

## THE EFFECT OF ENTREPRENEURSHIP EDUCATION AND FAMILY BUSINESS BACKGROUND ON THE INTENTION TO CONTINUE THE FAMILY BUSINESS AS THE NEXT GENERATION ON FAMILY BUSINESS STUDENTS IN CIPUTRA UNIVERSITY

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**Abstract:** This Research is conducted to analyze the effect of entrepreneurship education and family business background on the intention to continue the family business as the next generation. This questionnaire was distributed to active students who are members of the Family Business Guild Classes 8.9 and 10 with a total of 169 respondents. This study uses Cluster Sampling where the sample will be divided by each batch. The data analysis method used in this research is Statistical Product and Service Solutions (SPSS) software with multiple linear regression analysis technique. The results of the analysis of this study stated that Entrepreneurship Education had no significant effect on the intention to continue the family business and the background of the family business had a positive relationship and had a significant effect on the intention to continue the family business. So it is stated that one of the factors that can influence students' interest in continuing their family business is the background of the family business. Where the child is able to establish good relations with the family so that work is not forced.

**Keywords:** *Family Business, Entrepreneurship, Education*

### 1. Introduction

The growth of family business in the year 2014 experienced a rise as big as 5%, which is 83% and in the year 2016 rose to 88%. However, by the year 2018, there was a decline of 1%, which is 88% in the year 2016, and became 87% in 2018. One of the ways to sustain the continuation of family businesses is by preparing for the formation and planning of the next generation or commonly known as succession. Succession is one of the most important issues but is also the most fragmented problem theoretically in a family business (Suddaby and Jaskiewicz, 2020).

According to Pricewaterhouse Cooper (2018) from the many challenges that exist, 33% of family businesses globally struggle in doing succession. However, succession is something difficult that has to be passed by a family business. In a succession, it is vital to have good preparation from the individual who will lose their position, the person who will accept the authority delegation as a leader, as well as the preparation of employees. Based on data alone, only 30% of family businesses manage to sustain until the second generation, 12% sustained by the third generation and merely 4% can reach the fourth generation or more. One of the ways to build and raise an entrepreneur is through education institutes. Education Support

creates many business owners that are also able to form more jobs to overcome the economic growth and decrease unemployment (Adekiya & Ibrahim, 2016).

Ciputra University's Family Business Guild is one of the programs from the entrepreneurship class where in this guild, students are facilitated in education and practice. As the Family Business guild is done, it can provide a positive impact on family businesses, so that it indirectly helps the parents. The most important role in Family Business is communication, that is, communication with parents, family members, as well as colleagues is very important in forming a relationship that can solve problems through coordination with parents. It is found that the background of the Family Business gives a significant influence on the intention to continue the Family Business.

The goals of this research are 1) To know the significant influence of entrepreneurship education on the intention to continue the family business Ciputra University students and 2) To understand the significant influence of the background of the family business on the intention to continue the family business Ciputra University students.

### **Entrepreneurship Education**

Agus Wibowo (2011) stated that Entrepreneurship Education is an effort to internalize the positive entrepreneurial spirit and mentality either through education institutes or other institutes like training organizations and such. Involving students in different knowledge disciplines has to broaden their insights of entrepreneur education outside of creating businesses. Emmanuel et al., (2012) said that Entrepreneurship Education creates innovative ideas that mirror an Entrepreneurship Education-based mindset, which allows this aspect to be made as a process of combining innovation, management skills, and organization.

Alhaji (2015), claims that Entrepreneurship Education is an important component in providing stimulus for an individual to create a choice career, hence increasing the creation of new businesses and economic growth. This is supported by researchers Hood and Young in Lo Choi Tung (2011), who stated that entrepreneurship education can be considered as important as its purpose is to teach students to start and operate new businesses that can be successful and profitable, which can facilitate economic growth.

**H1: Entrepreneurship Education has a significant influence on the intention to continue the family business**

### **Family Business Background**

A family business is a very unique business. It is considered as unique because the business is owned and managed by a family, (Dana and Ramadani, 2015). Due to its unique characteristic, the tension of a family business tends to be found between generations. Where the majority of the family members' decisions about their future are influenced by family.

Chua et al., (1999) stated that Family Business is a business that is controlled by the dominant member of the same family and has the potential to continue across generations.

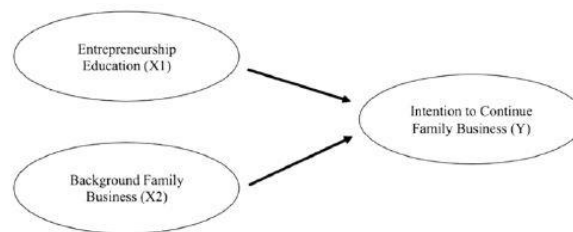
According to Huovinen and Tihula., (2008) family business is a relatively new field and tends to be abstract, Family Business has a graphic that is increasing. Where Positive Background Family Business will influence the intention to continue the family business, as every form of association of family business will be managed by the family involved. Hence, harmonic families will influence the high confidence of someone in doing entrepreneurship that is felt in a certain opportunity.

**H2: Family Business Background significantly influences the Intention to Continue Family Business**

### **Intention to Continue Family Business**

Lee, S.H. & Wong (2004), claims that the intention to become an entrepreneur can be interpreted as the first step in a process of building a business that is commonly long-term so the intention of being an entrepreneur of an individual can be seen as enthusiasm to build a business or create one. The intention to keep on doing business is also connected to the intention to be an entrepreneur as an entrepreneur will focus on developing a family business that not only will they do alone but will also do with their parents.

Based on the explanation above, the research model that will be proposed is as the following:



Graph 2.2 Research Model  
 Source: Processed Data 2021

### **Previous Research**

Research that has been conducted by (Hendri et al., 2020) stated that the research which discussed the topic of Intention to Continue Family Business can be said as very little because many students are hesitant to be entrepreneurs, especially when continuing their parents' business, despite them already being taught of being entrepreneurs.

The first research conducted by (Javed et al., 2010) discussing the impact of entrepreneurship education on succession claimed that students with family business backgrounds can be said as a high social standing model where there is a need for family connections. Where students with family business backgrounds can have different situations. When faced with the decision of their next career, family business students instead faced confusion about whether to become the successor of the family business to found a new business by themselves, or even work under the leadership of someone else.

The second research conducted by (Ljubotina dan Vadjal, 2017) aimed to broaden the scope of students' career choices with a family business background. The result of the research stated that students with good family business work ethic backgrounds and high Entrepreneurship Education levels showed a significant preference to Continue Family Business.

The third research that is conducted by (Ljubotina dan Vadjal, 2016) aimed to gain a greater understanding of the process of transferring the business to the next generation and to investigate the expectations of choice careers of students with Family Business backgrounds. The internal locus of control variable significantly influences the decision of founding their own business or working with someone else. Meanwhile, the Intention to Continue Family Business variable directs more to the decision to become a successor of the business.

## **2. Research Method**

The research methodology used in this research is quantitative methods. This research involved the variable measurements and assessment of connections between variables to elaborate patterns, correlations, or cause and effect connections. This research is included in descriptive research, where descriptive research provides descriptions of every data in each

research variable. The source of data in this research is primary data. The type of population used is finite population, which are active students who are connected in Family Business guild batch 8 which has 86 students, batch 9 with 110, and batch 10 which has 98 Ciputra University students, with a total amount population of 294 students. The scale of measurement is by using a questionnaire, this research is the Likert Scale.

### **3. Results and Discussion**

#### **3.1. Results**

##### *Respondents Characteristics*

In this research, the respondents used to gather data needed are Family Business Guild Ciputra University students' batch 8, 9, and 10 with a number of 169 students. Respondents' characteristics in this research include sex and Family business batch. With 81 (47,9%) Female students and 88 (52,1%) Male students. Based on sex, it can be seen that from the two batches, it is more dominant for male students. Based on the Family Business batches, it is stated that 56 (33,1%) students are from batch 8, 50 (29,6%) students are from batch 9, and 63 (37,3%) students are from batch 10.

##### *Validity and Reliability*

A validity test is a test to see how well the instrument/questionnaire that is developed can be used to measure the concept that is needed to be tested (Sekaran dan Bougie, 2016). A validity test is aimed to test the ability of the questionnaire whether is valid or not. Based on the data of the analysis result, each statement item of the questionnaire in the Entrepreneurship Education, Background Family Business, and Intention to Continue Family Business variables show a significant value under 0,05 hence these 3 variables are valid.

A reliability test is a test that is used to measure whether the questionnaire questions have represented the indicators of the variables used. Based on the analysis, the reliability test has a Cronbach's alpha value of bigger than 0,70 where Cronbach's alpha value of Entrepreneurship Education variable is 0,943, Background Family Business is 0,939, and Intention to Continue Family Business is 0,890 where the data that is produced based on the respondents' answers can be considered as consistent from time to time

##### *Multicollinearity*

The result of the multicollinearity test is considered to not have multicollinearity occur as the tolerance value  $\geq 0,10$  and VIF value  $\leq 10,00$ . Entrepreneurship Education and Background Family businesses have a tolerance value of 0,214 and a VIF value of 4,665. Hence can be concluded that the independent variable in the research has fulfilled the absence of multicollinearity issues.

##### *Heteroscedasticity*

Based on the result of the heteroscedasticity test, it is considered that the result value of each variable is  $\geq 0,05$ . Where Entrepreneurship Education has a value of sig 0,28 and Background Family Business has a value of sig 0,155. Hence can be concluded that there are no heteroscedasticity issues at the residual.

##### *Normality*

Based on the result of the normality test, it can be seen that the significant value that is formed is 0,279 where this value is greater than 0,05. Hence it can be said that the data in this research is distributed normally or the residual variable has a normal distribution.

##### *Linearity*

Based on the result of the linearity test it is stated that the three independent variables which are Entrepreneurship Education and Background Family Business have a linear

connection with variable Y Intention to Continue Family Business with a value sig linearity 0.000. This is proven through value sig. linearity of the two variables X that have values < 0,05.

#### *Multiple Linear Regression*

Based on the multiple linear regression results, explains that the constant value ( $\alpha$ ) has a value of 1.871. Coefficient regression for the Entrepreneurship Education (X1) value has a positive value of 0,05 hence it can be concluded that every increase in the Entrepreneurship Education variable, can increase the Intention to Continue Family Business variable as much as 0,05 with the assumption that other independent variables remain unchanged. The Coefficient regression value of the Background Family Business (X2) variable has a positive value of 0,42 hence it can be concluded that every increase in Background Family Business, can increase the Intention to Continue Family Business variable by as much as 0,058 with the assumption that other independent variables remain unchanged, which means that the higher the student's motivation in entrepreneurship, the more likely the decision for the student to continue their family business.

#### *F-test*

Based on the research result of the F-test it can be concluded that the significant value shows the number 0,000 where that number is smaller than 0,05 which means the model in this research can be considered a fit

#### *T-test*

Based on the T-test Entrepreneurship Education (X1) variable shows the number of 0,127 where the value of that number is bigger than 0,05 which means that the Entrepreneurship Education (X1) variable does not have a significant impact on the Intention to Continue Family Business (Y) variable. The significant value of the T-test of the Background Family Business (X2) variable shows a number of 0,000 where that number is smaller than 0,05 which can be concluded that Background Family Business (X2) variable has a significant influence on the Intention to Continue Family Business (Y) variable. Hence the Entrepreneurship Education variable is considered to not have a significant effect on the Intention to Continue Family Business variable

#### *Coefficient of Determination*

The result of the determination test showed that Entrepreneurship Education and Background Family Business variables can explain as much as 83,3% of the regression value and the rest is explained by other variables outside of this research.

### **3.2. Discussion**

#### *Influence of Entrepreneurship Education towards Intention to Continue Family Business*

The Entrepreneurship Education variable has a value of 1,07 where that number is greater than 0,05 hence Entrepreneurship Education (X1) variable does not have a significant influence on the Intention to Continue Family Business (Y) variable. Due to this, the first hypothesis in this research is not accepted. The result of this research is according to the research conducted by (Ljubotina dan Vadjal, 2017) which found that there is no significant influence between Entrepreneurship Education and Intention to Continue Family Business, due to the difference in research conducted by Ljubotina dan Vadjal compared to other researches, that is, it only focuses on the student's family business background.

#### *Influence of Background Family Business towards Intention to Continue Family Business*

The influence of Background Family Business (X2) variable towards Intention to Continue Family Business (Y) variable shows a significant value towards T-test on



Background Family Business (X2) variable showed the number of 0,000 where that value is smaller than 0,05 hence it can be concluded that the Background Family Business (X2) variable has a significant influence towards the Intention to Continue Family Business (Y). Hence the hypothesis in this research is accepted. From these two aspects, it can be considered that the importance of the socialization between a child with parents and Ciputra University can also provide directives to parents through Gathering which allows broadening the child's insight.

#### *Research Implications*

Several implications can be found through this research, the Entrepreneurship education variable where Ciputra University has already given complete education that teaches the basics of entrepreneurship by developing family businesses. Based on the above description, it is considered that it is important to plant an entrepreneurial mindset in starting a business or developing a business, especially a family business. This is supported by Ciputra University which excels with entrepreneurs hence the curriculum that is taught about building a new business. Hence Ciputra University provides insight and character-building to students to become entrepreneurs

#### **4. Conclusion**

The conclusion that has been found from the analysis result and data discussion in this research are as follows:

- 1) Entrepreneurship Education does not have a significant influence on Intention to Continue Family Business where the first hypothesis (H1) in this research is rejected
- 2) Background Family Business has a significant influence on the Intention to Continue Family Business where the second hypothesis (H2) in this research is not rejected.

The process of conducting and developing the interest in entrepreneurship needs to increase entrepreneurial education programs as knowledge or skills like applying it to the real world as an effort to strengthen Ciputra University Family Business Guild students' entrepreneurial interest. Hence Family Business Guild can also review every curriculum that is used for the next batch by multiplying practical activities that involve students and parents in implementing the family business so it can positively impact the Intention to Continue the Family Business of students. Based on the results of this research, one of the factors that can influence the intention of students to continue their family business is their family business background.

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