

CHAPTER I

INTRODUCTION

A. Background of the Study

Entrepreneurship plays an important role in economic growth and creates a lot of work for a country. Romer (1994) stated that entrepreneurial activity is the nation's long-term economic growth engine. Entrepreneurship provides a source of income, when the economy can not provide enough jobs or other alternatives to generate salary and provide a positive social value in place (Romer, 1994).

Entrepreneurship is an important part of developing countries, as it can help develop and contribute greatly to the country. Entrepreneurship is a process that integrates people, opportunities, and resources (Timmons & Spinelli, 2009). Unemployment is one of the big problems faced by the Indonesian government every year. The amount of unemployment in 2009 was about 9.6 million people(7.6%), and 10% of them are undergraduate, according to the International Labor Organization (ILO) Report (Nasrun, 2010). In 2008, statistics showed only 0.18% of the population of entrepreneurs (Ministry of Small Enterprises & Cooperatives 2008, quoted in (Sembiring, Sandjaja and Antonio 2011). This means that our environment still lacks new entrepreneurs.

This problem can be reduced by increasing the number of entrepreneurs themselves who can remove unemployment.

The increasingly rampant unemployment in every region has had an impact on the social welfare of the Indonesian people. Data from the Indonesian Central Bureau of Statistics supports the ILO's statement which indicates that some of Indonesia's unemployment are those with Diploma / Academy / and college graduates (Setiadi, 2008). According to (Gird & Bagraim, 2008) the study of entrepreneurial intentions is potentially important in efforts to encourage entrepreneurial activity. Many empirical studies show that entrepreneurship can be driven by entrepreneurship or business education (Wang & Verzat, 2011). But a scholar always hopes to get a job after college. Only few students manage to think of making a business or creating jobs. In fact, the number of entrepreneurs in Indonesia is still relatively small.

Entrepreneurial activity is considered as one of the risks that are too high for undertaken by inexperienced students (Charitomeni & Dimitra, 2015). The conditions faced will be further aggravated by the global competitive situation (eg the implementation of the ASEAN Economic Community / MEA) which will confront the Indonesian university graduates to compete freely with graduates from foreign universities. Therefore, university graduate scholars need to be directed and supported to be not only oriented as job seeker (job seeker) but able and ready to become job creator as well, because the number of entrepreneurs have a big impact on the economy in Indonesia.

There are several factors which are to be understood in order to prepare young generations to become entrepreneurs. According to (Ajzen, 2001), Theory of Planned Behavior is one of the most influential and popular conceptual frameworks for studying human actions in examining the factors that influence student entrepreneurship intentions. This theory can be broken down into three that conceptually lead to behavioral intention (BI): Attitude toward Behavior, Perceived Behavioral Control (PBC) and Subjective Norm (SN) (Ajzen, 1991). Attitudes toward behavior measure the extent to which a person has a negative or positive evaluation of his performance. The shift in the frequency of a person's behavior may not be the only cause of habit formation, the most important being the consistency in doing something or behavior (Wood et al., 2005). The intention of carrying out a given behavior will depend on the person's attitudes towards that behavior (Ajzen 1991). The stronger the habit, the weaker the relationship between intention and behavior. Thus, habits should be formed when behaviors are directed at repetitive goals in the same place, at the same time and in the same situation. Perceived behavioral control refers to a person's perception of their ability to perform certain behaviors (Ajzen, 2006). The construction of such behavior includes the ease or difficulty that a person perceives in entrepreneurship which is a person's behavior control factor that aims to smooth or hamper his or her way of business. Subjective norm (SN) is the social pressure that a person perceives to engage or not engage in behavior (Ajzen, 2006). Environment is

one place that affects the emergence of one's motivation in entrepreneurship involvement.

Talking entrepreneurship means talking about the individual's mental and risk. Likewise, the attitude of a person in looking at entrepreneurial activity is also believed to form entrepreneurial intention (Azjen et al., 1985). The establishment of student entrepreneurial character can be done anywhere. For example, in the family and college environment. While the contextual factors that get the researcher's attention are academic support, social support and business environment condition (Gurbuz & Aykol, 2008).

Interest in entrepreneurship will make someone to be more diligent to find and take advantage of business opportunities by optimizing their potential. Motivation of each student to entrepreneurship will certainly vary. In research conducted (Venesaar et al., 2006) explained that there are many motivations that affect entrepreneurship interest. For example the desire to be respected, continue the tradition or family business, earn better income, and so forth.

Based on the description above, the researcher feels the need to conduct research with the aim of analyzing the factors that affect student intent in entrepreneurship Faculty of Economics and Business of Muhammadiyah University of Surakarta (as a candidate for entrepreneurship). The graduate profile of the Faculty of Economics and Business of Muhammadiyah University of Surakarta is expected to have the personality, understanding and

ability in the field of entrepreneurship so as to improve the quality of life itself and contribute in the community. As for some variables taken are, attitude, subjective norm, and behavior control which perceived in accordance with Theory Planned Behavior (TPB).

The title taken in this study is "**ENTREPRENEURIAL INTENTION AMONG MANAGEMENT DEPARTMENT STUDENTS(An Application of Theory Planned Behavior on Entrepreneurial Intention in Muhammadiyah University of Surakarta)**"

B. Problem Statement

This study aims to analyze the factors of theory planned behavior that affect entrepreneurial intentions in the student environment. Entrepreneurial intentions are measured by demographic, gender and parental variables.

The problem can be divided into specific issues, namely:

1. Does attitude have an effect on entrepreneurial intentions among management students?
2. Does subjective norm have an effect on entrepreneurial intentions among management students?
3. Does perceived behavioural control have an effect on entrepreneurial intentions among management students?

4. Can attitude, subjective norm and perceived behavioral explain the phenomenon of entrepreneurial intention among management students?

C. Purpose of Study

Based on the above problem statement, the purpose of this research is to analyze the influence of Theory of Planned Behavior on Entrepreneurial Intention by mediating students attitude toward entrepreneurship. Specific objectives can be derived as follows:

1. To analyze the effect of attitudes on entrepreneurship entrepreneur behavior on the regular students of Economics and Business Faculty of Muhammadiyah University of Surakarta.
2. To analyze the influence of subjective norms on entrepreneurial intent on regular students faculty of Economics and Business Faculty of Muhammadiyah University of Surakarta.
3. To analyze the effect of human behavior control on entrepreneurial intention on the regular students faculty of Economics and Business Faculty of Muhammadiyah University of Surakarta.

D. Function of Study

This research is expected to produce the following objectives:

1. For the author, to know the factors that affect entrepreneurial intentions on students and understand meaning of actual entrepreneurial intentions.

2. For Management Department of Economic and Business Faculty, to gain knowledge and understanding of entrepreneurial intentions.
3. For the government, to be able to find out what factors affect entrepreneurial intent in the new generation.

E. Systematic of Writing

Systematic writing of this research is divided into five chapters :

1. CHAPTER I : Introduction

This chapter describes the background of the problem, problem identification, problem definition, problem formulation, research objectives and research benefits.

2. CHAPTER II :Literature Review

This chapter contains the definitions and definitions derived from book and journal excerpts relating to the preparation of lecture reports, practical work as well as some literature reviews relating to research.

3. CHAPTER III : Research Methods

This chapter explain about thekind of research, the operational definition and measurement of variables, data and data sources, data collection methods, sampling design, and data analysis methods used.

4. CHAPTER IV : Data Analysis

This chapter contains data analysis. This chapter describes the analysis of the overall research results from this study which are then connected with the attainment or non-achievement of the previously formulated hypotheses and the arguments that support them.

5. CHAPTER V : Conclusions

This chapter contains conclusions, limitations, limitations of the research and suggestions for further research based on the results of the discussion in the previous chapters.