



Breaking the Mold: Why Parental Expectations Are Key to Entrepreneurial Intentions in Indonesian Students?

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Abstract. This study aims to investigate the factors influencing the intention to become an entrepreneur among Indonesian university students. A survey was conducted among 231 university students in East Java, and the data was analyzed using an ordered probit model. The findings show that the intention to become an entrepreneur is positively influenced by parent income, family and friend business, and parent expectation, but negatively affected by the monthly stipend received from parents. These results suggest the need for early introduction of entrepreneurship in Indonesia, which could be implemented through educational institutions or media, to encourage more young people to pursue entrepreneurship and ultimately contribute to national economic growth and poverty reduction.

Keywords: Entrepreneurship · university students · Indonesia · ordered Probit · economic development

1 Introduction

Due to the importance of entrepreneurship for economic growth, job creation, sources of innovation, and productivity, it has recently received major attention [1]. As a result, emerging nations like Indonesia encourage students to get involved in entrepreneurship and think about it as a possible career. It is well acknowledged that college students will be a significant source of emerging entrepreneurship in the future. Making entrepreneurship required of all people, regardless of their topic of study, is one way the government is working to improve an entrepreneurial spirit in developing country such as Indonesia. Entrepreneurship is crucial for employment, economic growth, and finding solutions to social issues like the overabundance of Indonesia residence. It is crucial to understand the elements that affect peoples' intentions to start a new business or engage in entrepreneurship. Even though entrepreneurship has been recognized as crucial to economic development and prosperity, there are still few studies on the topic [2, 3]. In light of this, there is a request for study to be done in order to better understand what motivates people to engage in entrepreneurship and to further knowledge in the field. This research

can assist governmental organizations, agencies, academic and entrepreneurial educators, consultants, and advisers in identifying the best ways to promote entrepreneurship in developing countries and, by extension, in society.

Given entrepreneurship is important to support national economics and household welfare. There have been a lot of scholars investigating the determinant of people's intention to be an entrepreneur. For instance a study conducted by [4] using theory of planned behavior, they examined the determinant of student entrepreneur intention. The finding indicated that entrepreneurship education, and attitude significantly improve entrepreneur intention. Similarly [5] also examine the determinant of entrepreneurial intention among university students in the Philippines, they suggested that student non cognitive skills such as Agreeableness, openness, and Conscientiousness play an important role on student university intention to be entrepreneurship. On the other hand in this digital era a study conducted by [6] finds digital related variables have a positive and significant effect to improve people's decision to be an entrepreneur. This is because digital adoption stimulates people to build a business through digitalization such as on the internet. In the last three years, since the COVID-19 outbreak, many businesses have collapsed [7], which makes many people's intention to be entrepreneurs declined. Therefore, it become important to understand what motivation behind the people intention to be entrepreneur after the outbreak subsided.

Given several studies has examine the determinants of student intention to be entrepreneur have been documented in the literature. However, these study has conducted before and during the covid-19 pandemics outbreak. Also, they did not capture the respondent basics characteristics such as age, family background on the study models. Therefore, to fill this gaps this study tries to investigate the influences of student basics characteristics on entrepreneur intention after the covid-19 pandemics subsided. This study also contribute to the literature by providing the first empirical evidence regarding the association between students basic characteristic on entrepreneur intention, especially in Indonesia.

2 Methodology

2.1 Research Data

This study uses cross-sectional data from university students from Brawijaya University. A multi stage random sampling was employed in the sample selection. First we select social related faculty since we are focusing on this study field. Then we randomly select 20 to 30 students from each faculty. A total of 320 was obtained as our sample. However, after the data cleaning the respondent with incomplete information was dropped from the study sample, and we got 231 students as our respondents. The data was collected using a structured questionnaire which contains students' basic characteristics and entrepreneur related questions. The questionnaire was developed based on literature review, and this study also conducted a pilot test to understand the questionnaire consistency. Furthermore, In collecting the data this study used enumerators that were trained before the survey..

2.2 Data Analysis

This study uses an ordered probit model to estimate the influence of students’ basic characteristics on their entrepreneurial intention. Ordered probit model was selected since our dependent is ordinal [8], from 1 for very disagree to 5 for very disagree. The ordered probit model in this study is formulated as follows:

$$E_i^* = a_i + \beta X_i + u_i, \text{ with } E_i = \begin{cases} 1 \text{ if } E_i^* \leq C_1 \\ 1 \text{ if } E_1 < ; S_i^* \leq C_2 \\ z \text{ if } E_{z-1} \leq S_i^* \end{cases}$$

where E_i^* is student’s entrepreneur intention with an ordinal value (1 for very disagree to 5 very agree), a_i in constant, X_i is student basic characteristics, including Years of schooling, Gender, Age, Family size, Parent income, Monthly stipend, Location, family business, Friend business, Parent expectation, Parent job, β is coefficient, and u_i is random error term.

3 Results and Discussion

3.1 Descriptive Statistics

This section discuss the descriptive statistics of selected variable in this studies. The results indicate that the average of respondents’ years schooling is 1.728 years or it on the third semester. The gender variable shows that 35.3% of our respondent is male and 64.7% is female. The average of family members is about 4–5 person, with average parent’s income is in the second category (IDR 1.000.000–4.000.000 per month), and their average monthly stipend is about IDR 500.000–1.000.000 per month. Furthermore, 36.3% of our respondent is coming from urban area and 63.7% coming from rural area. Regarding the family business, 54% of the respondents have business, and 69.3% of them have friends that become entrepreneurs. On the other hand, only 23.8% of their parents expect them to be entrepreneurs, and 76.2% expect to become a worker (i.e. civil servant, or non-government employment). Finally, the average of study sample’s intention is quite good with the majority of our sample intent to be an entrepreneurs (Table 1).

3.2 Empirical Results

The determinants of entrepreneur intention of university students was estimated by an ordered probit model and it was presented in Table 2. The results indicated that The main finding indicated that the entrepreneur intention of university students was positively and significantly influenced by parent income, family and friend business, and parent expectation, however it was negatively and significantly affected by the monthly stipend they got from the parent. On the other hand, including years of schooling, gender, age, family size, location, and parent job, was not statistically significant in determining the entrepreneur intention of university students.

Table 1. Descriptive Statistics

Variable	Measurement	Mean	Std.Dev
Years of schooling	Years becoming a university student	1.728	0.446
Gender	1 for male; 0 for female	0.353	0.478
Age	Student age in year	19.695	1.000
Family size	Number of family members (person)	4.538	1.252
Parent income	1 = < 1.000.000 2 = 1.000.000–4.000.000 3 = 4.000.001–6.000.000 4 = 6.000.001–10.000.000 5 = 10.000.000	2.553	1.411
Monthly stipend	1 = < 500.000 2 = 500.000–1.000.000 3 = 1.000.001–2.000.000 4 = 2.000.001–3.000.000 5 = > 3.000.000	2.410	1.041
Location	1 = urban; 0 = rural	0.363	0.481
family business	1 = family has a business; 0 otherwise	0.540	0.499
Friend business	1 = friend has a business; 0 otherwise	0.693	0.462
Parent expectation	1 = expect to be entrepreneur; 0 = otherwise	0.205	0.404
Parent job	1 = entrepreneur; 0 = otherwise	0.238	0.426
Entrepreneur intention	1 = very disagree to be entrepreneur to 5 = very agree to be entrepreneur	4.410	0.767

Parent income have a positive and significant impact on student intention to be an entrepreneurship. This finding implies that the highest income earn by the parent will increase the intention to be an entrepreneurship. However, monthly stipend variable has a negative and significant impact on student intention to an entrepreneurship. Suggesting that, the highest monthly stipend that is provided by the parent significantly reduces students intention to be entrepreneurs. This finding is interesting that should be considered by student parents to improve their son to have better intention to be an entrepreneur. Family and friend business have a positive and significant impact on student intention to be an entrepreneur. This finding is not surprising because family or friends that have business will provide a motivation to be an entrepreneur. Finally, parent expectation is the most significant variable in determining student intention to be entrepreneurs. This finding suggested that parent expectation on their son is essential to support their son to be an entrepreneur.

Table 2. The determinant of students’ entrepreneurs intention

Intention	Coef.	Std. Err	z	P > z
Years of schooling	-0.170	0.181	-0.940	0.349
Gender	0.046	0.126	0.370	0.713
Age	-0.073	0.082	-0.890	0.374
Family size	-0.014	0.048	-0.290	0.772
Parent income	0.123	0.056	2.200	0.028**
Monthly stipend	-0.154	0.074	-2.080	0.037**
Location	-0.097	0.130	-0.740	0.457
family business	0.258	0.131	1.970	0.048**
Friend business	0.239	0.135	1.770	0.077*
Parent expectation	0.430	0.159	2.700	0.007***
Parent job	0.091	0.157	0.580	0.565
/cut1	-4.394	1.852	-8.025	-0.764
/cut2	-3.663	1.833	-7.256	-0.071
/cut3	-2.626	1.828	-6.209	0.956
/cut4	-1.610	1.826	-5.188	1.969
Log likelihood	-390.121			
LR chi2(11)	28.980			
Prob > chi2	0.002			
Pseudo R2	0.036			

Note: * sig 10%; ** sig 5%; *** sig 1%

4 Conclusion

The main objective of this study is to investigate who is intent to be an entrepreneur among Indonesian students. This study employed survey data from 231 university students in east Java of Indonesia, and it was analyzed using an ordered probit model. The main finding indicated that the entrepreneur intention of university students was positively and significantly influenced by parent income, family and friend business, and parent expectation, however it was negatively and significantly affected by the monthly stipend they got from the parent. This finding implies that there is a need to supports students to be an entrepreneur. The government should provide a program to support university students. On the other hand the parent needs to support as well, based on the study findings the parent should control students’ monthly stipend, and motivate them to be entrepreneurs.

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