

# CHAPTER I INTRODUCTION

An introduction is essential in researching because it can show a research layout. The introduction can point out the important information of the research, which can clarify the purpose of the research problem by showing the study's true substance. The attribute included in the introduction is the research background, problem statement, research problems, research aim and objectives, what benefits this research can provide, the scope of the study, and the outline of the chapter.

## 1.1 Research Background

Many parts of the world need entrepreneurship to keep the world flowing and running by the innovation and businesses that entrepreneurs created, with the skill and intention to build something out of nothing, and help the society by delivering jobs and special skills that will be useful for the country and nation (Valerio et al., 2014).

Being an entrepreneur is very vulnerable; how an entrepreneur behaves and acts can determine how far the goals can be achieved through hard work and time sacrifice. (Casson & Casson, 2013).

Entrepreneurship is the whole layout for the entrepreneurs because they are part of entrepreneurship by actualizing their concept of mind and action through their attitude and intention of becoming an entrepreneur (Valerio et al., 2014). Entrepreneurial engagement must be seen through the person's social or psychological characteristics to re-define the essence of entrepreneurship from the empowerment of entrepreneurship researchers (Valerio et al., 2014).

Entrepreneurship has been around for centuries where everything began at the smallest level of business and trading very small and easy things to get around

the society, with the people who trade may not realize that they have become an entrepreneur by such simple trading with one another (Casson & Casson, 2013). Entrepreneurship behavior comes from the personal need to gain something one desires by giving something that a person has (Valerio et al., 2014).

An environment where a person resides greatly affects the rate of entrepreneurship itself; having differentiation in supply and demand supported by environmental gaps will create the necessary action for individuals to subconsciously become an entrepreneur (Valerio et al., 2014).

Entrepreneurial behavior can be achieved through self-development, the environment of the individual, and the surrounding people who have been affected by different types of entrepreneurship experiences and entrepreneurship mindset that have become a knowledge that they do not even notice (Valerio et al., 2014). The beginning of entrepreneur ambition can be found in an individual's intention.

Some individuals already have the spirit and mindset that push them to see entrepreneurship as their life and destiny, supported by their unique personality that sees entrepreneurship as their way of life (Frese et al., 2014). Entrepreneurs have been growing exponentially over the last decades. More people realize that being an entrepreneur is all about hard work and having the right mindset to overcome challenges (Frese et al., 2014).

The Entrepreneurial world will keep changing, leading to uncertainty that will slowly affect the individual attitude towards entrepreneurship and eventually lead to the changes in the intention of becoming an entrepreneur, this will eventually affect the individual perception on whether they should take the entrepreneurial as their careers because an individual with a mental readiness that was supported by their surroundings will increase their entrepreneurial intention (Rauch & Hulsink, 2015).

The global increase of entrepreneurs is something required for the good of the economy because entrepreneurs are one of the important aspects of fulfilling society's economy. The importance of growth is essential to the environment because the growth of entrepreneurs can be a huge impact on the number of jobs available for the people who need it (Tigu et al., 2015). Indonesia is a big nation with a big population consisting of around 272.229.372 individuals, where 137.521.557 individuals are male and 134.707.815 are female.

Indonesia's huge population reminds the government that the population needs jobs to sustain their daily lives and families. Suppose the government does not provide entrepreneurial education to society; in that case, the environment will not support the individual to develop the creativity and mindset of embracing one's intention to become an entrepreneur (Kaur, 2013).

The increased entrepreneur rate is also positively supported by the family's education. Family is the strongest source of teaching because students first develop their mindset into whom they are becoming within the family. Students' brains can be easily implanted with a particular knowledge that can lead them to a specific mindset (Hutasuhut, 2018).

A family with an entrepreneurship background will be a huge standing point for a student to develop one's attitude into becoming an entrepreneur; how this student sees entrepreneurship will be very different from a student coming from a family without entrepreneurial background (Hutasuhut, 2018).

The family's teachings will become right from the perspective of each student from a different family background. The family background also has a strong positive relationship with the student's environment (Hutasuhut, 2018).

Environment plays a big role and is the essence of students' satisfaction with

entrepreneurship education. The environment makes students who they are; by the influence of the environment, students can easily get attached to something new and make them question themselves whether they are willing to attempt or not.

Students' environment can determine whom they are becoming by unconsciously affecting the student mindset inside students' way of thinking. Students with an environment that does not support entrepreneurship education or developing the action for increasing the entrepreneurial attitude will most likely see entrepreneurship as not beneficial because of how the environment affects the student point of view about entrepreneurship (Canever et al., 2017).

This students' mindset of negative thoughts is because the students' environment lacks understanding about entrepreneurship, making them unreliable and fearful of explaining what entrepreneurship is.

This negative impact from the environment's behavior will make students dispose of their attitude towards entrepreneurship education because they become individuals who perceive entrepreneurship education as not beneficial and unreliable for their lives (Khuong & An, 2016).

Many students may have strong suggestions from the environment; these suggestions will eventually build up their way of thinking about entrepreneurship. An environment that strongly supports entrepreneurship education will most likely affect students' attitude towards their intention on building up interest for entrepreneurship education where the entrepreneurship education is the bridge for entrepreneurship attitude that can benefit students to overcome negative mindset about entrepreneurship from the environment (Khuong & An, 2016)

Country	GEI <sup>9</sup>	Country	GEI <sup>10</sup>
Australia	75%	Malaysia	33%
Hong Kong	67%	India	28%
Taiwan	59%	Thailand	27%
Korea	54%	Philippines	24%
Singapore	53%	Vietnam	23%
Japan	52%	Indonesia	21%
China	41%		

**Figure 1.1** Entrepreneurship rates in the Asia Pacific  
Source: Entreversity.com (2018)

The entrepreneur figure in Indonesia is still unable to compete with other Asia Pacific countries according to **figure 1.1** above, the global entrepreneurship index (GEI) was an index that shows the entrepreneurship rate of each country which is an index about economic activity based on how individual in across the world promote entrepreneurship on how they allocate their resources. Compared to other countries where Indonesia is placed on number 13 of entrepreneurship rates for Asia-Pacific countries, which have approximately 21% for entrepreneurship rate. Even though Indonesia is included on the top list, there are few entrepreneurs in Indonesia because each country's population is different.

Indonesia ranked third of the populated country in Asia in 2021, with 255.46 million citizens, India ranked second with 1.299 billion citizens, and China ranked number one with 1.37 billion citizens (Frederick, 2018). This is a big gap for Indonesia compared to entrepreneurs rate within Asia Pacific countries. India's entrepreneurship rate is 28%, which ranked ninth, meaning that India, with a population almost four times that of Indonesia, has a greater figure of entrepreneurs. This can indicate that Indonesia's rate of entrepreneurs is very low if the percentage

is seen from the countries total population. This research data shows that Indonesia still lacks awareness about the importance of entrepreneurial education within the family and the environment.

The researchers found out from the preliminary research that the intention of entrepreneurship arises from the personal attitude of entrepreneurship that was shown individual's mentality readiness to receive the harshness of the entrepreneurship environment (Zaleskiewicz et al., 2020). Mental readiness will determine students' mindset on how to increase their entrepreneurial intention (Zaleskiewicz et al., 2020). Family education puts much pressure on determining the students' choice whether they are interested in entrepreneurship or are scared of it. The attitude must mediate the intention and what builds those attitudes comes from the family education (Zaleskiewicz et al., 2020).

Researchers also show that Risk-taking and risk tolerance that were bounded in the environment and family education is considered the burden of a student to achieve the entrepreneurial intention and play a positive relationship towards entrepreneurial attitude as the variable that mediates the entrepreneurial intention (Robert H. Brockhaus, 2017). Because of how large the failure rate for individual who becomes an entrepreneur, this becomes the reason why students feel they are not capable of building the interest of entrepreneurial intention because they are frightened of the judgment from the environment and become a disappointment for the family (Robert H. Brockhaus, 2017).

Previous research also concluded that students could fail or be successfully influenced by various motives. Some students feel that their environment, family education, and entrepreneurial education do not support them (Robert H. Brockhaus, 2017). Although they can increase entrepreneurial attitude, which will have a positive effect on entrepreneurial intention, some students feel unworthy

to support the burden of entrepreneurial attitude/mental readiness, which is also related to entrepreneurial intention through the environment, family education, and entrepreneurial education that support entrepreneurial attitude (Yukongdi & Lopa, 2017)

Based on observations of students majoring in management at UPH Jakarta University, the writer found that there are still many graduate students who are looking for work in various office sectors, and do not want to become entrepreneurs at the time they graduate from UPH. This indicates that the interest to become entrepreneurs majoring in management at UPH Jakarta University is still relatively small because the graduate students still have uncertainty on taking the entrepreneur careers seriously. Graduate Students from UPH may want to get enough experiences from working in other companies that can give them knowledge and skill that they can actually implement in their future if they want to go for entrepreneur careers, which means the students still does not have enough mental readiness or the attitude to go for the entrepreneurial behavior. Several factors are suspected to be the cause of the low interest of students to become entrepreneurs, among others: entrepreneurial education, entrepreneurial attitude, family education, and environment.

Based on the description above, the writer is willing to do a research entitled **“The Influence of Entrepreneurial Education, Entrepreneurial Attitude, Family Education, and Environment Towards Entrepreneurial Intention of Students in Pelita Harapan University”**.

## **1.2 Problem Statement**

Currently, according to Mr. Erick Thohir as the Minister of State-Owned Enterprises on CNN Indonesia 2021, Indonesia only has a very small percentage

of entrepreneurs because the people still lack awareness about the factors that can affect the entrepreneurial intention, and in fact Indonesia rate of entrepreneurs still below Malaysia and Thailand. Compiled from circumstances addressed in the research background, numerous previous studies, and preliminary study results, researchers want to analyze the factors in students' entrepreneurial intention in university based on environment, entrepreneurial education, family education, and entrepreneurial attitude.

### **1.3 Research Questions**

Based on the discussion above on the research background, the researcher developed several questions.

- 1.3.1 Does entrepreneurial education have a positive relationship with entrepreneurial intention?
- 1.3.2 Does entrepreneurial education have a positive relationship with entrepreneurial attitude?
- 1.3.3 Does family education have a positive relationship with entrepreneurial attitude?
- 1.3.4 Does family education have a positive relationship with entrepreneurial intention?
- 1.3.5 Does environment have a positive relationship with entrepreneurial attitude?
- 1.3.6 Does environment have a positive relationship with entrepreneurial intention?
- 1.3.7 Does environment have a positive relationship with entrepreneurial education?
- 1.3.8 Does entrepreneurial attitude have a positive relationship with entrepreneurial intention?
- 1.3.9 Does entrepreneurial attitude have a positive relationship between entrepreneurial education and entrepreneurial intention?
- 1.3.10 Does entrepreneurial attitude have a positive relationship between family education and entrepreneurial intention?
- 1.3.11 Does entrepreneurial attitude have a positive relationship between environment and entrepreneurial intention?
- 1.3.12 Does entrepreneurial education have a positive relationship between environment and entrepreneurial attitude?
- 1.3.13 Does entrepreneurial education and entrepreneurial attitude have a positive relationship between environment and entrepreneurial intention?
- 1.3.14 Does entrepreneurial education have a positive relationship between environment and entrepreneurial intention?

### **1.4 Research Aim and Objectives**



From the problem declared above, this research aims to:

- 1.4.1 Examine the influence of entrepreneurial education on entrepreneurial intention.
- 1.4.2 Examine the influence of entrepreneurial education on entrepreneurial attitude.
- 1.4.3 Examine the influence of family education on entrepreneurial attitude.
- 1.4.4 Examine the influence of family education on entrepreneurial intention.
- 1.4.5 Examine the influence of environment on entrepreneurial attitude.
- 1.4.6 Examine the influence of environment on entrepreneurial intention.
- 1.4.7 Examine the influence of environment on entrepreneurial education.
- 1.4.8 Examine the influence of entrepreneurial attitude on entrepreneurial intention.
- 1.4.9 Examine the mediation roles of entrepreneurial attitude on the relationship of entrepreneurial education and entrepreneurial intention.
- 1.4.10 Examine the mediation roles of entrepreneurial attitude on the relationship of family education and entrepreneurial intention.
- 1.4.11 Examine the mediation roles of entrepreneurial attitude on the relationship of environment and entrepreneurial intention.
- 1.4.12 Examine the mediation roles of entrepreneurial education on the relationship of environment and entrepreneurial attitude.
- 1.4.13 Examine the mediation roles of entrepreneurial education and entrepreneurial attitude on the relationship of environment and entrepreneurial intention.
- 1.4.14 Examine the mediation roles of entrepreneurial education on the relationship of environment and entrepreneurial intention.

## **1.5 Benefits of Research**

By doing this research, the researcher expected that it could be useful for:

### **1.5.1 The researcher**

By doing this research, the researcher expected to better understand the correlation created between environment, family education, entrepreneurial education, entrepreneurial attitude, and entrepreneurial intention, especially for university students.

### **1.5.2 UPH Business School**

By doing this research, the researcher wants this study to benefit UPH Business School by developing the mindset and knowledge of the relationship between environment, family education, entrepreneurial

education, entrepreneurial attitude, and entrepreneurial intention. The researcher also hopes that this study could become a collection of research to elevate the latest curriculum of Business Schools.

### **1.5.3 University Students**

The researcher wishes that this research could benefit university students in finding a related topic based on their assignment and provide a better insight into what affects them should they wish to pursue entrepreneurship for their future career. Also, to help them reduce their hesitance to achieve their entrepreneurial intention.

### **1.5.4 The future research**

By doing this research, there is a high expectation from the researcher that this research could be beneficial for future researchers correlated with this research's topic by making this study a supporting reference. Furthermore, it can help future researchers become a breakthrough for topics or studies related to this research.

## **1.6 Chapter Outline**

Five main chapters will be presented in this research are as follows:

### **1.6.1 Chapter I Introduction**

This chapter consists of the research background, problem statement, the research problem, the research's aim and objectives, what benefits this research can give, the scope of the study, and the outline of the chapter. Concisely, the portrayal of the research's outline will be shown in this chapter.

### **1.6.2 Chapter II Literature Review**

This chapter will discuss the knowledge supported by the correlated theories in describing all the relationships between variables, the variables, and the theoretical framework of this research.

### **1.6.3 Chapter III Research Methodology**

All the methodology used by the researcher will be transmitted through this chapter containing the research strategies, interference of the research, research setting, the scope of study, unit of analysis, time horizon, collection of data, measurement, and sampling.

### **1.6.4 Chapter IV Results and Discussions**

The outcome of this research will be disclosed and presented in this chapter by the conducted analysis of data, including validity test, reliability test, descriptive analysis, PLS-SEM analysis, inner model, outer model, multicollinearity test, and hypothesis testing.

### **1.6.5 Chapter V Conclusions and Suggestions**

The conclusion of this research will be presented in this chapter, and the researcher also hopes that this research outcome could be beneficial knowledge for university students and future researchers.