

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

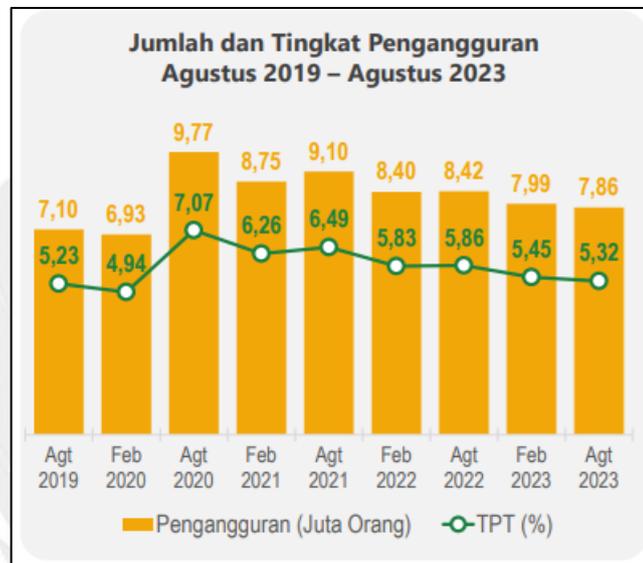
Most countries depend on entrepreneurship to keep things moving and operating thanks to the entrepreneur's ability to produce something out of nothing that benefits society by establishing business, providing employment opportunities, and improving the country's economy (Justin, 2022). Fu et al (2019; Manoj Kumar et al., 2022) observed that in the previous 20 years, there has been a spike in interest in entrepreneurship studies, especially in hospitality and tourism. The reason was discovered by Li et al (2020; Manoj Kumar et al., 2022), they stated that hospitality and tourism entrepreneurship have a large and beneficial impact on regional socioeconomic development, service innovation, market expansion, profitability, and many more. Therefore, entrepreneurship is important especially in hospitality and tourism sector and seen as instrument in developing sustainable business (Cunha et al., 2020 & Ayeh et al., 2022).

According to (Ayeh et al., 2022), hospitality is all about serving and providing guest needs, therefore, without entrepreneurs, tourism will not develop. The importance of entrepreneurs in this sector can be seen by how they will try to provide certain products that may fulfil the guests' needs and provide them with great hospitality. Great hospitality will be memorable for the visitor, and this will benefit a country by luring more visitors. To have entrepreneurial intention,

entrepreneurs must develop awareness to fulfil the needs and wants of an individual or their surroundings, as stated by Zhang & Huang (2021) and Liu et al. (2022), no entrepreneurial intention without entrepreneurship. From the statement above, there are several issues around us, particularly in Indonesia, that demand the awareness of entrepreneurs, such as unemployment and economic concerns, and as how Lestari et al. (2021) and Tusyanah et al. (2020) stated, only entrepreneurship can help with the issues and thus, they suggested that the only way to reduce unemployment and enhance country's economic for more successful country is by encouraging entrepreneurship.

In a developing country such as Indonesia, it is known that unemployment is very high and this issue can't be underestimated, therefore, entrepreneurs are needed to create job opportunities. Past researchers, Lestari et al. (2021), stated that unemployment happens because the imbalance between the number of established businesses and job vacancies and unemployment can decrease the economic conditions in Indonesia. Lestari also stated that the human resources such as the employee contributed were lacking skill and education, thus layoffs often happen, and more unemployed people appear. From **Figure 1.1**, the bar chart shows us that in February 2020 before pandemic happened, the unemployment was 4.94% and rose to 7.07% in August 2020 after pandemic Covid 19 occurred and workers were laid off from their jobs as businesses was shutting down. In August 2023, unemployment rate gradually decreased to 5.32%. However, BPS (2023) stated that the unemployment rate in August 2023 were even higher than the pandemic era.

Meaning that the unemployment rate didn't change as what was expected after the pandemic is decreasing.



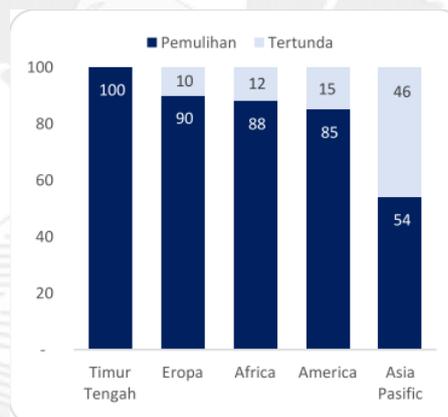
**Figure 1.1 Indonesia Unemployment Rate 2019 – 2023**

Source: (BPS KEP. BABEL, 2023)

Entrepreneurship is also needed to help the country's economic development because when the unemployment rate is increased, the economic growth and stability will be affected (M. Ismail & Razak Munir, 2021). Additionally, entrepreneurship could have a tremendous effect on the economy through the tourism and hospitality sector (Afrin & Takrima, 2020). Based in Bappenas RI (2021) , it is stated that the year of 2023 is the momentum for the rise of tourism sector as the recovery for the sector has improved since the pandemic. Total of 235 million (80%) tourist are expected to travel in the first trimester of 2023 and the foreign exchange obtained was \$2.92 billion, higher than the fourth quarter in 2022 which is \$2.63 billion. Meanwhile in Indonesia, there were 2.24 million tourists in

the first trimester of 2023 who visited Indonesia. The tourists visit increased 17 thousand or five times from the previous trimester in 2022.

This advancement shows that tourism and hospitality sector will keep improving if there is suitable education and program given to the future generation who soon to be entrepreneur (Williams, C. and Buswell, 2021 & Afrin & Takrima, 2020). **Figure 1.2** shows the significant recovery in international tourism after pandemic although Asia Pacific which includes Indonesia is slightly later than other five regions, therefore, the citizens of Indonesia especially students are expected to emphasize entrepreneurship due to the large number of visitors who will visit as shown in **Figure 1.3** and **Figure 1.4** shows the stability of Indonesia economic if tourism is keep developing.



**Figure 1.2 Quarterly International Tourism Sector Recovery 2023**

Source: (UNWTO, 2023; Bappenas RI, 2021)



**Figure 1.3 Number of Visits by Foreign Tourist**

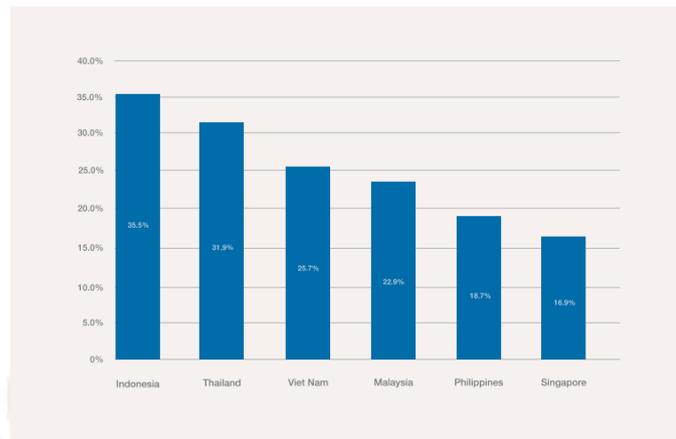
Source: (UNWTO, 2023; Bappenas RI, 2021)



**Figure 1.4 Indonesia Economy**

Source: (BPS KEP. BABEL, 2023)

According to a survey done by World Economic (2019), young people between the ages of 15 and 35 want to be entrepreneurs. This may come as no surprise given that nation's success in digital, more start-ups valued at \$1 billion, more awareness of the potential for technology to alter the nature of labour markets and cause greater unemployment, and lastly the increased awareness of necessity of entrepreneurial skill development. From **Figure 1.5**, there are 35.5% Indonesian youths who have a desire to be entrepreneurs and the strongest among six nations.



**Figure 1.5 ASEAN Youth Entrepreneurial Intention**

Source: (World Economic, 2019)

However, World Economic also observed that although the level of those who have intention to be entrepreneur is high, the result is not as high as in 2018. This statement is also proven by JS (2021) and GEDI, (2021), which stated that entrepreneurship can help unemployment and economic issues, yet Indonesia happens to be placed 94th among the 137 countries, with only 3.5% of the population being entrepreneurs. Indonesian youth in particular students are aware of the benefits of becoming entrepreneurs, such as greater income and providing more job vacancies (Lestari et al., 2021). However, the reason students possessed a low interest in becoming entrepreneurs are because they lack confidence in their skills and abilities, have an unprepared mentality to enter the business world, and have insufficient support from family (Lestari et al., 2021), lack of entrepreneurship education, mentors, and financial (Entrepreneurship, 2018). As a result, they are uninterested to be entrepreneur. Therefore, in developing countries like Indonesia, it is more vital to develop suitable programs in encouraging students to be future entrepreneurs to help with unemployment and economic issues. Anjum et al. (2020)

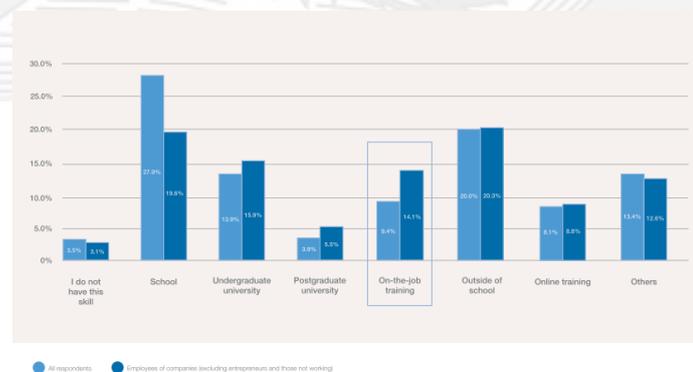
noted that, the purpose of educational institutions, especially those in higher education will have to train graduates not only to search for jobs, but also to create employment opportunities through entrepreneurship.

In any hospitality sector, completing and committing to a specific assignment to provide the needs of company and stakeholders is a realistic impression on what would it be like to work in a hospitality sector. Therefore, Ganguli (2019) suggested that internship should be implemented in any institution especially hospitality for students to acquire skills and precise knowledge as it is a direct practice in real workstation. According to (Lestari et al., 2021), internship is a program to give students opportunity to learn, to become experts after carrying out work practices for a certain period of time, to develop abilities and skills according to their competencies, to be guided by professional workers, and to measure their working readiness, and to raise their entrepreneurial expectations. Internship also provides practical activity at the hospitality sector which is full of responsibility, and commitment, and in the end of the program, students will possess the skills to recognize and solve the problem without relying on the theory taught.

Survey done by World Economic (2019) showed that internship program is surprisingly favourable by students because it benefits and has importance for student's entrepreneurial intention. According to Afrin & Takrima (2020) and Nachammai et al. (2020), internship benefits students with assistance in allowing hospitality students to experience and evaluate career expectations realistically, promotes awareness of how businesses run, to broadens one's professional network, and improves one's ability for problem solving, decision making, and many other

more abilities and skills. Even though the number of hospitality students engaging in internship is growing, **Figure 1.6** shows the number of students who benefited from internship program is relatively limited and considerably below expectation. This is because hospitality students often had greater expectations, but in fact, their expectations did not match their real satisfaction (Afrin & Takrima, 2020).

According to Hussien & La Lopa (2018), the factors that decrease the satisfaction of hospitality interns are lack of good communication, uncomfortable workplace, inadequate training and responsibility, unfavourable behaviour from peers, and many other more. The good news is that the internship program is now part of the curriculum and has been improved to support students' entrepreneurial success. Therefore, past researchers' (Lestari et al., 2021; Mensah et al., 2021; Zreen et al., 2019) result of study showed that internship programs influenced students' entrepreneurial intentions which were impacted by their internship satisfaction; in other words, the desire to become an entrepreneur increases with the experiences, skills, and knowledge they gained.



**Figure 1.6 How ASEAN Youth Acquires Skills**

Source: (World Economic, 2019)

The keen desire to start one's own business will be improved if there is also suitable education backing up student's entrepreneurial intention. Past studies by Boldureanu et al. (2020) and Mukhtar et al. (2021), told that entrepreneurship education boosted students' entrepreneurial intentions. Without proper education, Lestari et al. (2021) stated that an entrepreneur will have difficulty and fail as there is a lack of will, knowledge, and ability. Resultantly, entrepreneurship education is acknowledged as a vital discussion for its benefits to provide awareness, and skills which are important for student's entrepreneurial intention, and should be taught as early as possible, ideally beginning at school. Entrepreneur education is an education to educate students to start a new or ongoing business, develop a business, and create values. Based on previous study by several researchers, (Alexandra et al., 2023; Lestari et al., 2021; Manoj Kumar et al., 2022; Rahim, 2021), students' intentions to become entrepreneurs are impacted by perceptions toward their entrepreneurship knowledge; in other words, the desire to become an entrepreneur increases with knowledge. According to Manoj, students who are ready to be entrepreneurs can be seen from how they are ready to be taught and ready to learn.

Entrepreneurship education which applies to school can be in theory but needs to be balanced with practical forms to improve students' entrepreneurial ability. As how Nowiński et al (2019; Mensah et al., 2021) claimed that entrepreneurship education should focus on assisting students to use opportunities they have to be entrepreneurs traditionally or digitally, rather than simply instructing them on how to be entrepreneurs. The imbalanced study form can impact some students if they only study from the college by case studies and when students

are working in a real-life business, they are confused, stressed, and frustrated as all the knowledge they learned can't be utilized (Alexandra et al., 2023). Therefore, a good entrepreneurship education is those who can involve the students in interactive learning that are directly linked to business (Ratten & Usmanij, 2021; Mensah et al., 2021). This education must shape students' mindset in innovation and creativity in establishing business and ongoing new business, not to mention to drive them to be entrepreneurs.

It is also necessary to consider the support system around the students, among which the parents are the closest. Family appears to play an important role in our social life because family is the place we grow, develop, a place for freedom of speech, and the one that declares that humans are a social organism that needs interaction (Lestari et al., 2021). Each family provides unique supports, some provide a safe atmosphere to study, working life sharing, and suitable education for their children, some provide financially, intellectually, and so on. This support can be considered as a support system from parents to children to drive them to have entrepreneurial intentions. As how (Lestari et al., 2021) stated, family can influence their children to be entrepreneurs as family is the first group in children's lives to be their lecturers in entrepreneurship things and with their knowledge and supportive behaviour, parents can encourage children to be entrepreneurs. Therefore, the absence of this support might make students feel less qualified to be an entrepreneur.

With over 13 faculties and more than 30 study programs, *Universitas Pelita Harapan* (UPH) was founded in 1994 and is a foundation that is dedicated to

education which can be seen from they provide professional need for students. One of their campuses is UPH *Medan* Campus, has a total of five undergraduate study programs and one of the study programs is Management, part of Economics and Business Faculty which includes Hospitality Management. This program offers a wide-ranging curriculum and produces graduates who pursue their career as an entrepreneur with strong spirit, character, and belief in God.

As can be seen from **Table 1.1**, the tracer research conducted by Chan Sik, (2023) indicates that in 2020, only 18% of graduates, or 1706, pursued entrepreneurship, and in 2021, there were only 6% of graduates, or 45, who did the same. The low proportion of UPH graduates who purposely start their own what one is into inspired Chansik and the current writer to undertake this study.

**Table 1.1 Tracer Study of UPH Graduates Year 2019 - 2020**

Category	2019	2020	2021
Entrepreneur	207	308	45
Employee	825	956	590
Total Respondents	1304	1706	745
Total Graduates	4102	4156	2276

Source: UPH LP2MP Data (Chan Sik, 2023)

Recognizing the importance of entrepreneurs, UPH also takes part by establishing UPH Sparklabs Incubation, internships, entrepreneurship education, and family engagement to encourage their student's entrepreneurial intentions. Pelita Harapan University (2020) reports that a number of UPH *Medan* Campus graduates went on to launch their own businesses, like Jovan from the class of 2017, who created Furikami, and Natassa Tanis from the class of 2018, who created Miel Crème, among many others.

The study of entrepreneurial intentions of UPH *Medan* Campus hospitality students is also intriguing as there are many viewpoints. Five out of seven students who were asked if they intended to become employees or entrepreneurs responded positively that they intended to be entrepreneurs when asked this question during a brief interview with one of the lecturers at UPH *Medan* Campus, Michael Jackson, during the Strategic Management subject that the writer had enrolled in. The writer also observed that some 20H3 students stated that the most crucial factor in enhancing a student's entrepreneurial intention is family support, which is followed by entrepreneurship education, and student internship programs in third.

Referring to the issues and concerns above, the writer would like to carry out research using the title, **“THE INFLUENCE OF STUDENT INTERNSHIP PROGRAM, ENTREPRENEURSHIP EDUCATION, AND FAMILY SUPPORT ON UNIVERSITAS PELITA HARAPAN HOSPITALITY STUDENT’S ENTREPRENEURIAL INTENTION”**.

### **1.2 Problem Limitation**

The limitations that affected the process of creating this research and encountered by the writer during the preparation of this research:

1. The amount of time available to prepare for this research is limited, which is from Augustus 2023 until November 2023 that can impact the preparation process including gaining questionnaires answers, doing the literature review, calculations, and interpreting the results.

2. This research is mandatory using English, and limitations occur because English is not our first language.
3. This research is only for observing students from UPH *Medan* Campus, Hospitality Management major, and class intake 2020.
4. This research only employs Student Internship Programs, Entrepreneurship Education, and Family Programs as Independent Variables to measure the influence of the Entrepreneurial Intention on UPH *Medan Campus Students*.
5. This research is using the Simple Random Sampling method and Questionnaire.
6. This study did not consider the differences in student background on the Family Support variable, where this variable focuses only on students who have an interest in entrepreneurship or who are already an entrepreneur.
7. This research uses Multi Linear Regression to compute regression model results and T-Test and F-tests to determine hypothesis results.

### **1.3 Problem Formulation**

The problems that motivated me to do this research are as follows:

1. Does Student Internship Program Satisfaction have a positive and significant influences on UPH Hospitality Student's Entrepreneurial Intention?
2. Does Entrepreneurship Education Perception have a positive and significant influence on UPH Hospitality Student's Entrepreneurial Intention?
3. Does Family Willingness to Support have a positive and significant influence on UPH Hospitality Student's Entrepreneurial Intention?

4. Do Student Internship Program Satisfaction, Entrepreneurship Education Perception, and Family Willingness to Support have a positive and significant influence on UPH Hospitality Student Entrepreneurial Intention?

#### **1.4 Objective of Research**

The following are some aims from this study based on the above-mentioned research questions:

1. To analyse whether Student Internship Program Satisfaction has positive and significant influences on UPH Hospitality Student's Entrepreneurial Intention.
2. To investigate whether Entrepreneurship Education Perception has positive and significant influences on UPH Hospitality Student's Entrepreneurial Intention.
3. To study whether Family Willingness to Support has positive and significant influences on UPH Hospitality Student's Entrepreneurial Intention.
4. To examine whether Student Internship Program Satisfaction, Entrepreneurship Education Perception, and Family Willingness to Support have positive and significant influences on UPH Hospitality Student's Entrepreneurial Intention.

#### **1.5 Benefits of the Research**

##### **1.5.1 Theoretical Benefits**

1. Readers are able to broaden their knowledge of entrepreneurship in the hospitality sector and get the most recent information.

2. Readers are able to generate new ideas and identify solutions from this research's problems about entrepreneurial intention.
3. For students majoring in hospitality, this research offers background information on entrepreneurship and factors that affect entrepreneurial intention.
4. This research aims to provide new findings and information about the variables.

### **1.5.2 Practical Benefits**

1. This study could serve as a reference for future researchers.
2. This research can be useful for readers especially UPH Students to implement into practice the knowledge they get from reading this research.
3. This study can be used for UPH Students and other readers to do related research in order to gain additional information.

