



# The Prediction of Need for Achievement to Generate Entrepreneurial Intention: A Locus of Control Mediation

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## ABSTRACT

This study aims to predict the need for achievement to increase entrepreneurial intention by mediating locus of control of SME employees in Bali. This research was conducted on SME employees in Bali were selected by purposive sampling method with 190 respondents with a response rate of 100%. Research instruments based on the need for achievement, locus of control, entrepreneurial intention (Dinis et al., 2013). Each research instrument uses a 5 Likert scale measurement. The initial evaluation is carried out by estimating the evaluation of the measurement model, namely the validity and reliability of each reflective construct. The next evaluation was structural models for testing research models using the WarpPLS 4.0 program. The significance of the parameters is determined by resampling bootstrapping and using 500 sub-samples of equal size to that of the original sample. The results and discussion show that need for achievement is able to predict SME employee entrepreneurial intention in Bali, need for achievement can influence SME employee locus of control in Bali, locus of control has the ability to predict SME employee entrepreneurial intention in Bali, locus of control is able to mediate predictions need for achievement on SME employee entrepreneurial intention in Bali.

**Keywords:** Need for Achievement, Locus of Control, Entrepreneurial Intention

**JEL Classifications:** J52, L26

## 1. INTRODUCTION

Psychiatric and independent behaviors that are able to combine creativity, challenge, hard work and satisfaction to achieve maximum achievement become determinants of entrepreneur success called entrepreneurial character (McClelland, 1986; Beattie, 2016). An entrepreneur, with character possessed, dares to take risks in designing, determines management, controls business (Akeem and Adekanmbi, 2016; Kozubíková et al., 2017). The mental attitude of entrepreneurs is always creative (Smith et al., 2016) strives to increase income generating business activities. Individual characteristics illustrate the uniqueness of personal entrepreneurs with values and behaviors adopted as indicators of entrepreneurial success (Van Ness and Seifert, 2016). The value and positive attitude of entrepreneurs in developing creativity and innovation can increase economic value added (Vodá and Florea, 2019).

The formation of entrepreneurial character is not only supported by technical competence (hard skills) and the ability to manage themselves and others (soft skills), but social values also have an important role in forming values and characteristics of entrepreneurship. Characteristic variables of entrepreneurship (Dinis et al., 2013), namely locus of control is the level at which entrepreneurial achievement depends on their own behavior (Fagbohunge and Jayeoba, 2012). Propensity to take risk is the ability of entrepreneurs to develop strategies and minimize the risks that will be taken (Obschonka and Stuetzer, 2017). Self confidence is the belief in the ability of an entrepreneur to manage a business (Bux and Honglin, 2015). Need for achievement is an entrepreneur trying to achieve progress and superior achievement in business development (Ang and Chang, 1999). Tolerance of ambiguity as the ability of entrepreneurs to face ambiguous business environments (Green, 2015) (Sharaf et al., 2018). Innovativeness is the idea of creativity and innovation in managing

business resources to create competitive advantage in business (Huggins and Thompson, 2015).

Competitive advantages created by entrepreneurial entrepreneurship will foster individual interest in opening a business (entrepreneurial intention) (Eser and Özdemirci, 2016). Entrepreneurial intention is the choice of individual activities because they feel interested, happy and willing to try and be willing to take risks to achieve success, so that the desire arises to make it happen (Yatribi, 2016). The desire to create a career as an entrepreneur provides a number of opportunities for the community to achieve financial independence and provide benefits to the economy (Block et al., 2018) through its contribution to job creation, innovation, and economic growth (economic growth) (Kusumawijaya, 2018).

A career as an entrepreneur requires individual characteristics in the form of need for achievement and locus of control (Chavez, 2016; Kerr et al., 2017). Need for achievement according to McClelland is individual achievement motivation to always try to be better and move forward and have realistic business goals (McClelland, 1986; Vodă and Florea, 2019). Whereas locus of control is a characteristic of self-entrepreneurs to act on self-determination, strong desire to be independent and autonomous (Littunen, 2000; Bulmash, 2016). So that the need for achievement will motivate entrepreneurs to control actions to do their best to achieve personal achievement and business success (Perry et al., 2015; Brunel et al., 2017).

This study predicts the need for achievement to increase entrepreneurial intention by mediating locus of control of SME employees in Bali. The researcher identified the predictions of need for achievement in SME employee entrepreneurial intention in Bali, predicting the need for achievement in SME employee locus of control in Bali, predicting locus of control for SME employee entrepreneurial intention in Bali, predicting need for achievement to increase entrepreneurial intention by mediating locus of control of SME employees in Bali.

## 2. CONCEPTUAL REVIEW AND HYPOTHESES

### 2.1. Conceptual Review of Need for Achievement and Entrepreneurial Intention

Need for achievement is a drive or strength in self as a basic psychological process of individuals who always prioritize the value of achievement behavior (McClelland, 1986; Owoseni, 2014). Achievement of achievement becomes the driving force for entrepreneurs to engage in physical and mental activities in developing business interests (entrepreneurial intention) (Phuong and Hieu, 2015). Need for achievement is an individual initiative to act to achieve success and be able to create business competitive advantage (Bux and Honglin, 2015). Entrepreneurs have a higher need for achievement than other professions, differentiating entrepreneurs from each other in achievement behavior (Ferreira et al., 2014). Entrepreneurs always strive to achieve progress in business development, continue to develop new ways to produce superior performance, encourage individuals interested in starting

a business and work as entrepreneurs (Karabulut, 2016). The emergence of entrepreneurial intention is the key to planned behavior for entrepreneurship (Sharaf et al., 2018). Entrepreneurial behavior comes from the individual's intention to open a business with the ability that is owned and the courage to face the risk of the effort he does. Entrepreneurial intention is able to predict the possibility of individuals to start a business and entrepreneurship in the future by carrying out an entrepreneurial action (Krueger et al., 2000; de Pillis and Reardon, 2007; Boissin et al., 2009) (Popescu et al., 2016). Based on the statement above, the hypothesis in this study are:

H<sub>1</sub>. Need for achievement has an effect on entrepreneurial intention.

### 2.2. Conceptual Review of Need for Achievement and Locus of Control

Individuals who have high need for achievement have motivation to create successful achievement of goals (Ang and Chang, 1999; Karaman and Watson, 2017). Creating business success requires a strong encouragement from an entrepreneur to achieve superior performance (need for achievement) (Zeffane, 2013) by doing challenging assignments, being responsible for the task, having entrepreneurial behavior able to set goals and take risky decisions. Need for achievement refers to someone's desire for high achievement, mastery of expertise and focus on achieving superior performance (Chavez, 2016). Need for achievement is one of the personality characteristics that encourages entrepreneurs to have entrepreneurial intentions (Remeikiene et al., 2013; Francoise et al., 2017). There are three attributes attached to entrepreneurs who have entrepreneurial intention, (McClelland, 1986), namely: (a) Like personal responsibility in making decisions, (b) willing to take risks according to their abilities, and (c) having an interest in always learning from decisions that has been taken. Besides the need for achievement, the characteristics of entrepreneurs are locus of control (Popescu et al., 2016). Locus of control is a character of entrepreneurs who believe in their abilities and are strongly willing to be independent and autonomous (Littunen, 2000; Obschonka and Stuetzer, 2017). Individuals who have confidence that success is from within themselves and not from others will lead to encouragement to do their best and always want to be more advanced for personal achievement (Perry et al., 2015; Vodă and Florea, 2019). Based on the statement above, the hypothesis in this study are:

H<sub>2</sub>. Need for achievement has an effect on locus of control.

### 2.3. Conceptual Review of Locus of Control and Entrepreneurial Intention

Locus of control is a personality characteristic that identifies individuals that control life comes from within themselves (Praag et al., 2004; Hsiao et al., 2015). Locus of control is determined by the degree of perception of the entrepreneur in his life as a consequence of his actions. Entrepreneurs believe that the business performance achieved is a determinant of the process of self-control behavior (Mehta and Gupta, 2014). Entrepreneurs are in control of business management in an effort to create competitive advantage (Bulmash, 2016). With locus of control,

an entrepreneur focuses and is behavior-oriented which produces positive effects on high achievement and is responsible for his actions (Fagbohngbe and Jayeoba, 2012; Prakash et al., 2015). Entrepreneur confidence in achievement is comparable to the effort carried out and controlled (Rotter, 1966; Schjoedt and Shaver, 2012). The controlling factors are: (a) Skills (skills) are the ability to do things become more valuable and have the capacity needed. (b) Ability is the talent possessed by entrepreneurs to do work obtained through the process of learning and experience. (c) Effort, namely the ability to achieve goals. Successful entrepreneurs will feel proud of their business achievements, which will have an impact on actions that success will be obtained by working hard (Hansemark, 2003; Göksel and Aydintan, 2011). It is this entrepreneur's ability that encourages employees to start a business (entrepreneurial intention) (Torres et al., 2017; Vodă and Florea, 2019). The ability to create and manage businesses is owned by each individual in order to realize entrepreneurial intention (Kusumawijaya, 2018). Based on the statement above, the hypothesis in this study are:

H<sub>3</sub>. Locus of control affects entrepreneurial intention.

#### 2.4. Conceptual Review of Locus of Control Mediation on Need for Achievement and Entrepreneurial Intention

Entrepreneurial intention is the desire of individuals to carry out entrepreneurial actions by processing existing resources, exploiting opportunities and taking risks (Ferri et al., 2018; Fernandes et al., 2018). Entrepreneurial intention is important as a predictor of manifestation of entrepreneurial attitudes and behavior through planned behavior (Krueger et al., 2000; Dumitru and Dumitru, 2018). To foster an entrepreneurial attitude requires strong entrepreneurial intention. The stronger entrepreneurial intention in using behavior, the better business performance (Sabah, 2016; Hisrich et al., 2017). Good business performance can only be obtained from the drive to perform well. Behavior to produce superior performance arises from the encouragement of individuals to create high work achievement (need for achievement). Entrepreneurs with locus of control are individuals who desire high achievement and must have high need for achievement (Chavez, 2016; Vodă and Florea, 2019). And high work performance will be strengthened by the belief in individual abilities (locus of control) that the goals achieved are the result of individual actions themselves (Prakash et al., 2015; Obschonka and Stuetzer, 2017). Locus of control is a characteristic that forms the need for achievement of entrepreneurship to be more inclined to be motivated and always try to strive for achievement (Bezzina, 2010; Thaief and Musdalifah, 2015). These two individual personality variables are need for achievement and locus of control which are predictors of entrepreneurial intention (Che et al., 2015; Perry et al., 2015). So that the individual locus of control of competence will strengthen the need for achievement to realize the interest in creating and managing businesses (entrepreneurial intention) (Popescu et al., 2016; Vuorio et al., 2017; Woo, 2018). Based on the statement above, the hypothesis in this study are:

H<sub>4</sub>. Need for achievement is able to predict entrepreneurial intention by mediating locus of control.

Based on the study of concepts and hypotheses above, the following Figure 1 presented the framework of research that will be implemented.

### 3. RESEARCH DESIGN

This research was conducted on SME employees in Bali with 190 respondents. The questionnaire returned 190 with a response rate of 100%. Respondents were selected by purposive sampling method, namely SME employees in Bali. Data collection techniques using questionnaires with research instruments based on the need for achievement, locus of control, entrepreneurial intention (Dinis et al., 2013). Each research instrument uses a 5 Likert scale measurement. The initial evaluation is carried out by estimating the evaluation of the outer model or measurement model, namely the validity and reliability of each reflective construct. Next is the evaluation of structural models (inner models) for testing research models using the WarpPLS 4.0 program. The significance of the parameters is determined by resampling bootstrapping and using 500 sub-samples of equal size to that of the original sample.

The initial evaluation is done by examining the outer model or measurement model, which is validity and construct reliability from the variable need for achievement, locus of control, entrepreneurial intention which is measured reflectively. Measurement of instrument model evaluation by looking at the criteria of convergent validity, discriminant validity, construct reliability that shows composite reliability and cronbach alpha above 0.70. Evaluation of the outer model to examine construct validity is each indicator has a significant value ( $P < 0.05$ ) and there is no multicollinearity ( $VIF < 2.5$ ).

Overall, if the results of the measurement model (outer model) of the reflective construct meet the requirements then it can be continued with an evaluation of the structural model (inner model) for testing the research model. To estimate the structural model, it measures the predictions of the need for achievement variable on entrepreneurial intention by mediating locus of control, using the WarpPLS 4.0 program. The parameter significance is determined by resampling bootstrapping and using 500 sub-samples of equal size to the original sample (Miranda et al., 2017).

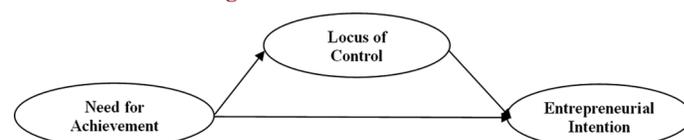
### 4. RESULTS

#### 4.1. Evaluation Results by Goodness of Fit Research Model

The measurement result of goodness of fit research model was shown in the Table 1.

Above table shows that the evaluation result by goodness of fit of this research model shows the AVIF value of 2.888 is smaller

Figure 1: Research framework



than 5, meaning there is no vertical and lateral multicollinearity in the research model. While the value of APC of 0.613 with a value of  $P < 0.001$  and ARS of 0.808 with a value of  $P < 0.001$ . Thus means the model in the study meets the criteria of goodness of fit and significant.

#### 4.2. Estimated Results Measurement Model

Estimate the measurement model by checking the convergent, predictive, discriminant validity of the research indicator, as well as composite reliability and alpha cronbach's for the reliability of the indicator of the research variables. From result of data analysis by using WarpPLS 4.0 summarized result of evaluation of validity and reliability of research model instrument (outer model) in the Table 2.

The criterion of measurement instrument reliability is shown from composite reliability and alpha cronbach's value. Each measurement instrument in this research model has a value  $>0.7$ . The value of composite reliability for need for achievement of 0.897, locus of control of 0.902 and entrepreneurial intention of 0.910  $>0.7$ . Cronbach's alpha value for need for achievement of 0.861, locus of control of 0.873 and entrepreneurial intention of 0.881  $>0.7$ . So the measurement instrument of this research were reliable.

While the evaluation of measurement instruments of validity, consisting of: Convergent validity, that the instrument of each indicator of research variables has a value of cross loadings  $>0.6$ , and the average variance extracted (AVE) value  $>0.5$  indicates variable indicator validity: Need for achievement variable 0.592, locus of control 0.569 and entrepreneurial intention 0.628. For predictive validity, measured from the q-square value of the endogenous variables of the research model are: Locus of control variable of 0.667 and entrepreneurial intention of 0.947 is  $>0$  (zero), thus fulfilling predictive validity criteria.

Based on the evaluation of measurement instruments (outer model) that is the validity of convergent, predictive, discriminant and composite reliability and alpha cronbach's reliability, it can be

said that the indicators of research variables are valid and reliable. Evaluation of multicollinearity measurements among indicators measured by full collinearity VIP also has values that have met the criteria with the value of full collinearity VIP  $<3.3$ , so that the data analysis process can be continued on the evaluation of structural model or inner model.

#### 4.3. Evaluation Results of Structural Model

Evaluation results of structural model of the research the prediction of need for achievement to generate entrepreneurial intention: A locus of control mediation was testing results of the research hypothesis, where the value of correlation coefficient on each relationship path between variables, P value for each path indicating the level of significance of the path, R square value indicating the contribution of predictor variable to research criterion variable can be seen in the Figure 2.

From the picture estimation model, can be summarized for analysis in testing hypothesis research in the Table 3.

Estimation of structural model of research by displaying path coefficients and P values to evaluate the magnitude of exogenous variables predicting endogenous variables as presented in the above table. For the prediction of need for achievement to entrepreneurial intention with coefficient value of 0.387 with significant level equal to  $<0.001$  indicate that need for achievement of SME employees in Bali able to predict entrepreneurial intention significantly, and the effect size of 0.348 means the contribution of need for achievement to the entrepreneurial intention category was medium. Locus of control of SME employees in Bali is also influenced by need for achievement with coefficient value of 0.818 and significance level  $<0.001$ , and the effect size of 0.668 means the contribution of need for achievement to the locus of control category was great. Furthermore, locus of control is able to predict entrepreneurial intention of SME employees in Bali with path coefficient value of 0.633 and significance level smaller than 0.001, and the effect size of 0.599 means the contribution

**Table 1: Evaluation results of goodness of fit research model**

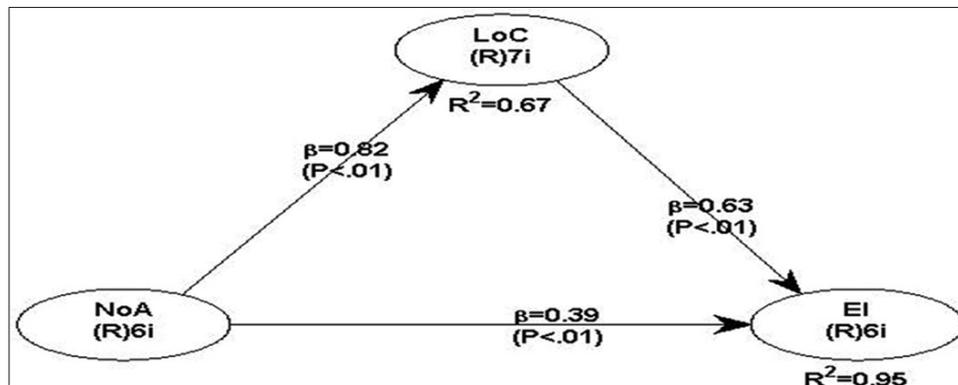
Evaluation	Value	P value	Criterion	Description
APC	0.613	$<0.001$	Significant if $<0.05$	Significant
ARS	0.808	$<0.001$	Significant if $<0.05$	Significant
AVIP	2.888		There is no multicollinearity if the value $<5$	Meet the criterion

Source: Primary data processed, 2019

**Table 2: Estimation results of measurement instrument evaluation research**

Outer model evaluation	Variable	Value	Criterion	Description
Convergent validity	Need for achievement	0.592	AVE value $>0.50$	Valid
	Locus of control	0.569		Valid
	Entrepreneurial intention	0.628		Valid
Predictive validity	Locus of control	0.667	q-square value $>0$	Valid
	Entrepreneurial intention	0.947		Valid
Composite reliability	Need for achievement	0.897	Composite reliability value $>0.70$	Reliable
	locus of control	0.902		Reliable
	entrepreneurial intention	0.910		Reliable
Alpha cronbach's	Need for achievement	0.861	Alpha cronbach's value $>0.70$	Reliable
	Locus of control	0.873		Reliable
	Entrepreneurial intention	0.881		Reliable

Source: Primary data processed, 2019

**Figure 2:** Estimation result of research model the prediction of need for achievement to generate entrepreneurial intention: A locus of control mediation

Source: Primary data processed, 2019

**Table 3: Estimation of path coefficient and P value of structural research model**

Path	Path coef.	P value	Standard error*	Effect size**	Description	Decision
Need for achievement -> entrepreneurial intention	0.387	<0.001	0.041	0.348	Significant	H <sub>1</sub> accepted
Need for achievement -> Locus of control	0.818	<0.001	0.030	0.668	Significant	H <sub>2</sub> accepted
Locus of control -> Entrepreneurial intention	0.633	<0.001	0.039	0.599	Significant	H <sub>3</sub> accepted
Need for achievement -> Locus of control -> Entrepreneurial intention	0.518	<0.001	0.037	0.465	Significant	H <sub>4</sub> accepted

Source: Primary data processed, 2019. \*Is the standard error value, if the small value indicates a significant model and there is no problem collinearity. \*\*Is the effect size value indicating the size of the contribution and the significance of the exogenous variable to explain variation of endogenous variables, if: >0.02; >0.15; and >0.35 indicates a small category; medium; and great

of locus of control to the entrepreneurial intention category was great. And the indirect effect of need for achievement on entrepreneurial intention through locus of control with path coefficient of 0.518 and significance level <0.001, and the effect size of 0.465 that the contribution of need for achievement to the entrepreneurial intention through locus of control category was medium. It means that locus of control is able to mediate prediction of need for achievement to entrepreneurial intention of SME employees in Bali.

The estimation results of the research model also showed the information of R-square and Q-square values to know the prediction of exogenous variables on endogenous variables in the research model, as shown in the Table 4.

For estimation of the predicted variable of need for achievement and locus of control to entrepreneurial intention variable can be seen from the R-square value of 0.947 or rounded to 0.95. This means that the entrepreneurial intention is predicted by the variable and of 95%, and the large influence category (large), while the remaining 5% is influenced by other factors not tested in this study.

While for estimation of amount of prediction of need for achievement to locus of control variable can be seen from R-square value equal to 0.668 or rounded to 0.67. This means that locus of control is contributed by variable need for achievement of 67%, and medium category, while the remaining 33% is influenced by other factors not tested in this research. Estimated evaluation of Q-square value in this study for locus of control and entrepreneurial intention variables of 0.667 and

**Table 4: Estimation of research model: Criteria R-square and Q-square**

Criterion	Locus of control	Entrepreneurial intention
R-square*	0.668	0.947
Q-square**	0.667	0.947

Source: Primary data processed, 2019. \*R-square, when its value: >0.70; >0.45; and >0.25 indicates a large category; medium; and small. \*\*Q-square, when its value: Q2>0 shows the model has a predictive relevance, and if Q2<0 indicates that the model has less predictive relevance

0.947. Thus, the locus of control and entrepreneurial intention variables in this study have met the criteria as predictive relevance variables.

Here is an analysis to find out the role of the locus of control variable as a full, partial or non-mediating variable mediated need for achievement and entrepreneurial intention. The coefficient of relationship path of need for achievement and entrepreneurial intention directly, before locus of control mediate the relationship of both, can be seen in the Figure 3.

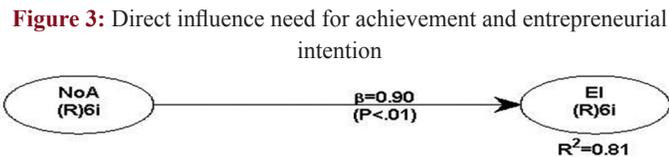
The calculation of locus of control variables on prediction of need for achievement and entrepreneurial intention using variance accounted for (VAF) is a measure of how much the mediating variable is able to absorb the previously significant direct effect of the model without mediation.

From the Table 5, it can be seen that the value of VAF for the calculation of locus of control, and mediation variables have a value of 0.338 is between 20% and 80% means the role of locus of control variables categorized as a partial mediator in this study.

**Table 5: Variable mediation calculations with variance accounted for**

Category	Variable correlation	Value	
Indirect effect	Need for achievement (NfA) to locus of control (LoC)	0.82	
	Locus of control (LoC) to entrepreneurial intention (EI)	0.63	
Total indirect effect	(NfA to LoC) × (LoC to EI)	0.82×0.63	0.517
Direct effect	Need for achievement to entrepreneurial intention		0.90
Total effect	(Indirect effect+direct effect)	0.517+0.90	1.417
VAF value*	(Indirect effect: Total effect)	0.517/1.417	0.365

Source: Primary data processed, 2019. \*VAF Criteria, if: (1) - VAF values above 80% then indicate the role of full mediation. 2 - VAF values are valued between 20% and 80%, then it can be categorized as a partial mediator. 3 - VAF values of <20% of investigators can conclude that there is virtually no mediation effect



Source: Primary data processed, 2019

## 5. DISCUSSION

### 5.1. Hypothesis Testing 1: Need for Achievement has a Positive Effect on Entrepreneurial Intention

The results of testing hypothesis 1 provide an illustration that the need for achievement of SME employees in Bali can significantly influence entrepreneurial intention (Luthans and Peterson, 2002; Yan, 2010; Prabhu et al., 2012). Entrepreneurial intention is the awareness of SME employees in Bali that creates a desire to actively carry out activities to open their own business. The interest of SME employees in Bali to start a new business begins with the desire that arises in the individual employees, developed and grown with the motivation to achieve business success. The motivation for achieving business success is indicated by the need for achievement of SME employees in Bali (Kerr et al., 2017; Woo, 2018). Need for achievement is the cause of the emergence of strength in SME employees in Bali to behave in achieving business success. Entrepreneurial motivation is an encouragement in employees in their efforts to fulfill their interests and desires to open new businesses (entrepreneurial intention) (Ferreira et al., 2014). Need for achievement as the personality of SME employees in Bali wants a better goal with the risks faced. The personality of SME employees in Bali is a fundamental psychological process as an explanation of interest in trying behavior as a result of systematic interrelated responses and encouragement. The linkage of entrepreneurial components consists of cognitive, affective and conative or will (Robbins and Judge, 2013). So that entrepreneurial intention is determined by the need for achievement, optimism, attitudes of value, and the value of business success as a function of the behavior of SME employees in Bali in combining creativity, innovation, hard work, and courage to face risks to obtain opportunities (McClelland, 1986; Francoise et al., 2017; Kerr et al., 2017).

### 5.2. Hypothesis Testing 2: Need for Achievement Positively affect Locus of Control

The results of testing hypothesis 2 indicate that the need for achievement is able to significantly increase the locus of control of SME employees in Bali. Characteristics of entrepreneurs describe the uniqueness of individuals consisting of dimensions of attitudinal values and needs assuming that individuals will

behave according to values and behavior driven by the desire to satisfy needs (McClelland, 1986; Kerr et al., 2017). So that the impetus (need for achievement) of an entrepreneur can be used as a benchmark in observing individuals who have strong or weak entrepreneurial characteristics. The willingness and confidence of a strong entrepreneur is a capital to always be optimistic to run a business to achieve success. Entrepreneur confidence is called locus of control as an entrepreneur's belief in carrying out and completing tasks independently (Brunel et al., 2017). Locus of control is an reinforcing aspect of an entrepreneur who determines actions to be taken alone (Rotter, 1966; Bulmash, 2016), to produce high performance and job satisfaction (Brownell, 1981; Vodă and Florea, 2019). Strengthening entrepreneurial work performance and satisfaction as a manifestation of the application of creativity and innovation in facing opportunities and challenges and the ability to adapt to the surrounding environment (Hisrich et al., 2017). An entrepreneur with a strong need for achievement motivation works hard on the belief in his own will and ability (locus of control) (Kader, 2014), the courage to take risks to realize creative and innovative ideas into the real business world and be able to increase economic value (Chavez, 2016; Karaman and Watson, 2017). So that the process of forming entrepreneurial character is supported by the fulfillment of need for achievement in order to have the ability to live independently in running a business, free to design, manage and control all businesses (Mehta and Gupta, 2014; Perry et al., 2015).

### 5.3. Hypothesis Testing 3: Locus of Control has a Positive Effect on Entrepreneurial Intention

The results of testing hypothesis 3 show that locus of control is significantly able to create SME employee entrepreneurial intentions in Bali. Entrepreneurs have confidence that success is a control of independent mental activities and take business risks even in an uncertain business environment (Rotter, 1966; Woo, 2018). Entrepreneur confidence (locus of control) is used for the process of creating and managing business resources to achieve goals through creativity and innovation (Dinis et al., 2013; Bulmash, 2016). Achieving business objectives results from actions and personality factors in the entrepreneur's locus of control. Personality locus of control is one of the characteristics of entrepreneurs forming and determining entrepreneurial intention (Kerr et al., 2017; Brunel et al., 2017). With locus of control, the intention of individuals to become entrepreneurs is high because of the characteristics of hard work, high initiative, optimism, and responsibility for actions taken and the desire for high achievement (Nasip et al., 2017). Therefore for individuals who have entrepreneurial intention requires the characteristics of locus of control because the individual believes that to achieve success

requires hard work with all abilities, always think positively and believe what is experienced as a result of their own behavior and actions, are used more creatively and productively. Locus of control is an indicator of entrepreneur confidence that what is achieved is comparable to the effort they do and control (Rotter, 1966; Obschonka and Stuetzer, 2017) to provide economic added value. It is this belief in one's own abilities that strengthens the emergence of entrepreneurial intention, which is then followed by acts of participation as a manifestation of the desire to do something related to entrepreneurship (Hsiao et al., 2015; Torres et al., 2017). The form of entrepreneurial intention is the ability to innovate, self-confidence, ability to take risks, and the need for business success.

#### **5.4. Hypothesis Testing 4: Locus of Control Mediating the Influence of Need for Achievement against Entrepreneurial Intention**

The results of testing hypothesis 4 show that SME employee locus of control in Bali can mediate partially and significantly the impact of need for achievement on entrepreneurial intention. Entrepreneurs are individuals with high potential and achievement motivation (Day et al., 2017) to advance and succeed with self-confidence characteristics and are optimistic about the ability to overcome problems, take risks to build businesses, the ability to innovate to realize ideas become reality. Need for achievement is an attitude that refers to the desire to achieve business success (McClelland, 1986; Robbins and Judge, 2013). An entrepreneur has a future business perspective and psychological characteristics to achieve success such as: Hard work, enthusiasm, tolerance for uncertainty, thinking innovatively and creatively and always trying to improve entrepreneurial competence. Competencies possessed by entrepreneurs reinforce confidence in one's own ability to manage a business. The entrepreneur's belief in his own capability in running a business is called locus of control. With confidence in their own competencies, individuals build the desire to start a business by taking entrepreneurial actions, processing resources, exploiting opportunities and bearing business risks (Krueger et al., 2000; Hisrich et al., 2017). To develop attitudes and business behaviors needed by entrepreneurial intentions (Yatribi, 2016), because intention is the best determinant in realizing entrepreneurial behavior (Chung, 2017; Woo, 2018).

## **6. CONCLUSION**

The results of hypothesis 1 testing indicate and give an idea that the need for achievement of SME employees in Bali can significantly influence and increase entrepreneurial intention. The results of hypothesis 2 testing indicate and give an idea that the need for achievement of SME employees in Bali influence and improve locus of control significantly. The result of hypothesis 3 test shows that the locus of control of SME employees in Bali can significantly accumulate the increase of entrepreneurial intention. The results of hypothesis 4 testing indicate and give an idea that the locus of control of SME employees in Bali can accelerate the strengthening of need for achievement to entrepreneurial intention significantly. And from the calculation of variance accounted for (VAF) over the mediation variables in this study indicates that the value of locus of control is included in the category as a partial mediation variable.

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