


## CHAPTER 1

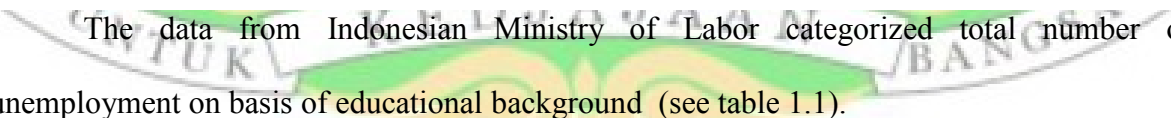
### INTRODUCTION

#### 1. Background Of The Study



Entrepreneurship is a worldwide phenomenon with economic growth across the globe positively impacted by the emergence of new and innovative business start-up. During the last decade, entrepreneurship has captured the attention of both scholars and policy makers. The main reason of this concern is the growing need for entrepreneurs who accelerate economic development through generating new ideas and converting them into profitable ventures (Turker & Selcuk, 2009). A career in entrepreneurship offers significant opportunities for individuals to achieve financial independence and benefit the economy by contributing to job creation, innovation, and economic growth (Basu & Vilrick, 2007).

In addition to such informational challenges, job seekers also need to overcome general frustration, deterioration in life satisfaction, discouragement from rejected applications, and further personal setbacks that unemployment and the job search process often bring about. Clark and Oswald (1994), Krueger et al. (2011), and Krueger and Mueller (2012), in Altmann et al (2015) p-3, for instance, document substantial unhappiness and dissatisfaction among the unemployed, in particular during times of active job search. The search process and the circle of trying and failing that job seekers often experience also puts a strain on their self-confidence, patience, and willpower (Falk et al. 2006).



The data from Indonesian Ministry of Labor categorized total number of unemployment on basis of educational background (see table 1.1).

**Figure 1.1**  
**Table of Indonesian's Unemployment rate 2013-2016**  
**(Based on educational background)**

No.	Educational Background	2013		2014		2015		2016
		February	August	February	August	February	August	February
1	No Education	112,435	81,432	134,040	74,898	124,303	55,554	94,293
2	Did Not Finish Elementry School	523,400	489,152	610,574	389,550	603,194	371,542	557,418
3	Elementry School	1,421,873	1,347,555	1,374,822	1,229,652	1,320,392	1,004,961	1,218,954
4	Junior High School	1,821,429	1,689,643	1,693,203	1,566,838	1,650,387	1,373,919	1,313,815
5	Senior High School	1,874,799	1,925,660	1,893,509	1,962,786	1,762,411	2,280,029	1,546,699
6	Vocational High School	864,649	1,258,201	847,365	1,332,521	1,174,366	1,569,690	1,348,327
7	Diploma	197,270	185,103	195,258	193,517	254,312	251,541	249,362
8	University	425,042	434,185	398,298	495,143	565,402	653,586	695,304
	<b>Total</b>	<b>7,240,897</b>	<b>7,410,931</b>	<b>7,147,069</b>	<b>7,244,905</b>	<b>7,454,767</b>	<b>7,560,822</b>	<b>7,024,172</b>

Source: SAKERNAS (Statistik Ketenagakerjaan Nasional) range of years 2013-2016.

On the basis of educational background, unemployment percentage from graduates of elementary school is decrease around 3,61% to 3,44%. Graduates of vocational high school is the highest rate of open unemployment which is 9,84%, increase from 9,05%. Percentage of junior high school that unemployed is decrease, around 7,14% to 5,76%. Also same with senior high school around 8,17% became 6,95%.

As for percentage of population from higher education which are diploma I,II, and III that unemployed is decrease, but the unemployment rate from universities graduates increase from 5,34% became 6,22%. Such a suprising number considering college should already give provision to students form them to be independent when graduate, which is declare that higher education is not a guarantee that someone will not work right away when they graduate.

In order to reduce job seeker, self-employment could be a promising alternative. A successful entrepreneur at large are those who have the competence, e.g. have the knowledge, skills, and quality of the individual that included attitudes, motivation, personal values and the behaviours that are necessary to carry out the work (Harris and Gibbs, 2008).

A lot of people who do not have desire to become entrepreneur complained that they lacked of ideas. Creativity often emerges in the form of ideas to produce new goods and services, the idea is not an opportunity and will not appear if the entrepreneur does not hold an evaluation and continuous observation (Zimmerer, 1996).

Their perception about the entrepreneurial as well as the establishment of a new venture will affect the election of their future career (Gurbuz and Aykol, 2008). That is the basis of this form of entrepreneurship is not a business, but rather the intention of entrepreneurship itself. The intention to be entrepreneur is the inclination or tendency of individual entrepreneurship action desires by creating new products through the business opportunity and risk taking (Sarwoko, 2011).

The intention of entrepreneurship is also interpreted as a reflection of the determination of an individual in pioneering effort or new business and is a central issue that became a major concentration in understanding the process of establishment of entrepreneurship new venture (Krueger, 1993).

Although there are many factors determined entrepreneurial intention to start-up activities, this study limits the investigation in three contextual factors, which are variables of attitude toward entrepreneurship, student's perceived structural support, and student's perceived relational support. Some experts stressed the importance of contextual factors indicate the decision to be an entrepreneur is based on factors other than someone's personality and psychological traits. In view of such research, many contextual factors enter the research concerning the intention of entrepreneurship (Amos & Alex, 2014). It is very important if college also supports the environment in developing entrepreneurship among the students intention (Negash and Amentie, 2013).

The intention to be self-employed is a necessary antecedent to the actual behaviour of choosing self-employment as a career option. In support of this intentions-based research and

the probability of intentions leading to actual behaviour, Kolveroid and Isaksen (2006) established that new business founders' intentions to become self-employed were strongly associated with subsequent actual behaviour.

The current study intends to investigate the impact of attitude toward entrepreneurship, student's perceived structural support and student's perceived relational support toward entrepreneurial intention of business start-up activities in the context of higher education in West Sumatra Province.

## **1.2. Problem Statements**

Based on the explanation on the research background, it can be proposed those following problem statements:

1. How does attitude toward entrepreneurship affect on student's entrepreneurial intention in higher education?
2. How does perceived structural support affect on student's entrepreneurial intention in higher education?
3. How does perceived relational support affect on student's entrepreneurial intention in higher education?
4. How does student's entrepreneurial intention affect on business start-up activity?

## **1.3. Research Objectives**

Based on the problem statement, the objectives of this research are:

1. To examine the impact of attitude towards student's entrepreneurial intention in higher education institutions
2. To examine the impact of perceived structural support towards student's entrepreneurial intention in higher education institutions

- 3 .To examine the impact of perceived relational towards student's entrepreneurial intention in higher education institutions.
4. To examine the impact of student's entrepreneurial intention towards business start-up activity.

#### **1.4. Contributions of the Research**

This research is expected to generated valuable information to contribute on:

1. The result is expected to be able strengthen the entrepreneurial as well appropriate with the other entrepreneurial intention's theories, especially in the study of contextual factors e.g. attitude toward entrepreneurship, perceived structural support, and perceived relational support and to find out how many student who decided to plunge in an entrepreneurial career after getting entrepreneurship course.
2. The result is expected to be able to help in consideration qualifying prospective workers to adjust the climate and conditions of college who will become jobs seeker.
3. The research is expected to provide input about the theory on the basics of the formation of attitudes and entrepreneurial intention belonging to students to become entrepreneurs, so it can be used as a reference or basis for further research.

#### **1.5 Scope of Research**

This research has a limited scope of analysis in terms of numbers of variables and object of the research. The researcher limits the research context by focusing on four universities in Padang, which are two private universities and two public universities.

#### **1.6. Stucture of Writing**

The results of this research are poured into a research report which consists of several chapters. A description of each chapters contained in this research report is as follows:

CHAPTER I            This chapter describes the background of the problem, problem statements, purpose and usefulness of the research and systematic writing in this research proposals.

CHAPTER II           This chapter describes begins with basic theories related to the study, similar research history, framework, and formulation of hypotheses to be tested for ease in understanding about this research.

CHAPTER III           This chapter elaborating on the research method contain variables use, operational definitions, sampling, kind and data sources, as well as the methods of analysis used in research.

CHAPTER IV           This chapter explaining about the description of the object of research, data analysis, and discussion so that can know results of the analysis examined the results of hypothesis testing.

CHAPTER V           This chapter describes presents a brief conclusion obtained from the analysis in the previous chapter, limitations of the study, and suggestions for research that will come.

