

CHAPTER I

INTRODUCTION

This chapter consist of the research background, research problem, and research question, and research objective, significance of the study, scope and organization of the study.

1.1 Research Background

In recent times, there has been a growing recognition of the important role that entrepreneurship plays in promoting job creation, igniting economic growth, and improving the general competitiveness of regions, states, and nations. According to Davey et al (2016), a key to employability as well as self-employment is by taking entrepreneurship concentration in university as it is has become an essential skill and knowledge.

In an ideal scenario, the younger generation comprises the most dynamic labor force within a thriving society. As a result, it is unusual for youth unemployment rates to escalate. In such circumstances, taking decisive action to reverse this undesirable pattern becomes essential for boosting productivity and driving economic progress. According to Rokhim et al (2023), the youth unemployment rate ranging from 15-24 years old in Indonesia reached up to 19,55% in 2021. Based from the data that was obtained from the Central Statistics Agency (BPS), Indonesia has the second-highest rate of youth unemployment in Southeast Asia. Due to the pandemic of Covid-19 that happened few years ago, it created variety of effects on youth employment. Firstly, it interfered work-based

education, training, and learning, creating challenges for skill development. Secondly, it led to difficulties for newcomers in finding employment opportunities. Last but not least, many young workers experienced job losses and income reductions as a result of the pandemic's negative effects on a various sectors, including those that generally employ a large number of young people, such as restaurants, hotels, transportation, the arts, and recreation services. Given that the majority of the unemployed in Indonesia are young people, youth unemployment continues to be a serious problem. The country's high young unemployment rate is a result of inadequate government attention given to developing effective measures to address this problem (Saragih & Usman, 2021).

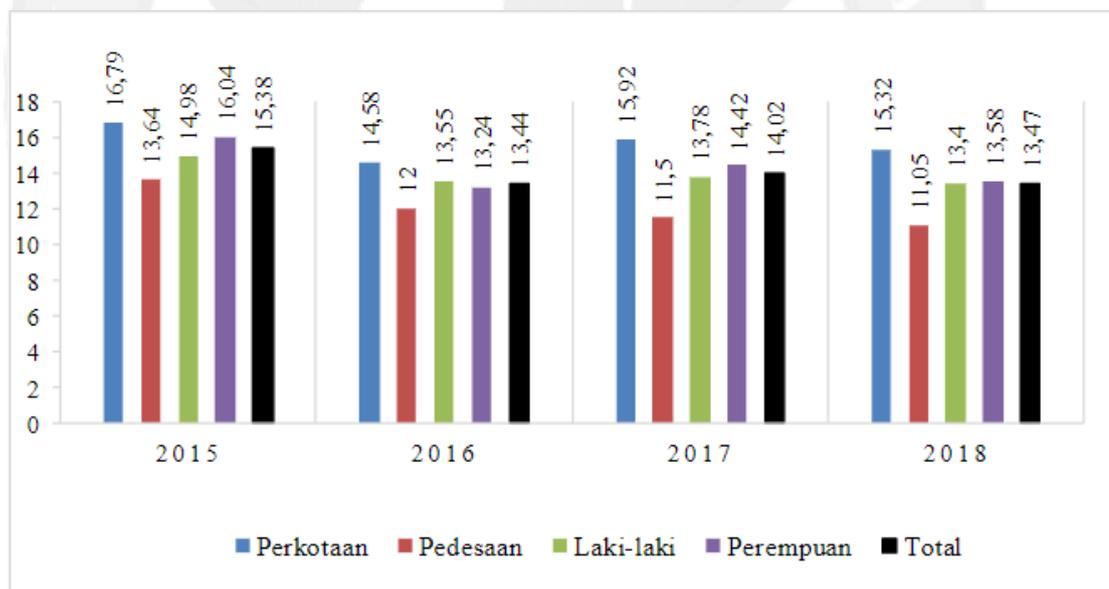


Figure 1.1 Youth Unemployment In Indonesia According To Regional Type And Gender In 2015-2018 (%)

Source: BPS, Sakernas 2015-2018

During 2015, percentage of youth unemployment in Indonesia happens to be the highest among those four years. The total percentage of youth

unemployment remained inconsistent throughout 2015-2018. As shown in Figure 1.1, the youth unemployment rate is higher in urban area rather than in the rural area. The reason behind this is because it depends on the economic conditions, affecting the demand from industries for resources and productive work force (Putra & Aisyah, 2021).



Figure 1.2 Unemployment Rate in DKI Jakarta
Source: BPS, Statistics of DKI Jakarta Province, 2020

Due to COVID-19, the economy in Indonesia got worse especially in DKI Jakarta. The unemployment rate has increased by 4.73% from 6.22% to 10.95%. According to the statistics, the number of poor population in DKI Jakarta has rise from 365,550 thousand people to 480,860 thousand people. To reduce

unemployment, there must be a balance between the numbers of jobs offered and the availability of workers (Mahayana & Sukadana, 2014).

Fattah et al (2021) stated that the Indonesian government is going to implement a program called Youth Creative Entrepreneur Empowerment (YoutivEE). YoutivEE aims to provide both public and private university students with a complete set of soft and hard skills necessary for a successful entry into the creative business and, as a result, the upliftment of the surrounding communities. The program is expected to empower youths and to educate students to become creative entrepreneurs in order to reduce unemployment. Now, many universities in Indonesia have developed study programs that is focusing on entrepreneurship and business. The main objective was to develop a new generation of knowledge-driven entrepreneurs who would significantly boost the economy of the country (Amalia & von Korflesch, 2021). By combining various knowledge and value systems, entrepreneurship education is essential for assisting entrepreneurs in acquiring important resources, enhancing their ability for invention and creativity, and establishing a variety of learning channels. Entrepreneurship education encompasses all aspects of skill development and the improvement of professional competencies, from knowledge acquisition to the development of practical skills (Wei Xingjian et al, 2019). Hence, university graduates who pursue entrepreneurship have the chance and mentality to work as employers rather than job seekers.

As a developing country that is transitioning to a developed country, a data that is obtained from the Ministry of Industry shows that the total population of

Indonesia who become entrepreneurs has reached up to 3.1% which is approximately 8 million entrepreneurs. Even though one of the requirement for a country to be considered as a developed country is to have a total number of entrepreneur of 2%, it is still insufficient for Indonesia to compete with another developed country, for instance, Singapore due to their number of entrepreneurs in the country keeps increasing as well (Sari & Nabila, 2021). Meanwhile in some private universities located in Jakarta, Bogor, Depok, Tangerang, Bekasi (JABODETABEK) area like Prasetiya Mulya University, 27% of their students have been successful in becoming successful business owners (Hartati, 2021). In Bina Nusantara University, out of 2,086 students that studied there, only 77% graduates have worked. Only 12% of their graduates create their own business and the other 43% work for companies (Harususilo, 2019). The statistics shows that the entrepreneurial intention of students even after they graduate are low although they have been equipped with skills and knowledge about entrepreneurship.

This study will evaluate "ANALYSIS OF DETERMINANTS OF ENTREPRENEURIAL INTENTION AMONG UNDERGRADUATES IN A PRIVATE UNIVERSITY IN JABODETABEK" based on the context and phenomenon of the issue.

1.2 Research Problem

Youth unemployment is a serious issue that can lead to poverty and will affect the growth of a country. This year, the unemployment rate in Tangerang

keeps on escalating every year up to 85,324 people (Tangerang Daily, 2023). Young generations are not being taught well about entrepreneurship which makes them not willing to take risk into being entrepreneurs. Undergraduate students need to be educated to have an eagerness towards entrepreneurship and what might be the factors that affects their entrepreneurial intention. This study aims to investigate the influences on undergraduates at private universities in JABODETABEK's desire to become entrepreneurs and the relationships between attitude, subjective norms, perceived behavioral control, compatibility, and perceived educational support.

1.3 Research Questions

1. Does Perceived Attitude of university students positively influence Entrepreneurial Intention?
2. Does Compatibility of university students positively influence Entrepreneurial Intention?
3. Does Subjective Norms of university students positively influence Entrepreneurial Intention?
4. Does Perceived Educational Support of university students positively influence Entrepreneurial Intention?
5. Does Perceive Behaviour Control of university students positively influence Entrepreneurial Intention?

1.4 Research Objectives

1. To test whether the Perceived Attitude of university students positively influences Entrepreneurial Intention.
2. To test whether the Compatibility of university students positively influences Entrepreneurial Intention.
3. To test whether the Subjective Norms of university students positively influence Entrepreneurial Intention.
4. To test whether the Perceived Educational Support of university students positively influences Entrepreneurial Intention.
5. To test whether the Perceive Behaviour Control of university students positively influences Entrepreneurial Intention.

1.5 Significance of the Study

1.5.1 Theoretical Benefit

This research is expected to give more information and hopefully will be useful for future researchers when they are doing a research with a similar topic on entrepreneurship education for undergraduates in JABODETABEK. Especially that involves with the attitude, subjective norms, perceived behavioral control, compatibility, and perceived educational support affecting entrepreneurial intention.

1.5.2 Researcher Benefit

The goal of this study is to learn more about the entrepreneurial intention of private universities student in JABODETABEK and hoping that this research would be useful for the next research.

1.6 Scope of the Study

The scope of the study will be undergraduate students that study at private universities in JABODETABEK. The researcher will examine five independent variables with one dependent variable and how these factors affect the entrepreneurial intention of university students. To collect data and prove whether attitude, subjective norms, perceived behavioral control, compatibility, and perceived educational support positively influence entrepreneurial intention, the researcher will use questionnaire surveys as the main source of data collection.

1.7 Organization Of The Study

CHAPTER 1: INTRODUCTION

In this chapter, it will cover the research background, research problem, research questions, research objectives, scope of the study and organization of the study which outlines the thesis.

CHAPTER 2: LITERATURE REVIEW

In the second chapter of the research, explains the theories and conceptual framework between the variables and eventually creating hypothesis from it.

CHAPTER 3: RESEARCH METHOD

Chapter three consist of the analysis method that is applied to research the data, data sources and questionnaire to be used to solve the case.

CHAPTER 4: DISCUSSION AND ANALYSIS

The fourth chapter discusses about the results of data collection and the validity of each variable. This chapter also covers the hypothesis and its accuracy along with the impact of it.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

The last section provides conclusion that summarizes the statistical analysis of the gathered data and suggestion for future research.

