

CHAPTER I

INTRODUCTION

This chapter implements a lay-out of the research's complete framework. It comprises the research background, research problem, research questions, research purpose, significance of study, as well as the organization of the study in accordance to the consecutive chapter.

1.1 Research Background

An entrepreneur is an individual who builds or creates a business and manages it. They are known for being a leader, a driver, a responsible, and an accountable individual in regards to handling a business (Ohanu & Ogbuanya, 2018). According to Chasserio et al (2014), an entrepreneur has many social identities and takes on various social responsibilities. They are defined as someone who recognizes a need or gap in society and aims to measure it (Chukwu et al., 2019; Faisal & Anthoni, 2021). Entrepreneurship can also be considered to be one of the most essential factors in a country's economic development and this can be influenced by the number of entrepreneurs existing. Due to the importance of entrepreneurship towards economic growth all over the world, both developed and developing countries are keeping a closer eye on entrepreneurs (Dhaliwal, 2016).

Entrepreneurial intention is a key factor of an individual's tendency to start and run a business. All business process-related issues will appear to be more serious to someone who is not interested in entrepreneurship than to someone who is

(Esfandiar et al., 2019). The entrepreneurial intention can also be defined as the process of acquiring knowledge for the purpose of achieving a business goal. Students who are exposed to this kind of information may develop positive attitudes towards entrepreneurship. Moreover, it is also recognized that a career in entrepreneurship provides individuals with considerable chances to achieve not only the economy, but also financial independence through the contribution of innovation, economic growth, and job creation. Individuals who engage in certain business or become an entrepreneur are motivated by a desire to generate job vacancies, earn a living, expand their wealth, and many more (Ohanu & Ogbuanya, 2018).

An entrepreneur's intention is critical due to the fact that extensive research has shown that the willingness to become an entrepreneur plays a key component in a person's decision to start a new firm. Only when countries and government bodies are well-informed about the various components associated with entrepreneurial purpose in various cultural settings can they encourage and influence young individuals to aspire to or become entrepreneurs (Ozaralli & Rivenburgh, 2016). Understanding the elements that influence an entrepreneur's determination to start a business will not only speed up the entrepreneurial process, but will also shape a person's entrepreneurial intentions both in theory and practice (Hu et al., 2018). Uncovering the measure of forming entrepreneurial purpose is also critical in regards to fostering entrepreneurial ventures (Carsrud & Brännback, 2011).

The latest annual poll of youth attitudes in ASEAN countries, conducted by the World Economic Forum, depicts a continent brimming with entrepreneurial zeal.

Indonesia is experiencing a difficulty in terms of boosting the number of entrepreneurs. As a result, the government continues to promote vocational individuals to create entrepreneurship through the Ministry of Education, Research, Culture, and Technology. So far, entrepreneurship has become a standard course of study in all Indonesian universities. For many years, entrepreneurship learning resources have been included in all Indonesian curriculum, yet the number of entrepreneurs in Indonesia remains low in comparison to surrounding nations.

Minister of Cooperatives and SMEs Teten Masduki mentioned that Indonesia has a low number of entrepreneurs compared to neighboring countries like Thailand (4.26%), Malaysia (4.74%), and Singapore (8.76%), according to Kompas. Furthermore, Indonesia aims to increase its population to 4% by 2024. According to Puspayoga (2015) during the National Self-Employed Entrepreneur Program in Jakarta, in order to be regarded as a developed country, the respective country must have at least 2% of its population who work as entrepreneurs. The Director of Vocational Education Kemendikbudristek Wikan Sakarinto stated that Indonesia needs to reform in order to develop 4 million new entrepreneurs in order to truly earn the name of one of the world's top five economies. Professionals frequently develop prototypes while teaching the value of entrepreneurship. Otto Purnawarman, the Bandung Polman Business Management Agency's coordinator underlined the necessity of encouraging entrepreneurial behavior. He also claims that universities might be chosen to carry out talent entrepreneurship programs.

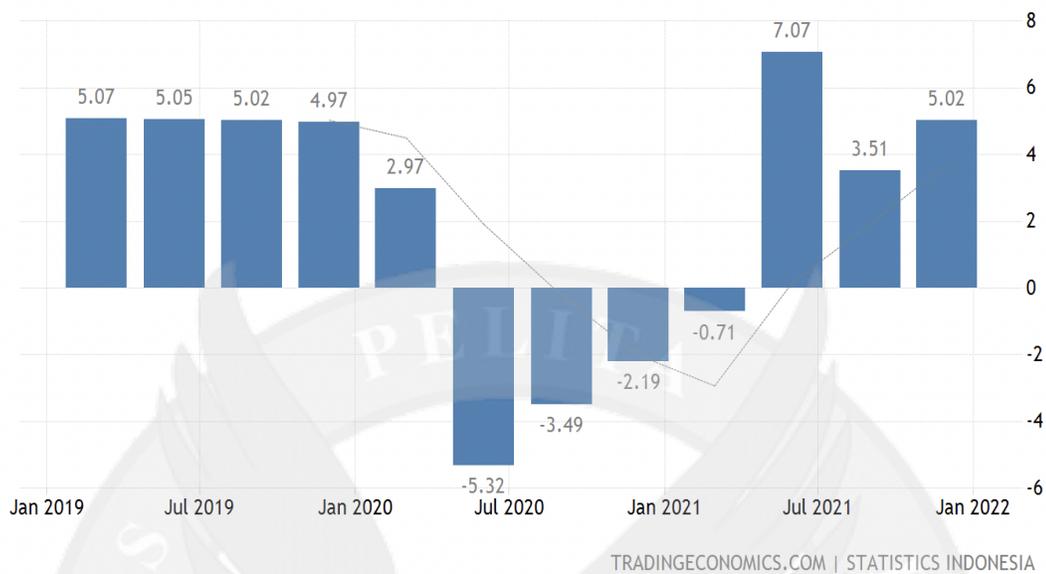


Figure 1.1 Economic growth in the third quarter of 2021 in Indonesia

Source: Statistics Indonesia

Based on data from Badan Pusat Statistik (BPS) Indonesia, the economy maintained a positive growth in the third quarter of 2021 considering the surge of the coronavirus. The national economy expanded 3.5% year on year, down from 7.07% the previous quarter. The Indonesian economy has yet to recover or return to normal, despite the fact that before the pandemic, the economy grew roughly 4% quarter-to-quarter. Meanwhile, the current quarter-to-quarter growth rate is still hovering around 3%.

This research hopes to discover factors that may influence university students' entrepreneurial intentions, given that millennials have higher innovation and creativity in order to increase the entrepreneurship rate in Indonesia

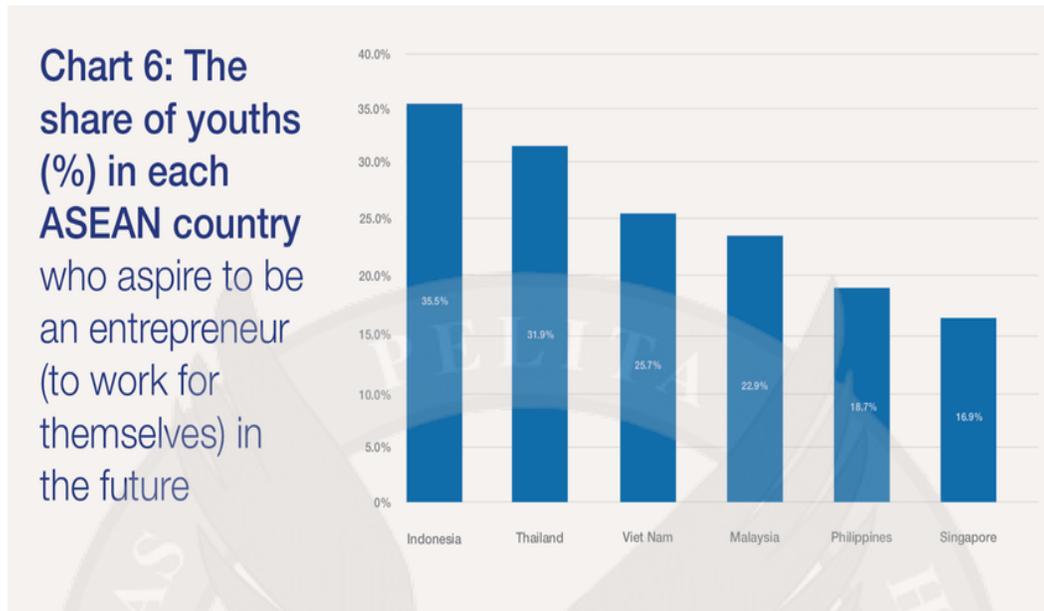


Figure 1.2 The share of youths (%) in each ASEAN country who aspire to be an entrepreneur in the future

Source: World Economic Forum

According to Masduki (2021), entrepreneurship is a strategic decision for millennials that has the potential to strengthen Indonesia's economy. In addition to their independence, millennials are also dynamic. Thus, aiming to tap into their potential in order to boost the country's entrepreneurial numbers.

When it comes to putting entrepreneurship policy programs and activities into action, university and college students are one group that receives special attention. Ambad and Damit (2016) mentioned that, to legitimize and motivate pupils, policy measures are implemented in order to pursue entrepreneurship and, more critically, to consider starting their own business as a long-term professional alternative. Students are recognized as a major source of thriving entrepreneurship of

the future. Approaches to encourage entrepreneurial spirit among university students are being developed regardless of their chosen field of study (Ambad & Damit, 2016). Understanding the students' entrepreneurial aspirations in regards to establishing a new company or engaging in any other entrepreneurship activity, on the other hand, is a critical step in helping them build an entrepreneurial spirit. According to scholars, a student's determination to become an entrepreneur as a professional choice is a crucial deciding factor for them when they graduate university, and so determines their future entrepreneurship intention or behavior (Verheul et al., 2012; Wibowo, 2017).

Various research have revealed that successful young entrepreneurs in Indonesia nevertheless have some flaws. It's important to have a plan for how to prepare the next generation of young entrepreneurs by providing information and education in regards to the importance of recognizing key qualities and values (Baion & Marfcman, 2000 ; Nelles, 2011). Indonesia needs a well-educated new generation to cope with the nation's struggles. The number of job prospects in Indonesia is limited, and is no longer able to keep up with the population growth rate, particularly among those of working age (Suparno et al., 2019).

1.2 Research Problem

According to Vice President Ma'ruf Amin, a country's economy can be regarded as advanced if business parties account for 10% of the population, in addition to research and innovation. Based on the 2018 Entrepreneurship Global Index, Indonesia's overall number of entrepreneurs is still very low, accounting for

only 3.1 percent of the population, falling short of the aim of 2 million entrepreneurs. Additionally, there are issues that must be addressed in terms of educational approaches and other competencies for preparing successful entrepreneurs (Statistics Indonesia, 2019). Subsequently, Indonesia requires the young generation to be educated in order to help solve the endeavor of this nation. It requires a lot of business and entrepreneurial activities to transform Indonesia into a more advanced country. Entrepreneurs have a natural tendency to keep innovating and bringing new technologies to the market in order to win market share and increase the country's competitiveness, create a large number of jobs, and lower the unemployment rate. Furthermore, entrepreneurs are also viewed as national assets that should be cultivated, promoted, and rewarded to the maximum extent possible.

Based on the phenomena discussed in the research background, several previous studies and the preliminary study result, this research aims to examine the factors that encourage Indonesian university students to pursue entrepreneurial intention in terms of their entrepreneurial mindset, education, behavior, competency, and norms.

1.3 Research Questions

In regards of the background discussion above, the following are the research's concern:

1. Does an entrepreneurial mindset affect Indonesian university students' entrepreneurial intentions positively?

2. Does entrepreneurship education affect Indonesian university students' entrepreneurial intentions positively?
3. Does perceived behavioral control affect Indonesian university students' entrepreneurial intentions positively?
4. Does self-competence affect Indonesian university students' entrepreneurial intentions positively?
5. Does subjective norms affect Indonesian university students' entrepreneurial intentions positively?

1.4 Research Purpose

Based on the problems stated above, this study aims to:

1. To test whether Entrepreneurial Mindset positively affects Indonesian university students' Entrepreneurial Intention.
2. To test whether Entrepreneurship Education positively affects Indonesian university students' Entrepreneurial Intention.
3. To test whether Perceived Behavioral Control positively affects Indonesian university students' Entrepreneurial Intention.
4. To test whether Self-Competence positively affects Indonesian university students' Entrepreneurial Intention.
5. To test whether Subjective Norms positively affects Indonesian university students' Entrepreneurial Intention.

1.5 Significance of Study

This study's findings are likely to provide a variety of benefits or make a significant contribution both theoretically and practically.

1.5.1 Theoretical

This research is formed in hopes that this will serve as a starting point for further research into the association between entrepreneurial mindset, entrepreneurial education, perceived behavioral control, entrepreneurial self-competence, and subjective norms with the entrepreneurial intention of university students based in Indonesia. This can also be used as a recommendation for readers to acknowledge how this study can relate to real-life situations.

1.5.2 Practical

This study is expected to be utilized as a guide to assist researchers in comprehending how an individual's (Indonesian university students) entrepreneurial mindset, education, desire, competence, and norms can affect their willingness to become future entrepreneurs. The author also expects that this study would assist Indonesian entrepreneurs to become more innovative, which will improve the Indonesian economy.

1.6 Organization of the Study

This research is divided into several chapters to make it easier to locate the information needed and to demonstrate that the work was completed in a systematic manner. The chapters are arranged in the following order:

CHAPTER 1 *Introduction*, covers the study's background, problem statement, research question and objective, significance of study, as well as the study's importance and all linked organizations.

CHAPTER 2 *Literature Review*, consists of the consideration of all the necessary theories as the foundation of the understanding in explaining all the variables, theoretical framework, as well as the hypothesis of the problem that is stated.

CHAPTER 3 *Research Methodology*, contains a description of the research's analytical technique, as well as the data and its sources.

CHAPTER 4 *Results and Discussions*, consists of testing the research's validity, reliability, as well as examining and processing the results from the data sample utilized by previous researchers in order to infer the hypothesis classified in the previous chapters.

CHAPTER 5 *Conclusions and Suggestions*, wraps up the study and provides helpful conclusions and recommendations for any future researchers who want to investigate this further.