

# CHAPTER I

## INTRODUCTION

### 1.1 BACKGROUND OF THE STUDY

Entrepreneurship is becoming a very necessary tool to increase economic growth and development of the country. Entrepreneurship has become a trending topic that was always interesting to be discussed especially in developing country in Indonesia. Entrepreneurship is not only provided to help in accomplishing individual personal trends but also to help the government to increase economic growth and development, because of the economic contribution by entrepreneurs when they open new job opportunities, increase people welfare, create values for society and at the end alter economic growth and development of a country. As a result, development of entrepreneurship in the society is very important.

In Lacap (2017, p.1), some literatures in the realm of psychology and human behavior recommend that personality traits can have affected on individual's entrepreneurial intentions. Personality factors can have a vital role in establishing entrepreneurial process theories such as entrepreneurial intentions.

Personality is some attributes of behavior that defines each person. Therefore, each person is different with the other person. For example, although twins have exactly similar face but it proves that they have different personalities which these could differentiate them. The big-five personality traits is the most popular theory in psychology and is being developed to other people's theories as well. The big-five personality is consists of extraversion, openness, neuroticism, conscientiousness, and agreeableness.

Entrepreneur's intention is the initial method in the entrepreneurial process. It becomes one of the best predictors of entrepreneurial personality behavior. According to Bird in Pilkova *et al.* (2017, p.2056), "entrepreneurial intentions are entrepreneur states of mind that direct attention, experience and

action toward a business concept. This is a basic and general definition". This study have highlighted few selected factors that influence entrepreneurial intention and will be further discussed below. These factors include innovativeness, risk-taking propensity, family background, supportive environment, entrepreneurship barrier, and entrepreneurship education.

There are many young entrepreneurs who want to learn and improve their entrepreneurial skills whereas only few universities provide entrepreneurship subject in Medan. In this research paper, the writer chooses UPH Medan as the university that provides entrepreneurship subject. UPH Medan is located at Jalan Imam Bonjol No. 6 Medan. In addition, UPH is well known for their business school especially for the management major. Initially, UPH Medan is only focusing on two specializations for business management major which are entrepreneurship major and marketing major, while now they added one specialization which is international business major.

However, the writer found that some students did not want to become entrepreneurs were because of it was too risky, there was a barrier from people that close to you, and the entrepreneurship study did not suit them well. It was shown from the preliminary interview with the two students from UPH Medan. The first student called "C", said that she had no intention to open up a business in the future because she stated that she did not like the management subject. In addition, she was studying here only because of her parents. She is also a type of person who is very quiet and passive in the class. The second student with initial "L", said that she had no intention to start her own business in the future because she is the type of a person who is easy to feel guilty, afraid, and stress. She also said that she would like to work with other companies rather than start her own business because it was very risky. After studying the entrepreneurship subject, she found out that this major was not suitable for her. The third student with initial "F" said that she was very enthusiast and interested with this study because she is very active, energetic, sociable, and creative. She also has planned to open up a business in the future.

Therefore, through this writing, the writer would like to write this research paper with the title: **“The Influence of Personality Traits Towards Entrepreneurial Intentions among Business Management Students at UPH Medan”**.

## **1.2 PROBLEM LIMITATION**

This research only examined management students that took entrepreneurship subject with the population of 63 students. The classes that would be conducted in this research were in 15M3 and 15M4. The writer was using the indicators of personality traits such as extraversion, openness, neuroticism, conscientiousness, and agreeableness. On the other hands, there were also the indicators of entrepreneurial intentions which focused on six things such as innovativeness, risk taking propensity, family background, supportive environment, entrepreneurship barrier, and entrepreneurship education.

## **1.3 PROBLEM FORMULATION**

The problem formulation will be the question that relates the analysis of the research paper which is: Is there any influence of personal traits towards entrepreneurial intention among business management students at UPH Medan?

## **1.4 OBJECTIVE OF THE RESEARCH**

The objective of the research is to know whether there is an influence of personality traits towards entrepreneurial intention among business management students at UPH Medan.

## **1.5 BENEFIT OF THE RESEARCH**

### **1.5.1 THEORETICAL BENEFIT**

The theoretical benefits are to come up with new understanding and new theory from the result of research paper. The other benefit is to become a comparison of information for the reader’s research.

### **1.5.2 PRACTICAL BENEFIT**

The practical benefit is to give input and direction for students on how to do their research in the future and to provide advice for students who have intention to open up a new business based on their characteristics.

### **1.6 SYSTEMS OF WRITING**

Below are systems of writing for five chapters used in this research:

#### **Chapter I**

##### **Introduction**

This chapter consists of background of the study, problem limitation, problem formulation, objective of the research, benefit of the research where it includes theoretical and practical benefit, and systems of writing.

#### **Chapter II**

##### **Literature Review and Hypothesis Development**

This chapter consists of theoretical background, previous research, hypothesis development, research model, and framework of thinking.

#### **Chapter III**

##### **Research Methodology**

This chapter consists of research design, population and sample, data collection method, operational variable and variable measurement, and data analysis method.

#### **Chapter IV**

##### **Data Analysis and Discussion**

This chapter consists of general view of research object; data analysis where it includes descriptive statistic, result of data quality testing, and result of hypothesis testing; and discussion.

#### **Chapter V**

##### **Conclusion**

This chapter consists of conclusion, implication, and recommendation.