

CHAPTER I

INTRODUCTION

1.1. Background To The Research

The rise in unemployment due to imbalance between population growth and job vacancies is a serious problem for developing countries such as Indonesia. Higher education graduates tended to contribute highest rate of unemployment in Indonesia. This is due to their preferences to work at formal sectors than to become an entrepreneur or self-employed person. Therefore, entrepreneurship development may be one solution to decrease unemployment in Indonesia

Every year, about 3,355 universities in Indonesia produce more than 339,000 graduates who will then securely compete in obtaining a place in the job occupancy whose capacity is getting smaller these days (dikti, 2014). The Central Board of Statistics of Indonesia (CBS) reported that in August 2014, the educated unemployment from higher education graduate reached 9.5% of the total unemployment in Indonesia, or around 688.660 persons. where 495.143 persons from the total of educational environment are bachelor degree graduate, compared with the previous year the total of educated unemployment was increase from 8.36% or 619.288 persons in 2013 (Kompas, 2016).

Entrepreneurship has been an interested topic discussed in these past years. Many studies found that entrepreneurship is one of the most important mechanisms to promote economic growth of a country through innovation, employment, and welfare

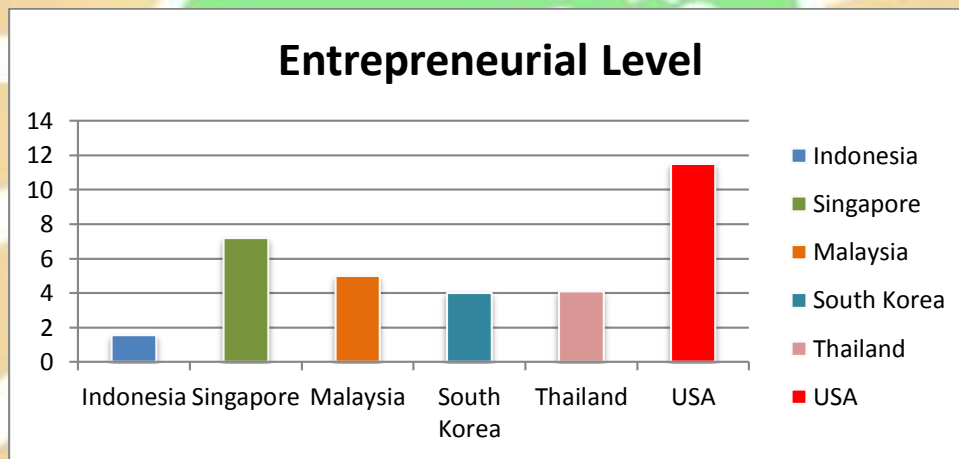
(Elfenbein, Hamilton, & Zenger, 2010;Guerrero, Rialp, & Urbano, 2008;Verheul, Thurik, Grilo, & Van der Zwan,2012; Zhang, Duysters, & Cloudt, 2013).

Ministry of Cooperatives and SMES-Indonesia 2009-2014, Syarif Hasan, said that a Developed Country is a country which has 2% of their total population that work as an entrepreneur. In 2016, the number of entrepreneurs in Indonesia is only about 1.5% of the population. It is mean, from 252 million population of Indonesia, this country still need 1.7 million entrepreneurs in order to reach 2% population of entrepreneur. if we compared the total of entrepreneur in indonesia with another country we can see that indonesia's entrepreneurs still lower than many country such as Singapore which has 7.20% of their total population that work as an entrepreneur, Malaysia which has 5% of their their total population that work as an entrepreneur, South Korea which has 4% of their their total population that work as an entrepreneur, Thailand which has 4.1% of their their total population that work as an entrepreneur and United States which has 11.5% of their their total population that work as an entrepreneur (Suara, 2016). The figure 1.1 bellow show the entrepreneurial difference between Indonesia and another country.

Based on the research conducted by The Global Entrepreneurship and Development Institute to measure the entrepreneurial ecosystem health, Indonesia was ranked 103th out of 132 countries in the world (Ács, Szerb, & Autio, 2016). This is a positive sign since in the previous year Indonesia was only ranked 120th out of 130 countries (Ács, Szerb, & Autio,2015). Although there was a big gain in ranks for Indonesia, the global entrepreneurship index's score was only increase by 1.72. This

means that the development of entrepreneurship in Indonesia is still limited. Therefore, the promotion of entrepreneurship is important and it has been the main attention of governments. Some studies show that family background is one of the factors that affect entrepreneurial intention (Hatala, 2005 ; Knight, 1996 ; Laspita et.al; Bowen & Hirsch, 1986; Scott & Twomey, 1988; Klandt 1984).

Figure 1.1 Indonesia's Entrepreneurial level Comparison



Source: Developed for research (2017)

Family support and life balance are equally critical in order to succeed in starting a business start-up (Knight, 1996). Issues regarding the personal life of an entrepreneur may interfere with the operation of the business, which may ultimately cause the business to grow or fail. Besides, Family background, other studies also found that perceived organizational support (Rutherford and Holt, 2007; Antoncic and Hisrich 2004) and organizational culture (Schere and Begley, 1987; Whiting, 1988) are positively related to entrepreneurial intention. This research is going to test all the variables mentioned above and see their impacts towards the entrepreneurial

intention of university students in line with government programs the university graduated is expected to create labor market.

This research is intended to identify the factors influencing entrepreneurial intention that will contribute to the formation of entrepreneurs so that the best strategy can be implemented to increase the numbers of entrepreneurs in Indonesia.

1. 2 .Problem Statements

Based on the background of this research, it can be propose thus following problem statement that will observe in this research.

1. How does family background affect on entrepreneurial intention?
2. What is the influence of perceived organizational support toward entrepreneurial intention?
3. How was organizational culture affect entrepreneurial intention?
4. How does student's entrepreneurial intention affect on business start-up activity?

1. 3. Scope of Research

The scope of this research are an university student in Padang city where I will choose two state university and two private university, this university have been chose because in this university the student are learn about entrepreneurship as their subject of course.

1. 4. Research Objectives

Based on the problem statement of this research, it can be propose thus following research objectives that will observe in this research.

1. To investigate the affect of family background toward entrepreneurial intention.
2. To investigate the affect of perceived organizational support toward entrepreneurial intention.
3. To analyze how was organizational culture affect entrepreneurial intention.
4. To investigate the student's entrepreneurial intention affect toward business start-up activity.

1. 5. Contributions of The Research

This research is expected to generate several contributions as follow:

1. The result is expected to be able strengthen the entrepreneurial as well appropriate with the other entrepreneurial intention's theories, especially in the study of contextual factors such as Family Background, Perceived Organizational Support, and Organizational Culture, and also to find out how many student who decided to plunge in an entrepreneurial career after getting entrepreneurship course.
2. The result is expected to be able to help in consideration qualifying prospective workers to adjust the climate and conditions of college who will become jobs seeker.

3. The research is expected to provide input about the theory on the basics of the formation of attitudes and entrepreneurial intention belonging to students to become entrepreneurs, so it can be used as a reference or basis for further research.

1. 6. Systematic of the writing

The results of this research are poured into a research report which consists of several chapters. A description of each of the chapters contained in this research report is as follows:

CHAPTER I This chapter describes the background problem, problem statement, purpose and usefulness of the research and systematic writing in this research.

CHAPTER II This chapter begins with basic theories related to the study, similar research history, framework, and formulation of hypotheses to be tested for ease in understanding about this research.

CHAPTER III This chapter elaborating on the research method contain variable, operational definitions, sampling, kind and data sources, as well as the methods of analysis used in research.

CHAPTER IV This chapter explains about the description of the object of research, data analysis, and discussion so that can know results of the analysis examined the results of hypothesis testing.

CHAPTER V

This chapter presents a brief conclusion obtained from the analysis in the previous chapter, limitations of the study, and suggestions for future research.

