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Chapter 6

The Influence of Willingness to Change and Perceived Technology Opportunities on Corporate Entrepreneurship and Labor Growth in Non-Financial Companies in Central Java

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Abstract: *This study is categorized as a cross-sectional study, meaning that it only takes research data from a certain period. The unit of analysis is the organization because each respondent's answer represents their organization, which in this study is a non-financial company in Central Java. The sample used was 120 respondents, with a purposive sampling technique that took the criteria of non-financial companies that had been established for at least 3 years. The analysis used was path analysis. The results of the study showed that the willingness to change had a positive and significant effect on corporate entrepreneurship. Perceived technological opportunities had a positive and significant effect on corporate entrepreneurship. The willingness to change had a positive and significant effect on workforce growth. Technological opportunities had a negative and not significant effect on workforce growth. Corporate entrepreneurship had a positive and significant effect on workforce growth. The results of the regression coefficient test showed that 74.7% of workforce growth in Non-Financial Companies in Central Java was explained by the willingness to change, perceived technological opportunities and corporate entrepreneurship. The results of the path analysis showed that the willingness to change was more effective through indirect channels. Perceived technological opportunities were more effective through indirect channels. The most dominant influence in influencing workforce growth was the increase in the willingness to change mediated by corporate entrepreneurship.*

Keywords*: Willingness to Change, Perceived Technological Opportunities, Corporate Entrepreneurship, Workforce Growth*

1. INTRODUCTION

Although it is increasingly recognized that business growth is increasingly advanced towards the progress and development of the world economy, there is still debate about the role of entrepreneurship. Information technology as a pillar of national development as the vision of Indonesian information technology stated in the sentence of realizing Indonesia as a strong country in global competition, through the development and utilization of information and communication technology for the formation of a prosperous society based on knowledge. The rapid progress of information technology opens up opportunities for accessing, managing and utilizing information in large volumes quickly and accurately.

Corporate entrepreneurship is essential for the survival, profitability, and progress of non-financial

firms (Salvato, 2004). Corporate entrepreneurship refers to entrepreneurial activities within an organization designed to revitalize the firm's business by changing its competitive profile or by emphasizing innovation (Zahra, 1996). Examples of corporate entrepreneurship include product innovation, process innovation through research and development, and the pursuit of new markets (Covin & Slevin, 1991; Miller, 1983). In an increasingly dynamic and uncertain competitive environment, it is essential for non-financial firms to develop an entrepreneurial mindset that enables them to identify and exploit opportunities in their environment (Sirmon & Hitt, 2003). Some factors that influence corporate entrepreneurial behavior are willingness to change, generational involvement, perceived technological opportunities, and strategic planning. These factors are in accordance with Miller (1983), who noted that entrepreneurial activities produce innovation because of their maturation process which is marked by the courage to take risks and always follow developments. These characteristics, in the research of Kellermanns & Eddleston (2006) are shown by the extent to which the company is willing to change and is open to new ideas (willingness to change) and the ability to see technological opportunities in its environment (perceived technological opportunities).

The influence of willingness to change, and perceived technological opportunities on corporate entrepreneurship. Research on the influence of CEO characteristics and generational involvement on entrepreneurial behavior at the company level and its influence on workforce growth by taking the object of research on non-financial companies in the United States. Weismeier-Sammer (2011) conducted a study which is a replication of the study conducted by Kellermanns & Eddleston (2006) by taking the object of research on non-financial companies in Austria.

This study is a development of the research of Kellermanns & Eddleston (2006) and the research of Weismeier-Sammer (2011) which tested the influence of willingness to change, and perceived technological opportunities on corporate entrepreneurship and the role of adding the influence of corporate entrepreneurship on employment growth based on the research of Kellermanns et al., (2008). The reason for conducting this study is to expand knowledge in the field of corporate entrepreneurship, especially in non-financial companies that can be compared with previous studies. In addition, the research conducted by Kellermanns & Eddleston (2006) and the research of Weismeier-Sammer (2011) is a rare study in the field of corporate entrepreneurship, because their research focuses on non-financial companies.

This study takes the object of research as non-financial companies in Central Java. This increasingly rapid development opens up opportunities for non-financial industries to become one of the mainstays for absorbing labor. Therefore, batik businesses, which are mostly non-financial companies as well as being part of Indonesia's cultural heritage, need to develop entrepreneurial behavior in order to survive and grow from generation to generation.

2. LITERATURE REVIEW

2.1 Corporate Entrepreneurship

Corporate entrepreneurship involves a variety of potential activities including product innovation, risk taking, and proactive attitudes aimed at facilitating organizational renewal and sustainability (Covin & Slevin, 1991; Miller, 1983). As a component of corporate entrepreneurship, innovation is a company's commitment to creating and introducing products, production processes, and organizational systems (Covin & Slevin, 1991).

2.2 Willingness to Change

Kellermanns & Eddleston, (2006) explains that the willingness to change is the readiness of the organization to face new challenges in business, the openness of the organization to try new things, and the general attractiveness of the organization that arises from new ideas.

2.3 Perceived Technological Opportunities

Zahra (1996) explains that technological opportunities refer to the extent to which non-financial companies see their industry as rich in opportunities for innovation and technological breakthroughs. Furthermore, Kellermanns & Eddleston, (2006) explain that perceived technological opportunities are the ability of companies to see opportunities for innovation, research and development in an industry.

2.4 Labor Growth

Kellermanns et al., (2008) stated that labor growth is a change in the number of workers owned by a company. This change is caused by the level of entrepreneurial behavior in non-financial companies, so that a high level of entrepreneurial behavior will have an impact on high innovation that opens up opportunities for increasing the number of workers.

3. RESEARCH METHODS

This research model explains the factors that form corporate entrepreneurship, namely the willingness to change and perceived technological opportunities with variables that are influenced by corporate entrepreneurship, namely workforce growth.

The population in this study were all non-financial companies in Central Java. Sampling in this study used a non-probability sampling design, then if viewed from the characteristics of the population, the determination of respondents was carried out using the purposive sampling method, namely those that have been established for at least 3 years. The sample taken was 120 respondents obtained from the multiplication of the number of research parameters. The analysis technique used was the path analysis technique.

4. RESEARCH RESULT

4.1 First Path Analysis Results

Table 1. Path Analysis of Equation 1

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.377	1.902		2.826	.006
	Willingness_to_change	.824	.131	.483	6.304	.000
	Perceived_technology_opportunities	.541	.129	.322	4.200	.000

a. Dependent Variable: Corporate Entrepreneurship

From table 1. the first regression equation can be made

$$Y1 = 0.483\ X1 + 0.322\ X2$$

Description:

1. The regression coefficient of willingness to change is 0.483, which indicates that the willingness to change has a positive effect on the entrepreneurship of business companies in Non-Financial Companies in Central Java.

2. The regression coefficient of perceived technological opportunities is 0.322, this indicates that perceived technological opportunities have a positive effect on the entrepreneurship of business companies in Non-Financial Companies in Central Java.

4.2. Second Path Analysis Results

Table 2. Results of Path Analysis of Equations 2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.548	1.559		1.634	.105
	Willingness_to_change	.331	.120	.246	2.763	.007
	Perceived_technology_opportunities	-.046	.109	-.034	-.417	.678
	Corporate Entrepreneurship	.425	.073	.540	5.805	.000

a. Dependent Variable: Workforce Growth

Table 3 can be used to create the second regression equation, namely

Y2 = 0.246 X1 - 0.034 X2 + 0.540 X3.

Description:

1. The regression coefficient of willingness to change is 0.246, indicating that the willingness to change has a positive effect on the growth of the entrepreneur workforce in Non-Financial Companies in Central Java.
2. The regression coefficient of perceived technological opportunities is -0.034, indicating that perceived technological opportunities have a negative effect on the growth of the entrepreneur workforce in Non-Financial Companies in Central Java.
3. The regression coefficient of corporate entrepreneurship is 0.540, indicating that corporate entrepreneurship has a positive effect on the growth of the entrepreneur workforce in Non-Financial Companies in Central Java

4.3 t-Test Results

1. Willingness to change has a significant effect on entrepreneurship of businessmen in Non-Financial Companies in Central Java, this can be seen from the significance value of 0.000 <0.05, so that hypothesis 1 is proven.
2. Perceived technological opportunities have a significant effect on entrepreneurship of businessmen in Non-Financial Companies in Central Java, this can be seen from the significance value of 0.000 <0.05, so that hypothesis 2 is proven.

3. Willingness to change has a significant effect on the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java, this can be seen from the significance value of 0.007 <0.05, so that hypothesis 3 is proven.
4. Perceived technological opportunities have no significant effect on the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java, this can be seen from the significance value of 0.678> 0.05, so that hypothesis 4 is not proven.
5. Corporate entrepreneurship has a significant influence on the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java, this can be seen from the significance value of 0.000 <0.05, so that hypothesis 5 is proven.

5. RESULTS OF DETERMINATION COEFFICIENT TEST

Table 3. Results of the Determination Coefficient of Equation 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.705[a]	.497	.489	3.594

a. Predictors: (Constant), Perceived_technology_opportunities, Willingness_To_Change

Table 4. Results of the Determination Coefficient of Equation 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.704[a]	.496	.483	2.849

a. Predictors: (Constant), Corporate Entrepreneurship, Perceived_technology_opportunities, Willingness_to_change

Judging from the coefficient of determination (R2) of total influence, the coefficient of determination value obtained is as follows:

$$\epsilon_1 = \sqrt{1 - R_1^2}$$
$$= \sqrt{1 - 0{,}497}$$
$$= \sqrt{0{,}503}$$
$$= 0{,}709$$
$$\epsilon_2 = \sqrt{1 - R_2^2}$$
$$= \sqrt{1 - 0{,}496}$$
$$= \sqrt{0{,}504}$$

$= 0{,}709$

$$R^2 \text{ total} = 1 - \{(\epsilon_1)^2 x\ (\epsilon_2)^2$$

$= 1 - \{(0{,}709)^2 \text{ x } (0{,}7099)^2\}$

$= 1 - \{(0{,}503) \text{ x } (0{,}504)\}$

$= 1 - 0{,}253$

$= 0{,}747$

The results of the calculation of the total R^2 value of 0.747 can be interpreted as the variation in the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java is explained by the variables of willingness to change, perceived technological opportunities and corporate entrepreneurship of 74.7% and the remaining 25.3% is explained by other variables outside the research model, for example reputation and speed of service.

5.1 Path Analysis Results

The following path diagram shows the direct and indirect effects as well as the total effect.

Table 5. Path Analysis Results Path Analysis Results

Variable	Path Coefficient		Total Influence	Test Statistic	P-value
	DE (Direct Effect)	IE (Indirect Effect)			
X_1 ke Y	P_3=0,246				
X_2 ke Y	P_4=-0,034				
X_1 melalui X_3 Ke Y		P_1x P_5	$P_3 + (P_1 x P_5)$	-2.854	0.004
		= 0,483x 0,540	=0,246+0,261		
		= 0,261	= 0,507		
X_2 melalui X_3 Ke Y		P_2x P_5	$P_4 + (P_2 x P_5)$	4.355	0.000
		=0,322x0,540	=(-0,034)+0,174		
		=0,174	=0,14		

Based on the table above, the relationship between variables can be described in the following diagram:

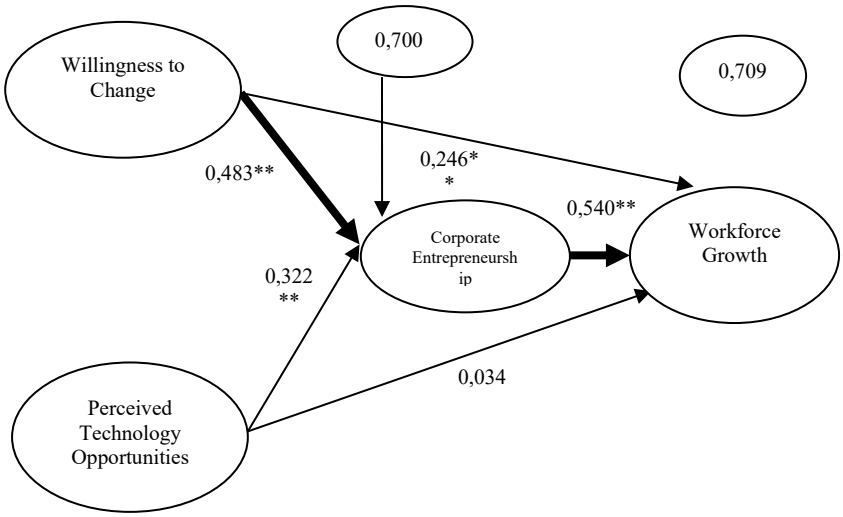

Figure 1 Results of Direct and Indirect Influence

Description:

1. The direct influence of willingness to change on workforce growth is 0.246, while the indirect influence is 0.2061 so that increasing workforce growth is more effective through indirect channels.
2. The direct influence of perceived technological opportunities on workforce growth is -0.034, while the indirect influence is 0.174 so that increasing workforce growth is more effective through indirect channels.
3. The direct influence of willingness to change through corporate entrepreneurship is the greatest influence on workforce growth of entrepreneurs in Non-Financial Companies in Central Java

6. DISCUSSION

6.1 The Influence of Willingness to Change on Workforce Growth

The results of the path analysis show that the use of intervening variables of corporate entrepreneurship in order to increase the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java, for the variable of willingness to change is effective, because the indirect influence is greater than the direct influence. This means that to increase the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java, it is better to use the variable of willingness to change indirectly.

This can be done in increasing corporate entrepreneurship, among others, by the following steps:

Non-financial companies have shown a strong commitment to research and development, technological leadership, and innovation.

Non-financial companies have emphasized making major innovations in their products and services over the past three years.

6.2 Non-financial companies have emphasized taking bold, broad action in positioning themselves and products or services over the past three years.

With a good willingness to change, it will increase corporate entrepreneurship, so that entrepreneurs will feel well served and workforce growth will increase in Non-Financial Companies in Central Java.

6.3 The Influence of Perceived Technological Opportunities on Workforce Growth

The results of the path analysis show that the use of intervening variables of corporate entrepreneurship to increase workforce growth, for the variable of perceived technological opportunities is effective, because the indirect influence is greater than the direct influence. This means that to increase the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java, it is better to use the variable of perceived technological opportunities indirectly.

This can be done by increasing corporate entrepreneurship of entrepreneurs, including by taking the following steps:

- **a.** Non-financial companies have demonstrated a strong commitment to research and development, technological leadership, and innovation.
- **b.** Non-financial companies have emphasized making major innovations in their products and services over the past three years.
- **c.** Non-financial companies have emphasized taking bold, broad action in positioning themselves and their products or services over the past three years.

With the increasing corporate entrepreneurship of entrepreneurs, it will provide confidence to entrepreneurs and entrepreneurs have better workforce growth in Non-Financial Companies in Central Java.

7. CONCLUSION

Willingness to change and perceived technological opportunities have a positive and significant effect on corporate entrepreneurship of entrepreneurs in Non-Financial Companies in Central Java. Willingness to change and Corporate entrepreneurship have a positive and significant effect on the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java, while technological opportunities have a negative and insignificant effect on the growth of the workforce of entrepreneurs in Non-Financial Companies in Central Java. The results of the path analysis show that willingness to change is more effective through the indirect path and perceived technological opportunities are more effective through the indirect path.

8. SUGGESTIONS

Entrepreneurship of the company is further enhanced so that workforce growth is further increased, efforts that can be made from increasing technological opportunities that are perceived by other non-financial companies have shown a strong commitment to research and development, technological leadership, and innovation. Non-financial companies have been pressing to make major innovations in their products and services over the past three years. Non-financial companies have taken bold, broad actions in positioning themselves and their products or services over the past three years.

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10. AUTHORS' CONTRIBUTION

The author analyzes the research phenomenon, designs a conceptual framework, searches for data, analyzes research results, and produces a research report.

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