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TITLE
DETERMINANTS OF ENTREPRENEURIAL INTENTION AMONG BUSINESS STUDENTS IN INDONESIA

By
MUHAMMAD AMSAL SAHBAN

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Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia,
In Fulfillment of the Requirement for the Degree of Doctor Philosophy
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ABSTRACT

In the world of entrepreneurship, the fundamental aspect that needs to be embedded in every business starter or business graduate is an entrepreneurial intention. Entrepreneurial intention is very much required in Indonesia, given the number of entrepreneurs today is less than 2% compared to other neighboring countries, like Singapore, Malaysia, Thailand and even Vietnam. Moreover, there are only 17% of university graduates in Indonesia who are interested in entrepreneurship. This is due to the fact that the entrepreneurial career is not considered as an important career in Indonesia. Despite several entrepreneurial programs initiated to nurture a business mentality and awareness for the business students, it does not make a significant change in their entrepreneurial behavior. Many of them do not have enough courage to deal with entrepreneurship. It is because the entrepreneurial orientation of the business students is very weak, and there is a lack of self-efficacy to perform the business tasks. In addition, there is seldom any support from their parents and peer groups to make them motivated enough to initiate a business. The entrepreneurship programs like internship program and business incubation program in higher education institutions have failed to enhance the entrepreneurial spirit among business students. These entrepreneurship programs have not been implemented as it should be and desperately need more improvement. Hence, the main purpose of this study is to investigate the determinants of entrepreneurial intention among students in the economics and business faculty in Indonesia’s higher education institutions by determining the direct factors affecting entrepreneurial intention. By employing convenience sampling, a total of 381 questionnaires were successfully distributed to the business students and could be used for this study. The usable questionnaires were examined by employing structural equation modeling (SEM). This study found that five predictors are significant factors with respect to entrepreneurial intention: entrepreneurial orientation, social support, entrepreneurial self-efficacy, entrepreneurial internship program and business incubation program. To sum up, these factors of entrepreneurial intention are found to be essential elements for students to successfully start a business and contribute to increasing the number of young entrepreneurs in Indonesia.

Keywords: entrepreneurial orientation; social support; entrepreneurial self-efficacy; entrepreneurial internship program; business incubation program; entrepreneurial intention; business students.

Kata kunci: orientasi keusahawanan, sokongan sosial, efikasi kendiri keusahawanan, program latih amali keusahawanan, program inkubasi perniagaan, niat keusahawanan, pelajar jurusan perniagaan
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No words could express my feelings of deep appreciation to all of you, only

Thank You and Best Wishes to You All.
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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter includes eight sections: the background of the study; the problem statement; the research questions; the objectives of this study; the significance of the study; the scope of the study; the definition of key terms; the organization of thesis; and finally, the chapter summary.

1.1 Background of the Study

Entrepreneurship is a worldwide phenomenon closely associated with economic growth. Entrepreneurs are the “engines” that can accelerate economic growth (Acs, 2006; Baron & Shane, 2008). They have brought about enormous positive contributions to a country's economic growth and social development. As mentioned by Morrison, Breen and Ali (2003), entrepreneurs play a pivotal role in creating jobs, innovating, creating wealth, improving health and even in economic advancement. Since entrepreneurship is synonymous with self-employment, it is believed to be an effective strategy for handling the issue of employability, particularly among the youth (Koe, Sa’ari, Majid & Ismail, 2012). Entrepreneurship entities enable reduction in the unemployment rate or what has been termed as the Schumpeter Effect (Musa & Semasinghe, 2013; Schumpeter, 1934).

Davidsson (2003) and Kirzner (1973) asserted that entrepreneurship is a competitive behavior that not only drives the new market and employment creation but also the creation of new innovation in the market than can contribute to economic growth. According to Katua (2014), the role of Small and Medium Enterprises (SMEs) is highly needed as the
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