

CHAPTER I

INTRODUCTION

1.1 Research Background

Entrepreneurship can be defined in different ways, but it is generally considered a distinct discipline that involves creating and developing new organizations or businesses. It requires discipline, independence, and a willingness to break old habits and establish new ones. Entrepreneurship is also the key to success and opens up new paradigms for individuals who create new organizations or businesses (Barot, 2015). In addition, entrepreneurship is seen as an art form that requires creativity, autonomy, adaptability, and the ability to create value not only economically but also socially and artistically (Chang & Wyszomirski, 2015). Entrepreneurship can be defined in various ways, such as a process of successful organization, a means of building mindset and skills, or a driver for job creation and economic development (Barot, 2015; Hessels & Naudé, 2019). However, all of these definitions share the common goal of entrepreneurship which is to generate opportunities for job creation and contribute to economic growth (Diandra & Azmy, 2020).

Businesses are no longer run only by men. Globally, women comprise approximately one-third of high growth and innovation entrepreneurs who are targeting both domestic and foreign markets. Women in upper-middle income countries demonstrate remarkable innovation and high-growth entrepreneurship, with equal representation to men when it comes to focusing on international markets (GEM, 2022). However, according to the latest Women's Entrepreneurship

Report from the Global Entrepreneurship Monitor for 2021/2022 (GEM, 2022), there has been a 15% decrease in startup rates among women from 2019 to 2020, and this rate remained unchanged in 2021. During the two-year duration of the pandemic, there was a rise in business closure rates for both women and men. However, women experienced a higher increase in business exits compared to men. In upper-middle income countries, women were particularly affected, witnessing a substantial 74% surge in business closures from 2019 to 2021, while men experienced a comparatively lower increase of 34% (GEM, 2022).

Across all 49 surveyed countries, men were significantly more engaged in business activities and had greater investments in this field than women. The extent of gender inequality was most evident in countries with lower incomes, while women in upper-middle-income countries were making progress towards achieving gender equality. Experts at the national level often evaluate the supportive conditions for female entrepreneurs unfavorably in numerous countries, which could influence women's perception of entrepreneurship as a less attractive career choice relative to men (GEM, 2022).

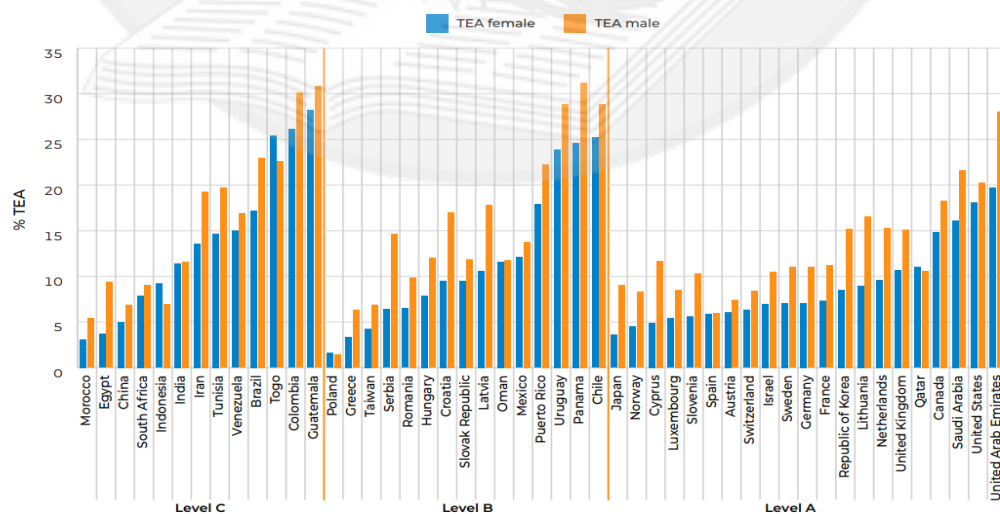


Figure 1.1 Total Early Stage Entrepreneurial Activity (TEA) by gender

Source: GEM, (2022)

The figure presented above shows the proportion of Total Early Stage Entrepreneurial Activity (TEA) by gender for the year 2022/2023. Overall, the percentage of male entrepreneurs is higher than that of female entrepreneurs worldwide. However, in Indonesia, the number of female entrepreneurs has exceeded that of male entrepreneurs by 2.2%. In this time period, the proportion of female entrepreneurs in Indonesia is 9.2%, which is higher than the proportion of male entrepreneurs at 7%. While male entrepreneurs still constitute the majority of TEA, the figure demonstrates that the proportion of female entrepreneurs in Indonesia has shown a positive trend.

Although women have faced challenges and discrimination in the past, they are now starting and running successful businesses around the world, including in Indonesia. Women entrepreneurs are becoming a major force in the global economy and are seen as key contributors to economic growth and job creation (World Bank Indonesia Collection, 2016).

Despite their innovative ideas, women still encounter obstacles that hinder their ability to compete with men. These challenges can be categorized into four main areas: discrimination, wage disparities, lack of entrepreneurial knowledge, and prejudice (Fahlevi et al., 2019; Magesa et al., 2013). Fahlevi et al. (2019) notes that in Indonesia, gender roles are viewed as customary and women are expected to conform to them. Patriarchy is still a significant issue in Indonesia, and many societies worldwide promote patriarchal beliefs, leading to prejudice against women (Stopler, 2005; Stopler, 2008; Valentine et al., 2014). In Indonesia, the

prevalent perception is that women lack the necessary skills to run a business, which has led to a decrease in their motivation to participate in entrepreneurial activities. Instead, many women believe that their role is to manage domestic duties and care for their families (Tambunan, 2017). Tambunan (2017) also affirms that becoming an entrepreneur in Indonesia is primarily viewed as a male endeavor, especially in large modern firms.

Gender disparity remains a significant obstacle that impedes the efficient management of businesses. Despite increased access to education for women in recent times, a significant majority still lacks the technical expertise, vocational skills, and experience required to effectively operate large enterprises (World Bank Indonesia Collection, 2016). Moreover, research indicates that women face limited access to information and communication technology (ICT), which is vital for succeeding in today's interconnected global market (Fahlevi et al., 2019). Amalu & Okafor (2010) and Magesa et al. (2013) conducted studies indicating that women entrepreneurs frequently face a shortage of entrepreneurial knowledge and technical skills. This scarcity can be attributed to the limited availability of vocational and technical education and training programs in entrepreneurship, which have traditionally been a field dominated by men. This lack of hands-on knowledge and skills has resulted in a disadvantage for women in effectively managing their businesses. Rudhumbu et al. (2020) conducted individual studies that demonstrated how limited access to vocational and technical education and training in entrepreneurship has put female entrepreneurs at a disadvantage, resulting in a lack of necessary entrepreneurial knowledge and technical skills, perpetuated by societal beliefs that this sector is predominantly for men.

Anggadwita & Dhewanto (2016) found that a competitive market serves as a significant obstacle for women in Indonesia when it comes to initiating their own businesses. The researchers also observed that many women entrepreneurs in Indonesia perceive themselves at a disadvantage compared to their male counterparts, as men tend to offer more competitive products in the market.

As a result, women entrepreneurs are at a disadvantage when it comes to practical knowledge and skills needed for running a successful business (Rudhumbu et al., 2020a). However, more women have access to entrepreneurial education in this current competitive environment, universities all across the world, including in Indonesia, have been cultivating entrepreneurship a priority in their academic programs. In recent times, universities have shifted their attention towards fostering entrepreneurial endeavors among their students. They accomplish this by offering a comprehensive range of foundational and advanced entrepreneurial skills, cultivating an entrepreneurial culture, and arranging tailored lectures, courses, and training programs specifically designed for aspiring young entrepreneurs. Researchers have also started to investigate student entrepreneurship, often associating it with the growth of entrepreneurial intentions (Meoli et al., 2020; Luthje & Franke, 2003).

According to Agussani (2020), women in Indonesia have made significant strides in both their careers and business ventures in recent years. The researchers attribute this success to women's increasing innovation and establishment of highly competitive small enterprises. The survey results indicate that women entrepreneurs in Indonesia are involved in a wide range of industries. Approximately 26% of Indonesian women actively participate in entrepreneurial endeavors, and they

possess ownership of around 60% of micro, small, and medium-sized enterprises (MSMEs) in the country. This suggests that women play a predominant role as owners and managers of MSMEs in Indonesia, surpassing their male counterparts (Fahlevi et al., 2019). The author further emphasizes that previous studies on female entrepreneurship in Indonesia have primarily focused on informal trade activities and family businesses. However, it is crucial to recognize the significant contribution of women entrepreneurs in these types of ventures (Agussani, 2020).

Based on the description above, the researcher believed that female students had the potential to become entrepreneurs. Therefore, the purpose of this study is to explore and analyze the factors that could foster entrepreneurial spirit in female students. To study and analyze the concept, the researcher decided to use 4 variables namely: Supporting Condition, Entrepreneurial Self-Efficacy, Perceived Behavioral Control and Female Entrepreneurial Intention. These variables were selected based on previous research suggesting that they are interconnected and have a cause-and-effect relationship.

1.2 Research Questions

After identifying on what problems to research about, the research question will be created based on the research background, below are the research questions that will be answered in this research:

1. Does supporting condition positively affect female university students' entrepreneurial self-efficacy?
2. Does supporting condition positively affect female university students' perceived behavioral control?

3. Does the entrepreneurial self-efficacy positively affect female university students' entrepreneurial intention?
4. Does perceived behavioral control positively affect female university students' entrepreneurial intention?

1.3 Research Objectives

The following is stated as the study's objective in accordance with the research problem, which is:

1. To determine whether supporting condition positively affect female students' entrepreneurial self-efficacy.
2. To determine whether supporting condition positively affect female students' perceived behavioral control.
3. To determine whether entrepreneurial self-efficacy positively affect female students' entrepreneurial intention.
4. To determine whether perceived behavioral control positively affect female students' entrepreneurial intention.

1.4 Research Contribution

The purposes or goals of this study is to make both theoretical and managerial contributions:

- Theoretical Contribution

The theoretical contribution of this study relates to female students at Indonesia's understanding of entrepreneurship factors on businesses and to also gather and monitor individual data and statistics.

- Managerial Contribution

The managerial purpose of this research study is to inform future readers and female entrepreneurs about the significance of these factors for entrepreneurship so that they may utilize it as a source of information.

1.5 Research Limitation

Due to the lack of funds, resources, labor, and time, the research's scope is restricted to:

The respondents are female university students who live in Indonesia, between the age of 18-25, who has the mind of opening a business. The reason for choosing this specific group is because the researcher wants to find out the actual factor behind females' entrepreneurial intention despite them being underrepresented.

1.6 Research Outline

This research paper is divided into five chapters, the details are:

Chapter I: Introduction

Chapter 1 will discuss the study's background, problem statement, research questions, research objectives, research limitations and also theoretical and managerial issues.

Chapter II: Literature Review

Chapter 2 consists of theories, concepts which will be used as a guideline and theory foundation for this research. It also discusses the relationships among variables, research hypotheses, and research models.

Chapter III: Research Methodology

Chapter 3 explains the details on how researchers gain the data and how the data is processed. Included in this chapter is: research paradigm, type of study, research object, sample, population, research design and data collection.

Chapter IV: Result and Discussion

Chapter 4 consists of the research findings, respondents' profiles, the results of the research problems, discussion and analysis of the concepts and variables, and how the research findings are connected to each other.

Chapter V: Conclusion and Recommendations

Chapter 5 consists of the conclusion of this research, theoretical and managerial implications, and suggestions or ideas for future research.

