The Measurement Model of Social Capital, Risk Taking, and Entrepreneurial Financing Choice in SMEs in West Sumatra

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INFO ARTIKEL	ABSTRAK

Penelitian ini menunjukkan model pengukuran Pilihan Pembiayaan Kewirausahaan, Modal Sosial, dan Pengambilan Risiko pada UKM di Sumatera Barat tahun 2023, melalui analisis faktor konfirmatori -- CFA. Penelitian ini bertujuan untuk menguji keakuratan model pengukuran dengan data yang dikumpulkan, dengan jumlah sampel sebanyak 338 responden. Analisis data dilakukan dengan metode Structural Equation Modeling (SEM) dengan menggunakan software IBM SPSS Amos 24. SEM dikenal juga dengan pendekatan dua langkah yang terdiri dari uji model pengukuran dan juga uji model struktural. Seluruh indikator setiap variabel dalam penelitian ini mempunyai nilai loading faktor diatas 0,3 yang menunjukkan validitas konvergen terpenuhi. Pada variabel Pilihan Pembiayaan Wirausaha, indikator ketiga mempunyai nilai tertinggi sebesar 0,962 dan indikator pertama mempunyai nilai terendah sebesar 0,435. Pada variabel Modal Sosial, indikator ketujuh mempunyai nilai tertinggi sebesar 0,858 dan indikator keempat mempunyai nilai terendah sebesar 0,395. Pada variabel Pengambilan Risiko, indikator kedua mempunyai nilai tertinggi sebesar 0,942 dan indikator kelima mempunyai nilai terendah sebesar 0,613.

	ABSTRACT

This study demonstrates the measurement model of Entrepreneurial Financing Choices, Social Capital, and Risk Taking of SMEs in West Sumatra in 2023, through (confirmatory factor analysis – CFA). This study aims to test the accuracy of the measurement model with the data collected, with a large sample of 338 respondents. Data analysis was carried out using the Structural Equation Modeling (SEM) method using IBM SPSS Amos 24 software. SEM is also known as a two-step approach consisting of a measurement model test and also a structural model test. All indicators for each variable in this study have a loading factor value above 0.3 which indicates convergent validity is met. In the Entrepreneurial Financing Choice variable, the third indicator has the highest value of 0.962 and the first indicator has the lowest value of 0.435. In the Social Capital variable, the seventh indicator has the highest value of 0.858 and the fourth indicator has the lowest value of 0.395. In the Risk Taking variable, the second indicator has the highest value of 0.942 and the fifth indicator has the lowest value of 0.613.

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INTRODUCTION

In this study using Structural Equation Modeling (SEM) as a data analysis technique. Structural Equation Modeling (SEM) is a two-step statistical method (a two-step approach), which aims to test hypotheses using theoretical structural analysis in the form of causal relationships between variables (indicators) tested to provide answers to an emerging phenomenon. This SEM analysis technique uses IBM SPSS AMOS 24 software. The stages in SEM analysis are a two-step approach, namely the Measurement Model Test, and the structural model test.

Test the Measurement Model

The measurement model is one of the SEM models through confirmatory factor analysis (CFA) which describes the relationship between latent variables and their indicators. The measurement model test has the objective of reporting how well the manifest variables can explain the existing latent variables.

To see how far the precision and accuracy of the measuring instrument in determining its function is to use a validity test. If the coefficient score of an indicator with a total of all indicators is greater than or equal to ≥ 0.3, the instrument can be considered valid (Ghozali, 2013).

Structural Model Test

The structural model test is used to determine the percentage variance of each endogenous variable. If a measurement model cannot be said to be fit, then the testing process should not need to be continued to structural model testing. However, there are things that must be done, such as reviewing the model and sample data used.

If the measurement model is fit in the testing process, then structural model testing can be carried out, this is often referred to as a two-stage testing process, this stage is carried out by testing the overall model fit of the structural model, as well as testing structural parameter estimates, namely the relationship between exogenous and endogenous constructs or variables contained in the structural model.

LITERATUR REVIEW

Entrepreneurial Financing Choice

According to Alma (2011) Entrepreneurship is a dynamic process to create additional prosperity created by individual entrepreneurs who take risks, spend time and provide various products or services. According to the Financial Services Authority (OJK), financing (financing) is funding support for the needs or procurement of certain goods, assets or services whose mechanism involves three parties, namely the funding provider, the provider of goods, certain assets or services, and the party utilizing the goods. certain assets or services. From this understanding it can be concluded that the choice of entrepreneurial financing (entrepreneurial financing choice) is a funding option for the needs of procuring certain goods, assets or services for entrepreneurial groups.

Dudley (2021) states that entrepreneurial financing options involve formal loans and informal loans. In Pham and Talavera (2018), formal loans and informal loans are proxies for access to finance. Thus, it can be said that the choice of entrepreneurship financing requires access to finance which involves formal and informal loans as a source of financing for the entrepreneurial sector.

Social Capital

Social capital is the norms and networks that enable collective action and foster cooperation (Putnam, 2001, 2000). According to Fukuyama (1995), social capital is the presence of a set of values or certain informal norms that are shared among group members that enable collaboration between them. According to Pierre Bourdieu (1986), social capital is all resources, both actual and potential, related to network ownership or institutional relationships that are fixed based on mutual acquaintance and mutual recognition.

Putnam (1993), defines social capital as features of social organization such as networks, norms and trust that facilitate coordination and cooperation for mutual benefit. In research conducted by Lyon (2000) social capital is trust through various kinds of relationships such as work relationships, friendships, relatives, and friends. In addition, trust is built with reputation and norms. In Pham and Talavera's research (2018) social capital is business networks and official networks with bank or government officials. Social capital is defined as mutual trust in society, mutual trust is a function of connections between individuals and social networks, along with the norms of reciprocity and honesty (Hasan et al, 2017, Jha and Chen, 2015).

In this study, social capital in SMEs is the norms, beliefs, and networks owned by individuals or SMEs that provide opportunities for mutual cooperation and mutual benefit. To measure social capital in SME companies, researchers use indicators of trust and networks owned.

Risk Taking

Risk is defined as an uncertainty that has the possibility of a loss in the form of assets or loss of profit or economic capability. According to Lumpkin and Dess (2001) risk taking is a bold action taken by an entrepreneur by utilizing the resources he has to run his business even though he does not obtain certainty to succeed or borrow large amounts. Risk taking is defined as the activity of taking risks to start a business or to increase business profits (Kinanti, 2015).

To measure risk taking, use indicators of a courageous and aggressive attitude in dealing with situations in decision making involving uncertainty (Aidoo, 2020). According to Li (2009) risk taking is an attitude that tends to favor high-risk projects with very high return opportunities. Risk taking according to Miller and Friesen (1978), namely the extent to which SMEs and managers demonstrate a willingness to make bold strategic decisions with a rare possibility of failure. Financial literature extensively explores the importance of non-financial factors in the company's decision-making process (Panta, 2020). In this study, if a business actor has an aggressive attitude and likes a risk to get a big profit, then he will be more tolerant of the risks he will take for business progress. In this case it is like the risk of applying for loans to external parties to obtain additional funds for the business.

METHOD

Research Approach

This type of research is included in quantitative research. Quantitative research is research conducted by measuring research variables with numbers and analyzing them based on statistical procedures. Quantitative research is conducted to answer questions that have been designed in a structured manner, according to the systematics of scientific research.

In this study, the object of research is SMEs in West Sumatra Province in 2023. The sampling technique used is convenience sampling. Convenience sampling is a type of non-probability sampling where the population elements selected as sample subjects are not limited, so the authors have the freedom to choose the fastest and cheapest sample (Indriantoro and Supomo, 1999).

Operational Definition and Sample Measurement

The following is a table of operational definitions and variable measurements in this study:

Table 1. Operational Definition and Variable Measurement

No	Variable	Definition	Indicators	Source
1.	Entrepreneurial Financing Choice	Entrepreneurial Financing Choice is a financing option for SMEs that can come from	1. My business needs additional funds from loans 2. My business gets a formal loan (from the bank) 3. The formal loan term is less than one year 4. The annual interest rate on formal loans is	Pham and Talavera (2018)

		formal or informal loans	more than 10% 5. My business gets informal loans (from friends and/ family) 6. The term of an informal loan is more than one year 7. The annual interest rate for informal loans is 1-10%	
2.	Social Capital	Social Capital as features of social organization such as networks, norms and trust that facilitate coordination and cooperation for mutual benefit.	1. Employees are willing to share information with each other 2. Employees in my business have integrity 3. My business has regular interactions with at least 20 business people 4. My business has had help from business people in the last three months 5. Work relationships are created based on trust through exchanging information and learning about others 6. Friendships develop from business relationships 7. Trust through relationships with relatives, friends and existing solidarity relationships such as community 8. Trust is based on the reputation of others	Aidoo (2020), Pham dan Talavera (2018), Lyion (2000)
3.	Risk Taking	Risk Taking is a bold action taken by an entrepreneur by utilizing the resources he has to run his business even though he does not obtain certainty to succeed or borrow large amounts.	1 Have a courageous and aggressive attitude in dealing with situations in decision making involving uncertainty 2 The term "risk taking" is considered a positive attribute by people in my business 3 My business emphasizes exploration and experimentation 4 My business tends to favor high-risk projects with a very high chance of return 5 Due to the nature of the environment, bold and broad action is required to achieve business goals	Aidoo (2020), Shan (2015), Li (2009)

RESULTS AND DISCUSSION

This section explains about characteristics of respondents, business of respondent, structural equation modeling (SEM) assumption test.

Characteristics of Respondents

The following is a table of characteristic of respondents:

Table 2. Characteristics of Respondents

Data Classification		Frequency	
		Amount	Percentage
Gender	Woman	199	58,88%
	Man	139	41,12%
Age	20-30	38	11,24%
	31-40	95	28,11%
	41-50	135	39,94%
	>50	70	20,71%
Level of Education	SD	9	2,66%
	SMP	19	5,62%
	SMA/ SMK	204	60,36%
	Diploma	20	5,92%
	Bachelor	80	23,67%
	Postgraduate	6	1,78%
City	Padang	196	57,99%
	Solok	111	32,84%
	Bukittinggi	31	9,17%
Status	Married	306	90,53%
	Not married yet	32	9,47%

Source : Excel Data Processed 2023

Based on Table 2, it can be seen that the number of female respondents was 199 respondents with a percentage of 58.88%, while there were 139 male respondents with a percentage of 41.12%. Based on these data, it shows that SMEs in West Sumatra are dominated by women.

In terms of the age of the owner, it is dominated by SMEs aged 41-50 years, namely 135 respondents with a percentage of 39.94%, then those aged 31-40 years, namely 95 respondents with a percentage of 28.11%, then followed by those aged over 50 years, namely as many as 70 respondents with a percentage of 20.71%, and finally aged 20-30 years as many as 38 respondents with a percentage of 11.24%.

From the level of education, 204 respondents with a percentage of SMA/SMK graduated from SMEs with a percentage of 60.36 were dominated, then those with bachelor's degrees were 80 respondents with a percentage of 23.67%, diplomas were 20 respondents with a percentage of 5.92%, SMP were 19 respondents. with a percentage of 5.62%, Elementary School as many as 9 respondents with a percentage of 2.66%, and respondents based on education criteria that are at least postgraduate as many as 6 respondents with a percentage of 1.78%.

Based on region or city, most respondents came from the city of Padang, namely 196 respondents with a percentage of 57.99%, Solok as many as 111 respondents with a percentage of 32.84%, and Bukittinggi as many as 31 respondents with a percentage of 9.17%.

Based on the status, it can be seen that there were 306 married respondents with a percentage of 90.53%, and 32 respondents who were not married with a percentage of 9.47%. This shows that SMEs in West Sumatra are dominated by those who are married.

Business Characteristics

The following is a table of business characteristic:

Table 3. Business Characteristics

Data Classification		Frequency	
		Amount	**Percentage**
length of	<2 year	23	6,80%
Business	3-10 year	202	59,76%
	11-20 year	77	22,78%
	21-30 year	23	6,80%
	>31 year	13	3,85%
Number of	<10 person	320	94,67%
employees	11-20 Person	10	2,96%
	>21 person	8	2,37%
Total assets	< Rp.100.000.000	225	66,57%
	Rp.101.000.000 - Rp.200.000.000	51	15,09%
	Rp.201.000.000 - Rp.300.000.000	18	5,33%
	Rp.301.000.000 - Rp.400.000.000	6	1,78%
	Rp.401.000.000 - Rp.500.000.000	12	3,55%
	> Rp.500.000.000	26	7,69%

Source: Excel Data Processed 2023

Based on Table 3, it can be seen that in terms of business age, there are 202 UKM dominated by businesses that have been established for 3-10 years with a percentage of 59.76%, then followed by 11-20 years with 77 SMEs with a percentage of 22.78%, then businesses with under 2 years of age and businesses 21-30 years each of which were 23 SMEs with a percentage of 6.80% each, and lastly with the least number of businesses that were established for more than 31 years there were 13 SMEs with a percentage of 3.85%.

In terms of the number of employees, it is dominated by businesses with less than 10 employees, namely 320 SMEs with a percentage of 94.67%, then with a total of 11-20 people as many as 10 SMEs with a percentage of 2.96%, and the least are businesses that has more than 21 employees, namely 8 SMEs with a percentage of 2.37%.

Based on total assets, 225 SMEs dominated by businesses with assets of less than IDR 100,000,000 with a percentage of 66.57%, followed by assets of IDR 101,000,000 – IDR 200,000,000 with 51 SMEs with a percentage of 15.09% , assets of more than IDR 500,000,000 for 26 SMEs with a percentage of 7.69%, assets of IDR 201,000,000 – IDR 300,000,000 for 18 SMEs with a percentage of 5.33%, assets IDR 401,000,000 – IDR. 500,000,000 for 12 SMEs with a percentage of 3.55%, and the least is a business with assets of Rp. 301,000,000 – Rp. 400,000,000 for 6 SMEs with a percentage of 1.78%.

Structural Equation Modeling (SEM) Assumption Test

In the Equation Modeling (SEM) structural assumption test, there are several steps that must be carried out, namely the outlier test, the classical assumption test, the multicollinearity test, and the heteroscedasticity test which are explained as follows:

Outliers Test

Outliers are conditions in the data that have unique characteristics and look very different, which are far below the average data value. Data included in the outlier category are data that are further away from the center point. In this study there were 372 respondent data, before being used for research the data was cleaned

first using the Mahalanobis Distance outlier test (Tabachnick and Fidell, 2007). This study used 20 questions, with that number, a significance level of p <0.001 = 45.315 was obtained. Then all data that has a value above 45.315 will be considered as outlier data. In this study there were 34 respondents who were indicated as data outliers.

Normality Test

Data that has been cleaned of outliers needs to be tested for normality using the Kolmogorov-Smirnov Test with the aim of knowing whether a data is normally distributed or not (Manning and Munro, 2004). The normality test must meet a significance value that is above 0.05 so that the data can be processed further.

Based on the normality test table, it can be seen that the Kolmogorov-Smirnov test results have a significance level of 0.198, which means that the significance value is greater than 0.05 (0.198> 0.05). So it can be said that the data used in this study were normally distributed.

Multicollinearity Test

After the normality test is carried out, it is necessary to carry out a multicollinearity test which aims to find out whether there is a relationship between the independent variables. To detect the existence of multicollinearity, you can see the tolerance value (TOL) and the variance inflation factor (VIF). If the large TOL value is 0.1 (TOL ≥ 1) and the small VIF value is 10 (VIF ≤ 10), it can be concluded that there is no multicollinearity in the model.

Based on the multicollinearity test table, it can be seen that all variables or indicators do not occur multicollinearity because the large TOL value is 0.1 (TOL ≥ 1) and the small VIF value is 10 (VIF ≤ 10).
Heteroscedasticity Test

The next thing to do is the heteroscedasticity test which aims to see whether there is an inequality of variance from the residuals of one observation to another. This test can be done by looking at the scatterplot graph. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then it can be said that there is no heteroscedasticity.

From the scatterplot image it can be seen that the points spread above and below the number 0 on the Y axis and there is no clear pattern, so it can be said that there is no heteroscedasticity.

Structural Equation Modeling Analysis

Confirmatory factor analysis (CFA) is a technique that can be used to estimate the research measurement model. CFA can confirm whether the number of factors or constructs and factor loading of the variables fulfill validity. If the CFA has been proven valid, a test can be carried out for the next stage, namely the structural model which aims to determine the effect of the independent variable on the dependent variable. The validity of the measurement model can be determined by the Goodness of Fit (GOF) value and the construct validity of the CFA.

Measurement Model of Entrepreneurial Financing Choice through CFA

The measurement model through confirmatory factor analysis (CFA) on the variable entrepreneurial financing choice (EFC) is as follows:
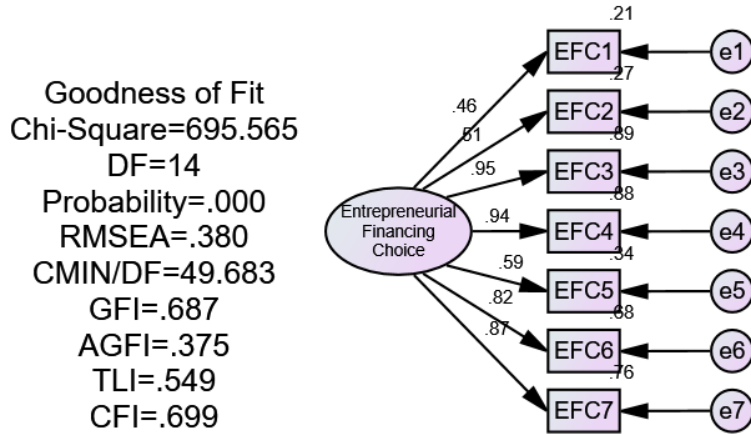
Figure 1.
CFA Variable Entrepreneurial Financing Choice (EFC)

In Figure 1, it can be seen that almost all the loading factor values from the indicators do not meet the GOF requirements. Because the model is not fit as shown in Table 4, this model needs to be modified.

Table 4. Goodness of Fit Entrepreneurial Financing Choice (EFC)

Goodness of Fit Index	Cut Off Value	Hasil Estimate	Evaluasi
Chi square	≥ 0,05	695,565	Better Fit
DF	-	14	-
Probability	≥ 0,05	0,000	Marginal
RMSEA	≤ 0,08	0,380	Marginal
CMIN/DF	≤ 2,00	49,683	Marginal
GFI	≥ 0,90	0,687	Marginal
AGFI	≥ 0,90	0,375	Marginal
TLI	≥ 0,90	0,549	Marginal
CFI	≥ 0,90	0,699	Marginal

Source: AMOS 24

Based on Table 4, it can be seen that the GOF criteria still show marginal because they have not met the cut off value, each probability value is 0.000 <0.05, the RMSEA value is 0.380 > 0.08, the CMIN/DF value is 49.683 > 2.00, the GFI value 0.687 < 0.90, AGFI value 0.375 < 0.90, TLI value 0.549 < 0.90, and CFI value 0.699 < 0.90. From Table 4. it can be said that this measurement model is not fit, so it needs to be modified to get a fit model.

According to Ghozali (2016), to improve a model can be done by paying attention to modification indices. If the error value of an indicator is correlated with errors in other indicators according to the modification indices recommendations displayed by the AMOS software, it can reduce the chi square value and be able to achieve a good GOF. The CFA test on the Entrepreneurial Financing Choice variable was carried out with several modifications to obtain a fit model as follows:
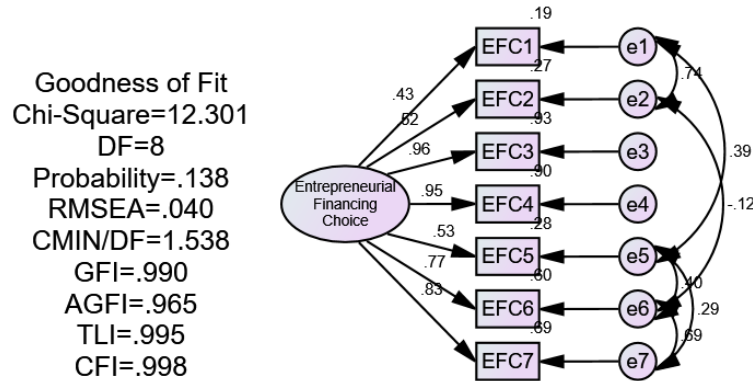
Figure 2.
Output Modification Indices Variable Entrepreneurial Financing Choice (EFC)

In Figure 2, it can be seen that a modification of the CFA Entrepreneurial Financing Choice (EFC) model has been carried out by correlating the error value from the largest to reduce the chi square value. There are error values that are correlated to several indicators in this variable, namely e1 and e2, e6 and e7, e1 and e5, e5 and e6, e5 and e7, e2 and e6. So as to be able to meet the GOF criteria which can be seen in Table 5.

Table 5. Goodness of Fit Entrepreneurial Financing Choice (EFC) Modification

Goodness of Fit Index	Cut Off Value	Hasil Estimate	Evaluasi
Chi square	≥ 0.05	12,301	Better Fit
DF	-	8	-
Probability	≥ 0,05	0,138	Better Fit
RMSEA	≤ 0,08	0,040	Better Fit
CMIN/DF	≤ 2,00	1,538	Better Fit
GFI	≥ 0,90	0,990	Better Fit
AGFI	≥ 0,90	0,965	Better Fit
TLI	≥ 0,90	0,995	Better Fit
CFI	≥ 0,90	0,998	Better Fit

Source: AMOS 24

Based on Table 5, it can be seen that all GOF values show better fit because they have fulfilled their respective cut off values, namely the chi square value of 12.301 > 0.05, the probability value of 0.138 > 0.05, the RMSEA value of 0.040 <0.08, the GFI value 0.990 > 0.90, AGFI value 0.965 > 0.90, TLI value 0.995 > 0.90, and CFI value 0.998 > 0.90.

After obtaining a fit model, the next step is to look at the standardized factor values of all indicators that measure Entrepreneurial Financing Choice (EFC) variables. The estimated value of all indicators can be seen in Table 6, which is as follows:

Table 6. Standardize Loading Factor of Entrepreneurial Financing Choice (EFC)

Latent	Indikator	SL	SL²	Measurement Error (1-SL²)	S.E	C.R	P
Entrepreneurial Financing	EFC1	0,435	0,189	0,811			
	EFC2	0,516	0,266	0,734	0,090	12,809	0,000

Choice	EFC3	0,962	0,925	0,075		0,154	8,581	0,000
	EFC4	0,949	0,901	0,099		0,155	8,561	0,000
	EFC5	0,533	0,284	0,716		0,116	8,754	0,000
	EFC6	0,772	0,596	0,404		0,132	8,066	0,000
	EFC7	0,831	0,691	0,309		0,136	8,258	0,000
	SUM	4,998	3,852	3,148				
	Construct Reliability	0,89						
	Variance Extracted	0,55						

Source: AMOS 24

In Table 6, the results of data processing as output from the AMOS software can be seen that the measurement model variable Entrepreneurial Financing Choice can meet the required value of convergent validity and each indicator can reflect its latent variable. All indicators have standardize loading (SL) ≥ 0.30 with significance at the 1% level and CR > 1.96.

It can also be seen that construct reliability and variance extracted from entrepreneurial financing choice variables each have a value of 0.89 and 0.55. This value meets the requirements of the construct reliability value (0.89 > 0.70) and the variance extracted (0.55 > 0.50). So that the entrepreneurial financing choice variable has good reliability and is able to explain the indicators well and pass the discriminant validity requirements.

Based on this discussion it can be concluded that the CFA variable entrepreneurial financing choice has met convergent validity, discriminant validity, construct reliability, and acceptable fit from the fulfillment of GOF.

Measurement Model of Social Capital through CFA

The measurement model through confirmatory factor analysis (CFA) on the variable social capital (SC) is as follows:
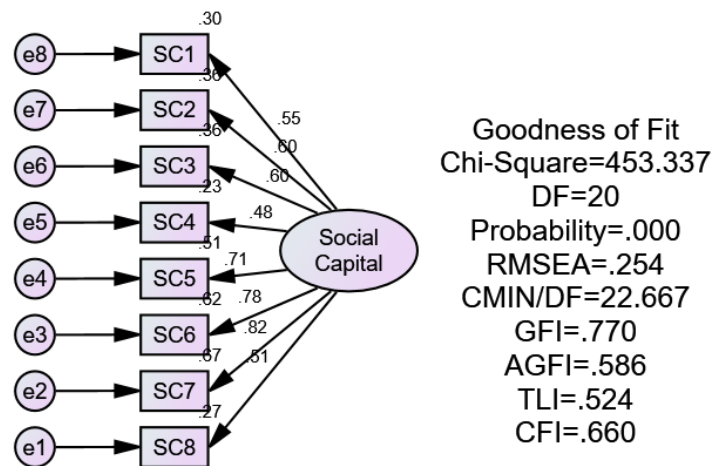

Figure 3.
CFA Variable Social Capital (SC)

In Figure 3, it can be seen that almost all the loading factor values from the indicators do not meet the GOF requirements. Because the model is not fit as shown in Table 7, this model needs to be modified.

Table 7. *Goodness of Fit Social Capital* **(SC)**

Goodness of Fit Index	Cut Off Value	Hasil Estimate	Evaluasi
Chi square	≥ 0,05	453,337	Better Fit
DF	-	20	-
Probability	≥ 0,05	0,000	Marginal
RMSEA	≤ 0,08	0,254	Marginal
CMIN/DF	≤ 2,00	22,667	Marginal
GFI	≥ 0,90	0,770	Marginal
AGFI	≥ 0,90	0,595	Marginal
TLI	≥ 0,90	0,524	Marginal
CFI	≥ 0,90	0,660	Marginal

Source: AMOS 24

Based on Table 7, it can be seen that the GOF criteria are still marginal because they have not met the cut off value, the probability value is 0.000 <0.05, the RMSEA value is 0.254 > 0.08, the CMIN/DF value is 22.667 > 2.00, the GFI value is 0.770 <0 .90, AGFI value 0.586 <0.90, TLI value 0.524 <0.90, and CFI value 0.660 <0.90. From Table 7 it can be said that this measurement model is not fit, it is necessary to modify it to get a fit model.

To improve a model can be done by paying attention to modification indices (Ghozali, 2016). If the error value of an indicator is correlated with errors in other indicators according to the modification indices recommendations displayed by the AMOS software, it can reduce the chi square value and be able to achieve a good GOF. The CFA test on this Social Capital variable, carried out several modifications to get a fit model as follows :
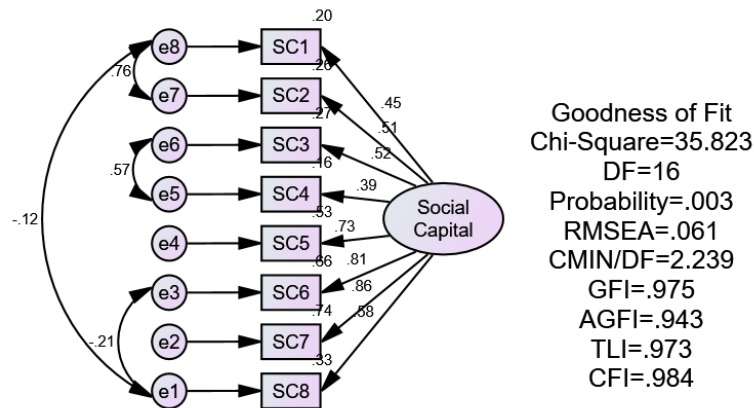

Figure 4.
Output Modification Indices Variable Social Capital (SC)

In Figure 4, it can be seen that the CFA Social Capital (SC) model has been modified by correlating the error value from the largest to reduce the chi square value. There are error values that are correlated to several indicators in this variable, namely e7 and e8, e5 and e6, e1 and e8, e1 and e3. So as to be able to meet the GOF criteria which can be seen in Table 8.

Table 8. Goodness of Fit Social Capital (SC) Modification

Goodness of Fit Index	Cut Off Value	Hasil Estimate	Evaluasi
Chi square	≥ 0,05	35,823	Better Fit
DF	-	16	-

Probability	≥ 0,05	0,003	Marginal
RMSEA	≤ 0,08	0,061	Better Fit
CMIN/DF	≤ 2,00	2,239	Marginal
GFI	≥ 0,90	0,975	Better Fit
AGFI	≥ 0,90	0,943	Better Fit
TLI	≥ 0,90	0,973	Better Fit
CFI	≥ 0,90	0,984	Better Fit

Source: AMOS 24

Based on Table 8, it can be seen that almost all GOF values show better fit because they have fulfilled their respective cut off values, namely the chi square value of 35.823 > 0.50, the RMSEA value of 0.061 <0.08, the GFI value of 0.975 > 0.90, the value AGFI 0.943 > 0.90, TLI value 0.973 > 0.90, and CFI value 0.984 > 0.90.

After getting a fit model, the next step is to look at the value of the standardized factor from all indicators that measure the Social Capital (SC) variable. The estimated value of all indicators can be seen in Table 9, which is as follows:

Table 9. Standardize Loading Factor of Social Capital

Latent	Indikator	SL	SL²	Measurement Error (1-SL²)	S.E	C.R	P
Social Capital	SC8	0,576	0,332	0,668			
	SC7	0,858	0,736	0,264	0,135	10,436	0,000
	SC6	0,812	0,659	0,341	0,118	9,701	0,000
	SC5	0,731	0,534	0,466	0,143	9,729	0,000
	SC4	0,395	0,156	0,844	0,195	6,223	0,000
	SC3	0,519	0,269	0,731	0,199	7,742	0,000
	SC2	0,508	0,258	0,742	0,111	7,620	0,000
	SC1	0,447	0,200	0,800	0,113	6,537	0,000
	SUM	4,399	2,945	4,055			
	Construct Reliability	0,83					
	Variance Extracted	0,50					

Source: AMOS 24

In Table 9, the results of data processing as output from the AMOS software can be seen that the Social Capital variable measurement model can meet the required values of convergent validity and each indicator can reflect its latent variables. All indicators have standardize loading (SL) ≥ 0.30 with significance at the 1% level and CR > 1.96.

It can also be seen that the construct reliability and variance extracted from social capital variables each have a value of 0.83 and 0.50. This value meets the requirements of the construct reliability value (0.83 > 0.70) and the variance extracted (0.50 ≥ 0.50). So that the social capital variable has good reliability and is able to explain the indicators well and pass the discriminant validity requirements.

Based on this discussion, it can be concluded that the social capital variable CFA has met convergent validity, discriminant validity, construct reliability, and acceptable fit from the fulfillment of GOF.

Measurement Model of Risk Taking through CFA

The measurement model through confirmatory factor analysis (CFA) on the variable risk taking (RT) is as follows:
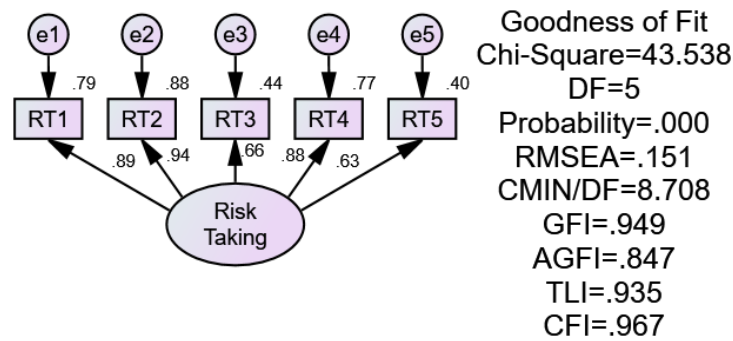
Figure 5.
CFA Risk Taking (RT)

In Figure 5, it can be seen that the loading factors of several indicators do not meet the GOF requirements. Because the model is not yet fit as shown in Table 10, this model needs to be modified.

Table 10. Goodness of Fit Risk Taking (RT)

Goodness of Fit Index	Cut Off Value	Hasil Estimate	Evaluasi
Chi square	≥ 0,05	43,538	Better Fit
DF	-	5	-
Probability	≥ 0,05	0,000	Marginal
RMSEA	≤ 0,08	0,151	Marginal
CMIN/DF	≤ 2,00	8,708	Marginal
GFI	≥ 0,90	0,949	Better Fit
AGFI	≥ 0,90	0,847	Marginal
TLI	≥ 0,90	0,935	Better Fit
CFI	≥ 0,90	0,967	Better Fit

Source: AMOS 24

Based on Table 10, it can be seen that the GOF criteria are still marginal because they have not met the cut off value, the probability value is 0.000 <0.05, the RMSEA value is 0.151 > 0.08, the CMIN/DF value is 8.708 > 2.00, the AGFI value is 0.847 < 0. ,90. From Table 10. it can be said that this measurement model is not fit, so it needs to be modified to get a fit model.

Ghozali (2016), suggests that improving a model can be done by paying attention to modification indices. If the error value of an indicator is correlated with errors in other indicators according to the modification indices recommendations displayed by the AMOS software, it can reduce the chi square value and be able to achieve a good GOF. The CFA test on the Risk Taking variable was carried out with several modifications to get a fit model as follows:
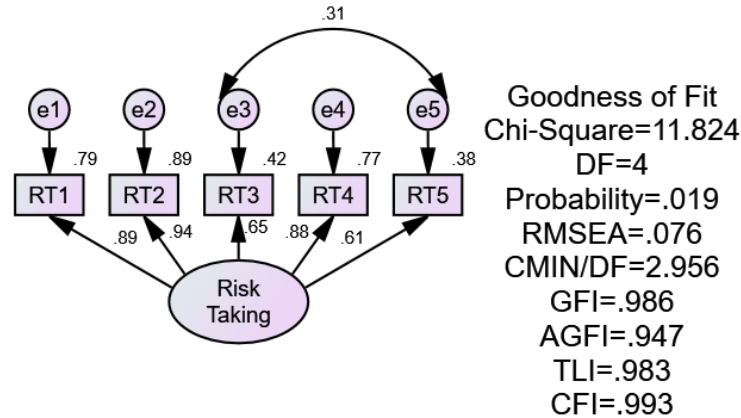
Figure 6.
Output Modification Indices Variable Risk Taking (RT)

In Figure 6, it can be seen that a modification of the CFA Risk Taking (RT) model has been carried out by correlating the error value from the largest to reduce the chi square value. There are error values that are correlated to several indicators in this variable, namely e3 and e5. So as to be able to meet the GOF criteria which can be seen in Table 11.

Table 11. Goodness of Fit Risk Taking (RT) Modification

Goodness of Fit Index	Cut Off Value	Hasil Estimate	Evaluasi
Chi square	≥ 0,05	11,824	Better Fit
DF	-	4	-
Probability	≥ 0,05	0,019	Marginal
RMSEA	≤ 0,08	0,076	Better Fit
CMIN/DF	≤ 2,00	2,956	Marginal
GFI	≥ 0,90	0,986	Better Fit
AGFI	≥ 0,90	0,947	Better Fit
TLI	≥ 0,90	0,983	Better Fit
CFI	≥ 0,90	0,993	Better Fit

Source: AMOS 24

Based on Table 11, it can be seen that almost all of the GOF values show better fit because they have fulfilled their respective cut off values, namely the chi square value of 11.824 > 0.05, the RMSEA value of 0.076 <0.08, the value, the GFI value is 0.986 > 0, 90, AGFI value 0.947 > 0.90, TLI value 0.983 > 0.90, and CFI value 0.993 > 0.90.

After obtaining a fit model, the next step is to look at the standardized factor values of all indicators that measure the Risk Taking (RT) variable. The estimated value of all indicators can be seen in Table 12, which is as follows:

Table 12. Standardize Loading Factor of Risk Taking

Latent	Indikator	SL	SL²	Measurement Error (1-SL²)	S.E	C.R	P

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Risk Taking	RT1	0,891	0,794	0,206			
	RT2	0,942	0,887	0,113	0,042	26,623	0,000
	RT3	0,648	0,420	0,580	0,047	13,809	0,000
	RT4	0,876	0,767	0,233	0,049	23,185	0,000
	RT5	0,613	0,376	0,624	0,041	12,77	0,000
	SUM	3,970	3,244	1,756			
	Construct Reliability	0,90					
	Variance Extracted	0,65					

Source: AMOS 24

In Table 12, the results of data processing as output from the AMOS software can be seen that the measurement model of the Risk Taking variable can meet the required values of convergent validity and each indicator can reflect its latent variables. All indicators have standardize loading (SL) ≥ 0.30 with significance at the 1% level and CR > 1.96.

It can also be seen that construct reliability and variance extracted from risk taking variables each have a value of 0.90 and 0.66. This value meets the requirements from the value of construct reliability (0.90 > 0.70) and variance extracted (0.65 ≥ 0.50). So that the risk taking variable has good reliability and is able to explain the indicators well and pass the discriminant validity requirements.

Based on this discussion, it can be concluded that the CFA variable risk taking has met convergent validity, discriminant validity, construct reliability, and acceptable fit from the fulfillment of GOF.

CONCLUSION

This measurement model is in accordance with data that has been collected on SMEs in West Sumatra and there are several hypotheses that can be accepted. All indicators are significant and more than 0.3 which indicates that all indicators are valid. In the variable entrepreneurial financing choice, the highest loading factor value is found in the third indicator and the lowest value is found in the first indicator. In the social capital variable, the highest factor loading value is found in the seventh indicator and the lowest value is found in the fourth indicator. In the risk taking variable, the highest Loading Factor value is found in the second indicator and the lowest value is found in the fifth indicator. This measurement model has met the validity. This means that the sample in this study met the criteria.

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