

# CHAPTER 1

## INTRODUCTION

### 1.1 Research Background

One of the main economic problems faced continuously every year in any developing country that we can see is the problem of unemployment. As we know unemployment can occur because of the lack of a labor market, the number of layoffs and the growing population but not with the provision of education, or the support of family and the surrounding environment that are not supportive for someone to get a decent job. Unemployment can have many negative impacts on the surrounding environment such as poverty and high crime rates. One of the developing countries experiencing this economic problem is Indonesia.

Unemployment can lead to a slowdown in a country's economy, one of the things that can improve and restore a healthier economy with entrepreneurial activities. Entrepreneurial activity is the use of existing resources to create jobs, so that job opportunities become wider, increase economic development and reduce unemployment in a country. So that entrepreneurship is needed in all countries to face high unemployment. But unfortunately entrepreneurship in Indonesia is still lower than the World Bank standard, where in Indonesia the resources to become an entrepreneur are still 3.31% where the World Bank standard must be more than 4% of the country's population (Adhikusuma, 2020)

Of course, people who want to have experience for a new businesses or what we usually call entrepreneurs seem to have the criteria to be able to open new

jobs so that they can reduce the existing unemployment rate. Most of the causes of this high unemployment rate stem from the large number of students who have completed their education and are busy looking for work, but with the fact that the competition for many job seekers with the job market is disproportionate. From this, it can be seen that many students do not have the intention, support, or provision to open their own business or become entrepreneurs.

The question at this time is, how to increase the entrepreneurial intention of students and can be one of the characteristics of students, so that one of the first steps to achieve the above economic goals will be taken.

Opening a new job field carried out by an entrepreneur maybe need to have an intention first. If a prospective entrepreneur constantly only has suggestions or ideas and that are just stuck in their head but there is no intention to start, then that is tantamount to lying because without action, we will only be stuck in certain situations continuously. Intention is the starting point for everything to be done. Intention is about what we want, about what will be realized or what we aspire to. Intentions are not just short-term goals whose goals will also apply to the long-term. But the intention will lead to a clear goal. Starting from the smallest to the largest scope. Such as the goal to continue the family's ideals or goals that will later change the environment or will only produce what is desired such as money. Unfortunately, there are still many who don't understand what intention is, so they end up just continuing the small things in everyday life so that they end up meaningless.

Entrepreneurial intentions can be interpreted as the first step for students to make them as beginners for their new businesses. There is a need, encouragement, or demand in the economic circle to support economic conditions in order to improve both in increasing employment opportunities which will also increase the number of workers. so that domestic products will increase in quality and quantity (Mahendra, Djatmika, & Hermawan, 2017)

It is the same as the intention to do business, everyone has their respective goals in opening employment. Some are just to fulfill daily needs and achieve self-satisfaction, there are also those who want to change the environment and even the world with noble intentions. That is, by opening a business field, then he can reduce the existing social problem, namely the large number of unemployed. That way his goal becomes a long-term goal which he will not pursue on his own because he already has a work team to achieve the intentions and goals of the next good goal. However, there are several aspects that might influence the formation of entrepreneurial intention such as self-efficacy and entrepreneurship education.

In the scope of entrepreneurship, if the level of self-efficacy is higher, the level of confidence in the ability to open and run a new business will also increase (Pittaway, Rodriguez, Aiyegbayo, & King, 2011). Self-efficacy is a strong predictor of one's efforts in persistence, strategy, training and final performance. Self-efficacy can be increased to take advantage of its performance-enhancing effects. Self-efficacy will determine the strongest motivation for a person in the success of each effort from the goals that have been set. After determining the nature of self-efficacy

and how it relates to performance and other work-related outcomes, it will examine the measurements and sources of self-efficacy.

Because entrepreneurial intentions are important, it is also important to include them in the teaching and learning process in the form of entrepreneurship education, so that later students' entrepreneurial intentions can be measured in terms of achieving results to join as young and quality entrepreneurs outside campus (Mahendra, Djatmika, & Hermawan, 2017)

Having a lot of knowledge about business which includes entrepreneurship will make someone successful in running their business because with increasingly advanced conditions like today, the business world is no longer something that is rarely heard by the wider community, but not all people understand what things include in the business world, so with the development of education and training in the field of entrepreneurship, it will directly develop the ability to improve the quality of business and economy (Winarno, Rahayu, Wijijayanti, & Agustina, 2019).

Entrepreneurship education is very important to add all aspects of becoming an entrepreneur for better economic growth. Entrepreneurship education is an educational activity carried out to prepare a person to recognize entrepreneurial opportunities and have the knowledge, confidence, and ability to take advantage of existing entrepreneurial opportunities. It includes subjects that can train aspiring entrepreneurs to see possibilities, commercialize ideas, organize risk-taking

resources, and start a company. Also Management, marketing, information systems, and finance are among the basic business lessons taught (Ifere, Ekpe, & Otu, 2014).

The reason researchers took Economics students of Andalas University because they were in accordance with the one of variables that the researchers took, namely the influence of entrepreneurship education. Entrepreneurship courses are a compulsory subject for Economic Student. So, researchers need to do more research on the factors that affect intention to do business. Therefore, this study will discuss *“Impacts of Self Efficacy and Entrepreneurship Education On Entrepreneurial Intention: The Context of Economic Students, Andalas University”*

### 1.2 Research Question

Based on the background above, the following problem can be formulated as follow :

1. How does self efficacy influence the entrepreneurial intentions for the students in the faculty of economic, Andalas University?
2. How does entrepreneurship education influence the entrepreneurial intentions for the students in the faculty of economic, Andalas University?

### 1.3 Objective of the Research

The following are the study's aims, which are based on the above-mentioned definition of the problem:

1. To find out the impact of entrepreneurial self-efficacy on entrepreneurial intentions of students in the faculty of economic, Andalas University

2. To find out the impact of entrepreneurship education on entrepreneurial intentions of students in the faculty of economic, Andalas University

#### 1.4 Benefits of the Research

The benefits of this research as a follow :

1. Benefits of Theory

This research is expected to be used as a reference for the development of knowledge in further research related to entrepreneurial self-efficacy, entrepreneurship education, and asking students to be entrepreneurship. In addition, it is also hoped that this research can contribute to the development of management science in entrepreneurship and apply the knowledge and theory gained during the lecture period.

2. Practical Benefits

- A. For Researcher

It is hoped that this research can add and improve insight, knowledge, and enrich management knowledge, especially in the field of entrepreneurship about entrepreneurial self-efficacy, entrepreneurship education and entrepreneurial intentions

- B. For the Faculty

It is hoped that this research can be used as input, suggestions, and additional information for the Faculty of Economics and parties who have other

interests to find out how the impact about the influence of entrepreneurial self efficacy and entrepreneurship education on entrepreneurial intention.

### **1.5 The Scope of research**

In this study, the scope of this study is in economic and business students, Andalas University because according to the title I adopted, entrepreneurship education is a compulsory subject in faculty economic.

### **1.6 Research Systematics**

The systematics of writing in this study was made to provide a comprehensive picture of research. The systematics of this research consists of five chapters, namely as follows:

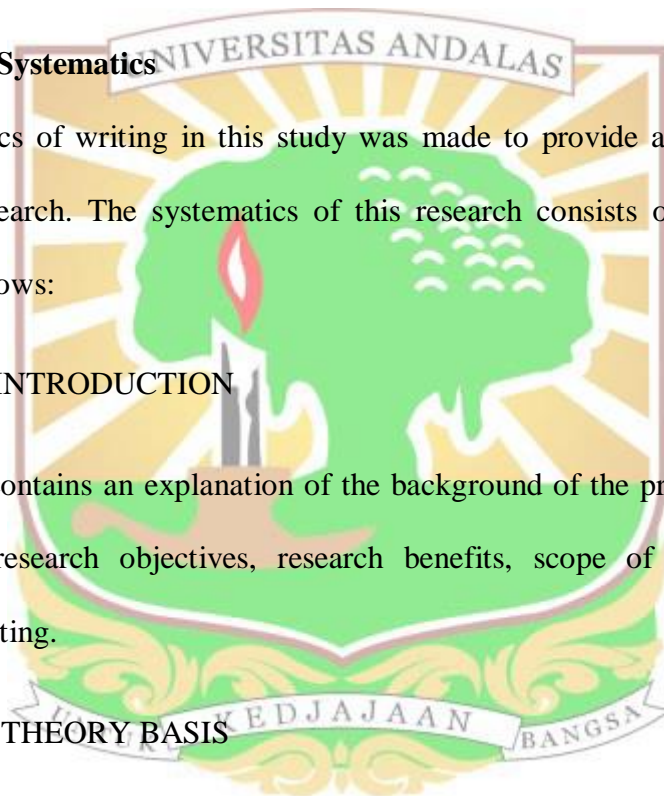
#### **CHAPTER 1 INTRODUCTION**

This chapter contains an explanation of the background of the problem, problem formulation, research objectives, research benefits, scope of discussion and systematic writing.

#### **CHAPTER 2: THEORY BASIS**

This chapter will explain the theoretical foundations that are relevant to the research discussed. In addition, this chapter will also discuss previous research, developing hypotheses, and the conceptual framework of the research.

#### **CHAPTER 3: RESEARCH METHODS**



This chapter contains the research design, population and research samples, types and methods of data collection, identification of variables and their measurements, and techniques to be used.

#### CHAPTER 4 RESULTS AND DISCUSSION

This chapter contains the results of the process of distributing research questionnaires, general descriptive respondents, and data analysis used to prove the hypothesis.

#### CHAPTER 5: CONCLUSION

The last chapter contains conclusions from the research results, research implications, research limitations and suggestions.

