entrepreneur's ability to inspire others to meet the expectations set by their organization. The general objective of this research is to determine methods for enhancing transformational leadership and knowledge management in order to promote entrepreneurship among private vocational high school teachers in North Bogor Subdistrict, Bogor.

LITERATURE REVIEW

Schermerhorn et al (2020) stated that entrepreneurship is a behavioural pattern based on the concept of strategic thinking and risk-taking, which is able to create new opportunities and is oriented towards progress or improvement for organizations & individuals. There are eight factors that identify entrepreneurship,

which are: (a) internal locus of control: control over the goals to be achieved, self-directed and independent; (b) high energy levels: persistent, hard working & able to strive to succeed; (c) high need for achievement: motivated to achieve challenging goals, and crave feedback; (d) tolerance for ambiguity risk takers: often challenged to deal with situations of uncertainty; (e) self-confidence: competent, self-reliant, and courageous in making decisions; (f) enthusiasm & action orientation: trying to solve problems, and not wasting time; (g) independence & desire to be independent: want to be independent, confident, want to be the boss (not a worker); (h) flexibility: willing to confront problems/errors and immediately switch actions if the plan being implemented is not working. Somwethee et al (2023) stated that entrepreneurial characteristics are visionary, goal-oriented and innovative in developing new businesses and producing profitable businesses. There are two factors associated with entrepreneurship (dominant personality traits, such as (a) openness: open to experience, more creative and aware of their feelings, innocent, straightforward, ambitious and refined; and (b) extroversion: positive emotions, surgency and tendency to seek stimulation and company with others, pleasure with others, and sociability (social skills).

Ratten (2023) stated that entrepreneurship is a characteristic of individuals (entrepreneurs) who have the freedom to build their own businesses (become founders); innovate (as innovators); and have a competitive edge; and these three things are also called motivational factors to become entrepreneurs. Entrepreneurship is the behavior and character of individuals based on the concept of strategic thinking and risk-taking who are able to create new creative, innovative and opportunity-oriented opportunities that have selling value and are able to encourage them to open their own businesses (self-employed). The indicators of establishing entrepreneurship consist of the following: internal locus of control, need for achievement, independence, desire to build wealth, want to own their own business, value creation and innovation.

Robbins & Judge (2018) states that transformational leadership is the ability to guide followers towards predetermined goals by clarifying their roles and tasks and inspiring followers to overcome their personal interests for the good of the organization and can have an extraordinary impact on their followers. The factors include (a) idealized impact: providing vision and mission, instilling pride, generating respect and trust; (b) inspirational motivation: communicating high expectations, using symbols to focus efforts, expressing important goals in a simple way; (c) intellectual stimulation: increasing intelligence, rationality, and careful problem solving; (d) individual consideration: providing personal attention, treating each employee individually. (Badu & Djafri, 2017) states that transformational leadership is a leadership approach by making efforts to change awareness, generate enthusiasm and inspire subordinates or members of the organization to take extra efforts in achieving organizational goals, without

feeling under pressure or pressured. Indicators of transformational leadership include (a) charisma, which is respect and trust; (b) intellectual stimulation, which increases intelligence and rationality; (c) individual attention, which is giving personal attention; (d) inspirational motivation, which is an encouragement to express important goals.

Transformational leadership is both idealized and scholastic behavior (a highly favored role model). Transformational leadership demonstrates motivation that is inspirational (optimistic about goal achievement), intellectually stimulating (encourages critical thinking and problem solving), and caring (demonstrates empathy and purpose). Transformational leaders are full of energy, passion, and encouragement. Therefore, if these qualities can be the thing that can make or break an organization (Ugochukwu, 2023). Therefore, transformational leadership is the behavior of a person in stimulating and inspiring his followers to achieve the desired goals in the organization. There are four dimensions that describe transformational leadership, which are the idealized influential dimension, the motivating inspirational dimension, the intellectual stimulation dimension, and the individualized consideration dimension. Girard & Girard (2015) defined that knowledge management as creating, sharing, and managing; and the commonly used nouns are knowledge, process, organization, and information. Farrell (2017) defined that knowledge management is a set of processes that create and share knowledge within an organization to optimize the use of judgment in achieving its mission and goals. The factors that affect it include: (a) acquiring knowledge, (b) providing knowledge to the team, (c) optimizing existing knowledge, (d) improving knowledge quality, (e) knowledge and applying knowledge.

Askarian & Abdollahi (2016) states that knowledge management as the regular provision of appropriate knowledge to organizational members who need it to help these members adopt appropriate actions to improve the sustainability of organizational performance. Factors that affect knowledge management, such as (a) seeking knowledge through various sources; (b) strengthening and stabilizing knowledge; (c) communicating knowledge periodically; (d) utilizing knowledge in decision making; and (e) applying knowledge in improving organizational performance. Chan & Yeung (2016) defined that knowledge management is a meaningful strategy, a complex process, and requires strong factors to support, which include strategy and leadership, culture, technology, and measurement, with the following factors: (a) the process of collecting knowledge, (b) storing knowledge, (b) improving knowledge mastery, (c) providing knowledge, (d) utilizing knowledge, (e) applying knowledge. It can be hypothesized that knowledge management is an organizational activity in collecting, organizing, storing, transferring and using the right knowledge conducted by the right people at the right time. There are six dimensions, which are knowledge acquisition dimension, knowledge improvement dimension, knowledge storage dimension, knowledge evaluation, knowledge dissemination, and knowledge application.

Conceptual Framework

Many studies have suggested that one of the factors that affect teacher entrepreneurship is transformational leadership. Entrepreneurship is a behavior and characteristics, traits and abilities of individuals who come from the exploitation of ideas that encourage them (entrepreneurs) to decide to develop their own businesses (entrepreneurs) based on the concept of thinking and strategy discovery, evaluation and exploitation of opportunities and risk taking that are able to create new opportunities, creative, innovative, proactive and oriented towards opportunities for success and oriented towards progress or improvement for organizations & individuals so as to have competitiveness and be able to generate profits in the long term. Leadership is the spirit that is the central source of movement for an organization or institution to achieve predetermined goals. It requires people who are skilled in managing, affecting, organizing, reconciling, conducive, and can determine organizational goals. A leader who is able to implement his/her leadership duties is needed. Transformational leadership is a person's behavior in stimulating and inspiring their followers to achieve the desired goals in the organization. There are four dimensions that describe transformational leadership, which are idealized influential dimension, motivating inspirational dimension, intellectual stimulation dimension and individualized consideration dimension. The first dimension is the idealized influential dimension. A leader who is able to inspire his/her followers to achieve goals certainly has great expectations to execute ideas that encourage teachers to teach students (entrepreneur) and decide to build their own business (self-employed) which is based on the concept of strategic thinking.

Entrepreneurship is a behavior and characteristics, traits and abilities of individuals who begin with the exploitation of ideas that encourage them (entrepreneurs) to decide to build their own businesses (entrepreneurs) based on the concept of thinking and strategy discovery; evaluation and exploitation of opportunities; risk taking that is able to create new opportunities, creative, innovative, proactive and oriented towards opportunities for success and oriented towards progress; and improvements for organizations and individuals so that they have competitiveness and are able to generate profits in the long term (Suprayitno & Ariati, 2022). Knowledge management is an organizational activity in collecting, organizing, storing, transferring and using the right knowledge done by the right people at the right time. There are six dimensions, which are knowledge acquisition dimension, knowledge improvement dimension, knowledge storage dimension, knowledge evaluation dimension, knowledge dissemination dimension, and knowledge application dimension. The first dimension is knowledge acquisition, which is the acquisition of knowledge from sources that are experts in the knowledge field. The second dimension is knowledge refinement, which is the improvement and reformulation of the acquired knowledge. The third dimension of knowledge storing is the storage and

documentation of knowledge files. The fourth dimension of knowledge evaluating is evaluating the usefulness and relevance of knowledge. The fifth dimension of knowledge dissemination is the dissemination of information about the successful application of knowledge. The sixth dimension of knowledge application is practical guidance on how to apply knowledge. A teacher who is disciplined in implementing knowledge management activities will have skills in managing knowledge and will have an impact on the development of entrepreneurial behavior. It can be stated that the higher the impact of knowledge management, the higher the entrepreneurship is prediction. Based on the description of the thinking framework above, there are several hypotheses in this research, such as (1) there is a positive direct impact of transformational leadership on entrepreneurship; (2) there is a positive direct impact of transformational leadership on knowledge management; (3) there is a positive direct impact of knowledge management on entrepreneurship; and (4) there is a positive indirect impact of transformational leadership on entrepreneurship through knowledge management.

RESEARCH METHODOLOGY

In this research, path analysis is combined with the survey method. This technique is used to analyze the relationship between one independent variable; one dependent variable; and two intervening variables, which are (1) transformational leadership (X) on indicators: idealized influence, inspirational motivation, intellectual stimulation and individual consideration; and (2) knowledge management (Y) on indicators: knowledge acquisition, knowledge improvement, knowledge storage, knowledge evaluation, knowledge dissemination and knowledge application. The dependent variable is entrepreneurship (Z) on indicators: internal locus of control, need for achievement, independence, desire to build wealth, desire to own their own business, value creation and innovation. The unit of analysis in this research is teachers in private vocational schools in North Bogor Sub-district, Bogor, consisting of 121 teachers.

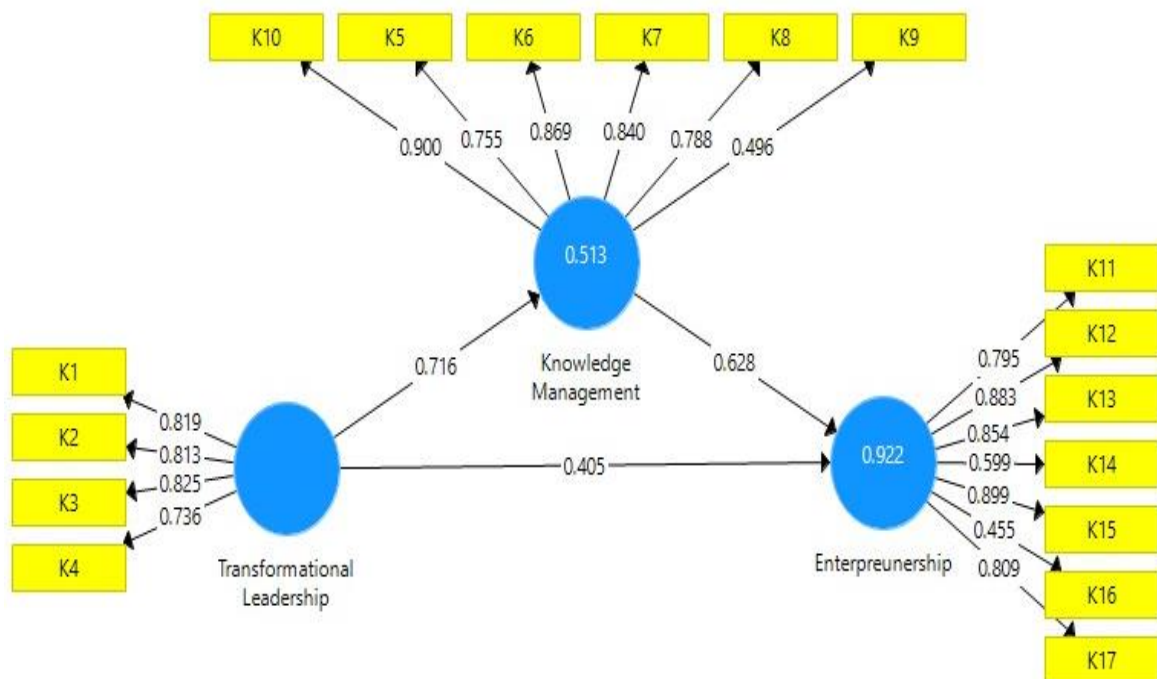
RESULT AND DISCUSSION

Table 1. SLF Value and Reliability

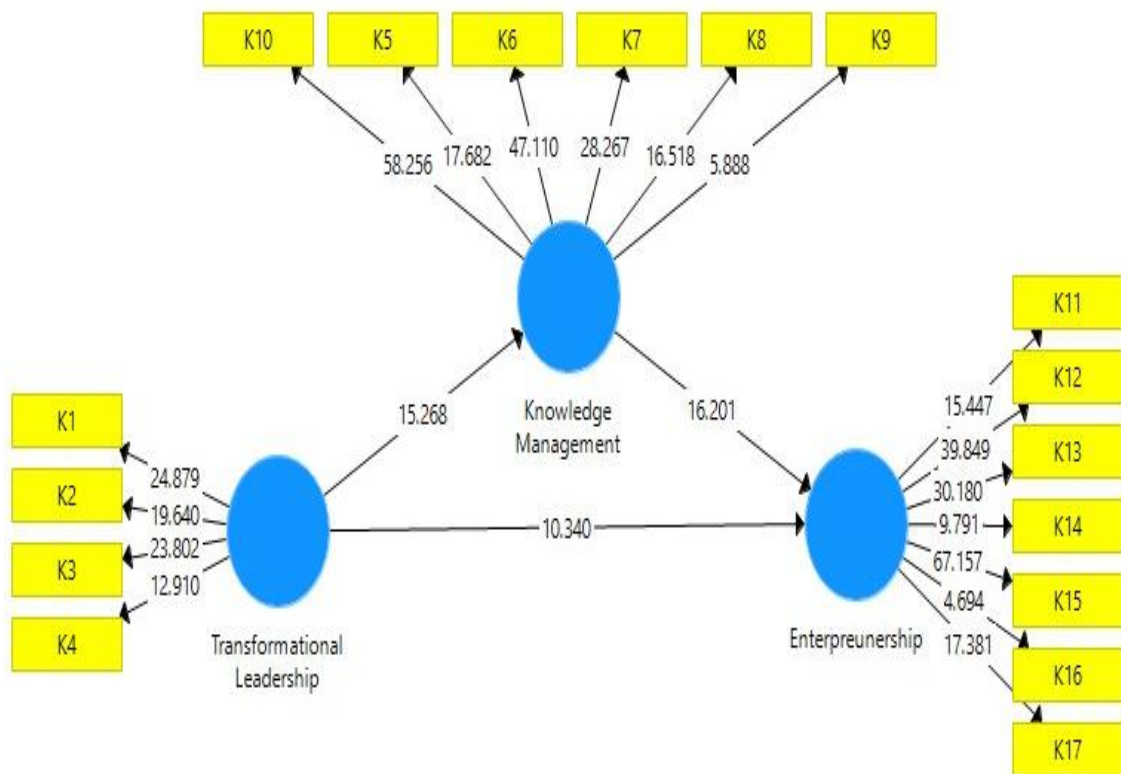
Laten Variable	Indicator	Coefficients/ SLF (λ)	Reliability		Conclusion
			CR $\geq$ 0.7	VE $\geq$ 0.5	
Transformational Leadership			0.811	0.639	Good reliability
	Idealized influence	0.819			

	Inspiration motivation	0.813			
	Intellectual stimulation	0.825			
	Individual consideration	0.736			
Knowledge Management			0.871	0.618	Good reliability
	knowledge acquisition	0.755			
	knowledge refinement	0.869			
	knowledge storing	0.840			
	knowledge evaluating	0.788			
	knowledge dissemination	0.496			
	knowledge application	0.900			
Entrepreneurship			0.879	0.596	Good reliability
	Internal locus of control	0.795			
	Need for achievement,	0.883			
	Self-reliance	0.854			
	Desire to build wealth	0.599			
	Wanting to own their own business	0.899			
	Value creation	0.455			
	Innovation	0.809			

Source: Processed Data by Researcher (2023)

**Figure 1. Outer Model**

Source: Processed Data by Researcher (2023)

**Figure 2.** Inner Model

Source: Processed Data by Researcher (2023)

The inner model above represents a significant effect of the three path coefficients tested in this research.

Table 2. Path Coefficient (Direct Effect)

	Entrepreneurship	Transformational Leadership	Knowledge Management
Entrepreneurship			
Transformational Leadership	0.405		0.716
Knowledge Management	0.628		

Source: Processed Data by Researcher (2023)

Table 3. Indirect Effect

Transformational Leadership → Knowledge Management → Entrepreneurship	0.450
---	-------

Source: Processed Data by Researcher (2023)

The Positive Direct Impact of Transformational Leadership on Entrepreneurship

Based on the results of the path coefficient calculation for the effect of transformational leadership on entrepreneurship, which is $\beta = 0.405$, it means that there is a positive direct impact of transformational leadership on entrepreneurship. The stronger the transformational leadership will improve entrepreneurship, this is in accordance with the results of research by Anjarwati (2017) which indicates that there is a significant positive impact between transformational leadership on entrepreneurial orientation in cooperatives in Surabaya. The results of this research also support the statement presented by Öncer (2013), that transformational leadership has a significant impact on entrepreneurial orientation. The higher the impact of transformational leadership, the higher the predicted entrepreneurship. The results of research conducted by Jefferey & Handoyo (2020) indicated that entrepreneurial characteristics, motivation and transformational leadership have a positive impact on the success of culinary food SMEs in West Jakarta.

The Positive Direct Impact of Knowledge Management on Entrepreneurship

Based on the path coefficient calculation of the impact of knowledge management on entrepreneurship, which is $\beta = 0.628$, there is a positive direct impact of knowledge management on entrepreneurship. The stronger knowledge management will improve entrepreneurship. The research results of Rachmawati & Laily (2022) indicated that there was an impact of knowledge management on business success (entrepreneurship). Therefore, we can conclude that the knowledge management variable has a significant impact on business success (entrepreneurship). Thus, the hypothesis proposed knowledge management has a positive and significant impact on the business success (entrepreneurship) of MSME-based traders is accepted.

The Positive Direct Impact of Transformational Leadership on Knowledge Management

The results of this research indicated that the path coefficient value of the impact of transformational leadership on knowledge management is $\beta = 0.715$, there is a positive direct impact that transformational leadership will improve knowledge management. The stronger the transformational leadership will improve knowledge management.

The Positive Indirect Impact of Transformational Leadership on Entrepreneurship through Knowledge Management

The indirect impact of transformational leadership on entrepreneurship through knowledge management is $\beta = 0.450$. The direct impact of transformational leadership on entrepreneurship is $\beta = 0.405$, so it can be

concluded that knowledge management is effective as a mediating factor of transformational leadership on entrepreneurship.

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of this research, several conclusions are obtained, these are strengthening transformational leadership can improve entrepreneurship; strengthening knowledge management can improve entrepreneurship; strengthening transformational leadership can improve knowledge management; strengthening transformational leadership can improve entrepreneurship through strengthening knowledge management and knowledge management can be effective as an intervening variable between transformational leadership and entrepreneurship because the indirect impact is greater than the direct impact.

Suggestion

The scope of this research only used the population and sample of teachers in vocational high schools, in Bogor, West Java, Indonesia and only studied three variables, such as entrepreneurship, knowledge management and transformational leadership. We would suggest for further research to use the whole vocational high school teachers in a national scope and study more variables that might affect entrepreneurship.

REFERENCES

- Anjarwati, T. (2017). Pengaruh Kepemimpinan Transformasional dan Inovasi Terhadap Orientasi Kewirausahaan dan Kinerja Koperasi di Kota Surabaya. *Jurnal Aplikasi Pelayaran Dan Kepelabuhanan*, 8(1), 78–84. <https://doi.org/10.30649/japk.v8i1.58>
- Askarian, M., & Abdollahi, C. (2016). Determining the relationship between components of knowledge management and organizational citizenship behavior in experts' Science and Research Branch of Islamic Azad University. *European Online Journal of Natural and Social Sciences: Proceedings*, 5(3).
- Badu, S. Q., & Djafri, N. (2017). *Kepemimpinan & Perilaku Organisasi*. Ideas Publishing.
- Chan, S. C. H., & Yeung, D. (2016). The Impact of Leader-member Exchange (LMX) and Empowerment on Employee Voice Behavior. *Nang Yan Business Journal*, 4(1), 44–55. <https://doi.org/10.1515/nybj-2016-0004>
- Farrell, M. (2017). Time Management. *Journal of Library Administration*, 57(2), 215–222. <https://doi.org/10.1080/01930826.2017.1281666>

- Girard, J., & Girard, J. (2015). Defining Knowledge Management: Toward an Applied Compendium. *Online Journal of Applied Knowledge Management*, 3(1), 1–20.
- Jefferey, J., & Handoyo, S. E. (2020). Pengaruh Karakteristik Kewirausahaan, Motivasi, dan Kepemimpinan Transformasional terhadap Keberhasilan Usaha UKM Makanan. *Jurnal Manajerial Dan Kewirausahaan*, 2(4), 952. <https://doi.org/10.24912/jmk.v2i4.9877>
- Öncü, D. A. Z. (2013). Investigation of The Effects of Transactional and Transformational Leadership on Entrepreneurial Orientation. *International Journal of Business and Social Research*, 3(4). <https://doi.org/https://doi.org/10.18533/ijbsr.v3i4.40>
- Putra, K. A. J., Triyono, M. B., & Daryono, R. W. (2022). The Influence of Entrepreneurship Competency and Leadership Challenge to Principals' Leadership Solutions. *Jurnal Pendidikan Dan Pengajaran*, 55(2), 385–397. <https://doi.org/https://doi.org/10.23887/jpp.v55i2.43711>
- Rachmawati, A., & Laily, N. (2022). Pengaruh Knowledge Management, Motivasi dan Inovasi terhadap Keberhasilan Usaha Pasca Pandemi Covid-19 (Studi pada Wanita Pedagang di Dupak Grosir Surabaya). *Jurnal Ilmu Dan Riset Manajemen*, 11(11).
- Ratten, V. (2023). Entrepreneurship: Definitions, opportunities, challenges, and future directions. *Global Business and Organizational Excellence*, 42(5), 79–90. <https://doi.org/10.1002/joe.22217>
- Robbins, S. P., & Judge, T. A. (2018). *Essentials of Organizational Behavior* (14th Editi). Pearson Education.
- Schermerhorn, J. R., Davidson, P., Woods, P., McBarron, E., Factor, A., Junaid, F., & Simon, A. (2020). *Management* (7th ed.). John Wiley & Sons.
- Somwethee, P., Aujirapongpan, S., & Ru-Zhue, J. (2023). The influence of entrepreneurial capability and innovation capability on sustainable organization performance: Evidence of community enterprise in Thailand. *Journal of Open Innovation: Technology, Market, and Complexity*, 9(2), 100082. <https://doi.org/10.1016/j.joitmc.2023.100082>
- Suprayitno, S., & Ariati, V. V. (2022). The Influence of Motivation, Self-Efficacy and Family Environment on Students' Interest for Entrepreneurship Survey on Students of Management Study Program, Faculty of Economics at Slamet Riyadi University Surakarta. *UTSAHA (Journal of Entrepreneurship)*, 1(3).
- Ugochukwu, C. (2023). *Transformational Leadership Style: How To Inspire And Motivate*. SimplyPsychology.