

CHAPTER I INTRODUCTION

1.1 Research Background

Entrepreneurship has been acknowledged as an engine for economic growth for a while now (Carree et al., 2002). There is plenty of research trying to identify entrepreneurial qualities and orientation, such as people who want to become an entrepreneur tend to have higher ambition than those who don't (Zisser et al., 2019). The growing number of unemployed individuals is starting to take a toll on the economy, in both first world countries and third world countries. Thus, promoting the concept of entrepreneurship is crucial, as it emphasizes the importance of making more people self-employed. (Pradana et al., 2020). Entrepreneurship has emerged as a crucial means of advancing sustainable economic development in recent times. It aids in mitigating unemployment, generating employment opportunities, and enabling the government to augment economic growth. Furthermore, its financial impact contributes to social and human welfare, thereby creating value in society (Mala et al., 2019). Thus, why we need to promote entrepreneurship and entrepreneurial behaviour, especially in a developing country such as Indonesia. Indonesia is still a developing country and entrepreneurship is still low according to the Ministry of Industry Indonesia, it is about 3.1% of the population which is still lacking compared to other countries like Singapore 7%, and Malaysia 5% (Ministry of Industry Indonesia, 2018). Although in recent times Indonesia has developed massive start-ups such as GO-JEK, KOPI-KENANGAN,

SOCIOLLA, TOKOPEDIA. And many more. These start-up companies helped the economy massively and also the small and medium enterprises.

There is a characteristic of unemployment, especially in Indonesia, is that there is a high rate of unemployed work force between the age of 15 until 24, university students that just graduated still have problems finding a job in the national job market (Mutiarasari, A., 2018). Now these unemployed university fresh graduates have another way of contributing to society through entrepreneurship. Entrepreneurial intention refers to an individual's deliberate decision to pursue entrepreneurship as a career by initiating a new business or project (Kautonen et al., 2015). A study has found internal and external factors that are capable of influencing an individual's choices regarding the establishment of a new business (Sharaf et al., 2018). Personality traits are a source of these factors, and they are also linked to the external environment, which can significantly affect an individual's career trajectory. Self-motivation is a critical factor in maintaining entrepreneurial intention (Tanveer et al., 2013). Another study has established a few antecedents of entrepreneurial behaviour; they are family support, self-motivation, peer influence and support from institutions. All of this positively affects personality traits towards entrepreneurial skills, innovativeness, and risk-taking propensity (Shahzad et al., 2021). The utilization of entrepreneurial skills in uncertain environments can generate positive outcomes for entrepreneurs, thereby increasing their level of entrepreneurial intention which is strongly associated with entrepreneurial skills (Shabbir et al., 2017). The propensity to take risks is also

linked to personality characteristics. Which relates to the intention of launching a startup (Maitlo et al., 2020).

With the government announcing the plan to move the national capital to east Kalimantan. January, eighteen of 2022, is a memorable day for some of the Indonesian nation when the Bill on the State Capital (IKN) was passed into law by the Indonesian Parliament and the Government. Thus, Indonesia will have a brand-new capital city (IKN) replacing Jakarta. IKN or Ibu Kota Nusantara is the future capital city of Indonesia the National Capital City will be built to achieve Indonesia's target as a developed country, in line with Indonesia's Vision 2045. Built with a national identity, the National Capital City will shift the development orientation towards being Indonesia-centric and accelerate Indonesia's Economic Transformation (*Tentang IKN*. 2021, December 13). With the future of Indonesia's national capital moving to East Kalimantan, and with the abundance of existing natural resources industries such as the coal industries and the wood industry, this research will be conducted on university students who are studying in one of the biggest cities of East Kalimantan and also its capital city Samarinda. As the 'heart' with its role as the center of East Kalimantan's history and a hub for the renewable energy sector (*Tentang IKN*. 2021, December 13). As entrepreneurial knowledge grows (Farrukh et al ., 2017), it is expected that these young people will become the future of society whether they are in entrepreneurial fields or in corporate jobs and some might start their career as an entrepreneur. This study will also aim to aid fresh graduates or active university students to combat unemployment seeing that East Kalimantan (Kalimantan Timur) has one of the highest unemployment rate in

all of Indonesia. The figure below shows the unemployment rate in Indonesia based on percentage data taken from Badan Pusat Statistik Indonesia.

Table 1.1 unemployment rate in Indonesia

Provinsi	Tingkat Pengangguran Terbuka Menurut Provinsi (Persen)		
	2022 Februari	2022 Agustus	2023 Februari
ACEH	5.97	6.17	5.75
SUMATERA UTARA	5.47	6.16	5.24
SUMATERA BARAT	6.17	6.28	5.90
RIAU	4.40	4.37	4.25
JAMBI	4.70	4.59	4.50
SUMATERA SELATAN	4.74	4.63	4.53
BENGKULU	3.39	3.59	3.21
LAMPUNG	4.31	4.52	4.18
KEP. BANGKA BELITUNG	4.18	4.77	3.89
KEP. RIAU	8.02	8.23	7.61
DKI JAKARTA	8.00	7.18	7.57
JAWA BARAT	8.35	8.31	7.89
JAWA TENGAH	5.75	5.57	5.24
DI YOGYAKARTA	3.73	4.06	3.58
JAWA TIMUR	4.81	5.49	4.33
BANTEN	8.53	8.09	7.97
BALI	4.84	4.80	3.73
NUSA TENGGARA BARAT	3.92	2.89	3.73
NUSA TENGGARA TIMUR	3.30	3.54	3.10
KALIMANTAN BARAT	4.86	5.11	4.52
KALIMANTAN TENGAH	4.20	4.26	3.84
KALIMANTAN SELATAN	4.20	4.74	3.95
KALIMANTAN TIMUR	6.77	5.71	6.37
KALIMANTAN UTARA	4.62	4.33	4.10
SULAWESI UTARA	6.51	6.61	6.19

SULAWESI TENGAH	3.67	3.00	3.49
SULAWESI SELATAN	5.75	4.51	5.26
SULAWESI TENGGARA	3.86	3.36	3.66
GORONTALO	3.25	2.58	3.07
SULAWESI BARAT	3.11	2.34	3.04
MALUKU	6.44	6.88	6.08
MALUKU UTARA	4.98	3.98	4.60
PAPUA BARAT	5.78	5.37	5.53
PAPUA	3.60	2.83	3.49
INDONESIA	5.83	5.86	5.45

Source bps.go.id (2023)

With 6.37 percent unemployment in East Kalimantan (Kalimantan Timur) is ranked fifth highest unemployed in the country. With entrepreneurship this figure can be reduce, especially for those who are going to be the future of our workforce (university students).

1.2 Problem statement

Based on modern economic theory, economic growth is primarily driven by entrepreneurship. Entrepreneurship is growing (Sergi et al., 2019) yet the intentions of individuals to pursue entrepreneurial careers remain unclear. There is a lack of understanding about the factors that influence entrepreneurial intentions in the city, such as access to resources, cultural attitudes towards entrepreneurship, and the availability of support networks. Without a clear understanding of these factors, it is difficult to design effective policies and programs to promote entrepreneurship in Samarinda and support the growth of the local economy. There is very limited research on entrepreneurship in Samarinda, there is limited research on the specific entrepreneurial ecosystem in certain regions of Indonesia such as in Samarinda. Doing this research in Samarinda can provide us with valuable insights into their

potential growth as a city that will be very near to the IKN. Samarinda being the heart of east Kalimantan being the capital city and a hub of renewable energy sector (*Tentang IKN*. 2021, December 13) Thus, a problem statement could be: What are the factors that influence entrepreneurial intentions among individuals in Samarinda, and how can they be addressed to support the growth of the city's entrepreneurial ecosystem? A study has been conducted in Pakistan by (Shahzad et al., 2021) about the antecedents of entrepreneurial intentions have been affected by innovativeness, risk taking propensity, and entrepreneurial skills. They have managed to find a conclusion through that study. I am using a previous study that can be relevant to different regions.

1.3 Research questions

The purpose of this study was to examine the role of entrepreneurial skills, propensity to take risks, and innovativeness in open business models in affecting the entrepreneurial intention of start-ups. The formulation of the problem is organized as follows based on these problems:

1. Does self-motivation, family support, peer influence, and institutional support have a significant and positive impact on entrepreneurial intention among university students in Samarinda?
2. Does Entrepreneurial skills mediate the relationship between self-motivation, family support, peer influence, and institutional support on entrepreneurial intention among university students in Samarinda?

3. Does propensity to take risks mediate the relationship between self-motivation, family support, peer influence, and institutional support on entrepreneurial intention among university students in Samarinda?
4. Does innovativeness mediate the relationship between self-motivation, family support, peer influence, and institutional support on entrepreneurial intention among university students in Samarinda?

1.4 Research objectives

This research aims to answer the following questions:

1. To examine if there is a connection of self-motivation, family support, peer influence, and support on entrepreneurial intention.
2. To examine if Entrepreneurial skills mediate the relationship between self-motivation, family support, peer influence, and institutional support on entrepreneurial intention.
3. To examine if Propensity to take risks mediate the relationship between self-motivation, family support, peer influence, and institutional support on entrepreneurial intention.
4. To examine if Innovativeness mediate the relationship between self-motivation, family support, peer influence, and institutional support on entrepreneurial intention.

1.5 Research Contributions

This research will aim to contribute practical and theoretical contributions listed the following:

1. Practical contributions: This study aims to give us insights on how the mindset of young university students from different majors, their view on entrepreneurship and their willingness to initiate a start-up. This research also gives insight to entities who have more entrepreneurial potential.
2. Theoretical contributions. This study aims to extend a further study by (Shahzad et al., 2021) What factors affect the entrepreneurial intention of start-ups? The role of entrepreneurial skills, propensity to take risks, and innovativeness in open business models. With different questionnaires respondents and different places of research.

1.6 Research Scope

This research will be conducted in a limited amount of time and place. Research subjects would be university students who are particularly still active university students in Samarinda. University students will be from different universities in Samarinda and also different majors. This study will have eight variables taken from the research of (Shahzad et al., 2021) Which are Entrepreneurial intentions, Peer Influence, Family Support, Entrepreneur skills, Self-Motivation, Innovativeness, Institutional support, and Risk-taking Propensity. The model of the study is a replication from (Shahzad et al., 2021). which was done in Pakistan and only to business major students.

1.7 Research systematic outline

In order to understand this research further and easier, the following will be the systematic outline of the research:

1. Chapter I Introduction; This chapter describes the problem's background and the phenomena that occur, as well as the problem's formulation, research questions, research objectives, theoretical and practical research contributions, research limitations, and a systematic outline of the research.
2. Chapter II Literature Review; This chapter describes fully the theoretical and literature foundations of the indicators applied. Journal articles and books provide the theoretical foundation. Relationships between variables, research hypotheses, and research models are also discussed in this chapter.
3. Chapter III Research Methodology This chapter gives insight into the research technique utilized to answer the research questions and provides a better understanding of the study. The research object, measurement, unit analysis, sample design and size, data collection methods, and data analysis method are all covered in this chapter.
4. Chapter IV Data analysis and Discussion; This chapter discusses the findings of this study's interactions between variables, as well as the outcomes of the data obtained, statistical tests, and discussions that help formulate the problem and lead to research conclusions.
5. Chapter V Conclusions and recommendation; This chapter summarizes the findings of the research that was conducted after the hypotheses were tested, as well as management implications and research recommendations.