

CHAPTER I

INTRODUCTION

1.1 Background of the Research

Creating the job creator rather than creating job seeker for university graduates is recently becoming central issue in developing country, such as Indonesia. University could be a starting point for choosing the next career afterward. This issue appears as something essential and important since the chances to be hired in one's company or institution is getting decrease day in day out. Besides, the job opportunities is becoming more limited for job seeker due to economics condition. According to the data that conducted by BPS, the amount of workfields with the amount of job seeker in not comparable anymore. In the latest data conducted by Ministry of Labour and Transmigration of Indonesia and BPS in 2015 regarding the workfield, the number of workfields is 833.555 otherwise the number of job seekers is 1.410.428 and the number will always get increase.

The government of Indonesia has several policies that hopefully pushes the people to be self employed (i.e: entrepreneur/ job creator). Indonesia government through BAPPENAS (Badan Perencanaan dan Pembangunan Nasional) as the institution to plan and create development in all sectors of Indonesia beneath the controlling of the president which also acts in economy sector. In the program that established by BAPPENAS, in its program book, the chapter 4 states about economy development programs which is one of the policies is to ease and push people to be having higher quality of work and able to be self employed (i.e: entrepreneurs). The government of Indonesia has practical action to push the

people to be job creator rather than to become job seeker by having BAPPENAS as the tool of action.

According to a sociologist David McClelland, a country should have at least 2% entrepreneurs of all population to become as wealth country. Ex-Ministry of Cooperatives and SMES- Indonesia 2009-2014, Syarif Hasan also said that a developed country is a country which has 2% of their total population that work as an entrepreneur (Primartantyo, 2011). Take a look to what becomes reality in Indonesia, based on the latest survey that established by BPS in 2016, the percentage of entrepreneurs in Indonesia is about 1.8% of total population. Then compare to another neighbourhood countries, Indonesia is still underneath Singapore, Malaysia and Thailand which each of them have 10%, 5% and 3 % (Putra, 2015).

Based on the latest data that conducted by BPS (Badan Pusat Statistik) in 2016, the amount of university and diploma graduates unemployment in Indonesia is about 12% of all categorizes graduates unemployment. The total of unemployment base on the education level graduated in Indonesia base on the data is 7.024.172 people. In the data, the amount of the diploma and university graduates unemployment is about 944.666 people. It shows the number of high educated unemployment is quite high in Indonesia.

Taking a look to West Sumatera area based on the latest survey conducted by BPS, the percentage of university and diploma graduates unemployment is about 8.2% of open employment categorizes of total number of 2.62 million labor force (Wahyudi, 2017). The university and diploma graduates unemployment take over the senior high school graduates unemployment in category of open

unemployment. It indicates that the absorption of the skilled workforce is getting decrease recently. In order to decrease the number of unemployment in West Sumatera, the government of West Sumatera has program by giving low interest credit for household scale or Small-Medium Enterprise (SME) through its local state owned bank/ Bank Nagari (Harlina, 2016).

Beside all the programs that supported by government to create the easier system for new graduates to be job creator rather than job seeker, the willing and capabilities of the person is important as well. The program of government would not run as expected unless the people have intention or spirit to be entrepreneur particularly the university graduates.

To do an action, there is something needed before which is a thought that directs one to act, that is intention. As what stated by Parker (2004) intention is an individual's specific propensity to perform an action or a series of actions and it is stemmed from conscious thinking that directs behavior. In addition Kim and Hunter (1993) stresses that the attitudes predict intentions and intentions predict behavior.

Entrepreneurship intention is important as how the willing of people particularly the university graduates to be self employed. According to Bird (1988) defines entrepreneurial intention as the state of mind directing a person's attention and action towards self-employment rather organizational employment. People have strong willing to be entrepreneur when they already have that state of mind that directs them to do so. By seeing the statements above, it means it is important for looking after the entrepreneurship intention to increase the amount of entrepreneur of the university graduates.

To be having that state of mind that directs the university graduates to choose for being self employed rather than to work in an organization, there are factors that impacts them to have that thought. Education has impacts to the life aspects of people and becomes something very needed. It is important to have education in order to develop theirselves and gain new insight that probably not gotten in family yet as self development (Taylor, 2015).

The past two decades have witnessed significant growth in entrepreneurship education in most countries (Matlay & Carey, 2006). As the impact, most universities nowadays started to concern system and curriculum to create more graduates become entrepreneur. Moreover, entrepreneur education already becomes one of the points in national draft bill as stated in National House of Representatives's 2017 draft bill about entrepreneurship in chapter 3 verse 23,24,25 and 26 particularly in verse 26 stated that entrepreneurship education should be put in curriculum and essence substance of formal education and informal one in order to create entrepreneurial spirit. As addition, take a look to what stated by Lorz (2011), entrepreneurship education impact people intention to be self employed. Therefore, this research examined the impact of entrepreneurship education on students intentions to become entrepreneurs.

Demographic characteristics such as age, gender, culture, ethnicity, family background and religion are closely linked to entrepreneurial intention and entrepreneurial behaviors (Welmilla, Weerakkody & Ediriweera, 2011). However out of many components demographic characteristics few studies seem to have been done on these two variables; gender and age influencing entrepreneurial behavior (Welmilla et al., 2011; Minns & Rizov, 2005). Beside, some of the

studies suggest further research regarding these variables (gender and age) in different contexts (Ahmad, 2007). Additon, as review statement of LIPI institution, the demography bonus that would be faced by Indonesia, it is going to be closely related to youth generation, and it is necessary to find out the causal things and improve the quality of youth generation of Indonesia whether male or female (Suestiningtyas, 2014). Thus, this study tried to examine which demographic characteristics (age and gender) impact university students to incline towards entrepreneurship.

Personal attitude is a measure of commitment towards the new business and willingness to sacrifice towards entrepreneurial initiatives (Díaz-García & Jiménez-Moreno, 2010). This study will focus on the following personal attitude that appeared by Bygrave (1989); need for achievement, risk taking propensity and locus of control. First reason, base on the review that done by Forbes institution regarding the fear and entrepreneurship and take a look to Cacciotti (2015), the reason why the students do not have big propensity to become entrepreneur is caused by big fear of failure that impacted by the fear of taking risk and do not have high will to get achievement of life. Second, added by Asmara et al (2016), the biggest obstacles of becoming entrepreneur in students are low of need for achievement and low of propensity to take risk. And the third one is base on what stated by Brandstatter (2011) locus of control is a key factor influencing entrepreneurship and that an internal locus of control influences positively on the development of entrepreneurship. Therefore this research sought to examine if personal attitudes really influenced entrepreneurial intentions among students.

Based on the reality, there are still many students or graduates of universities in West Sumatera province that more concern to be employee rather than to be entrepreneur. As what stated by Adrinof Chaniago, ex-Minister of National Planning and Development of Indonesia period 2014-2015, a lot of students and youth in West Sumatera have no big intention to be entrepreneur eventhough they have potential. It impacts to the number of unemployment in West Sumatera increase in recent years even higher than the average number of national (Parjiga, 2017).

Since the entrepreneurial intentions are the crucial factors why people would be entrepreneur (Davis, 2006) and by seeing what becomes the reality as the phenomen in West Sumatera particularly in the university's students regarding the entrepreneurship, the current research is purposed to investigate **“The Effect of Entrepreneurship Education, Demographic Characteristics and Personal Attitudes on Entrepreneurship Intention of University's Students”**

1.2 Problem Statements

Based on the background, this research questions formulated as follows:

1. How does the entrepreneurship education impact to the entrepreneurship intention of university's students?
2. How does demographic characteristics impact to the entrepreneurship intention of university's students?
3. How does the personal attitude impact to the entrepreneurship intention of university's students?

1.3 Objectives of the Research

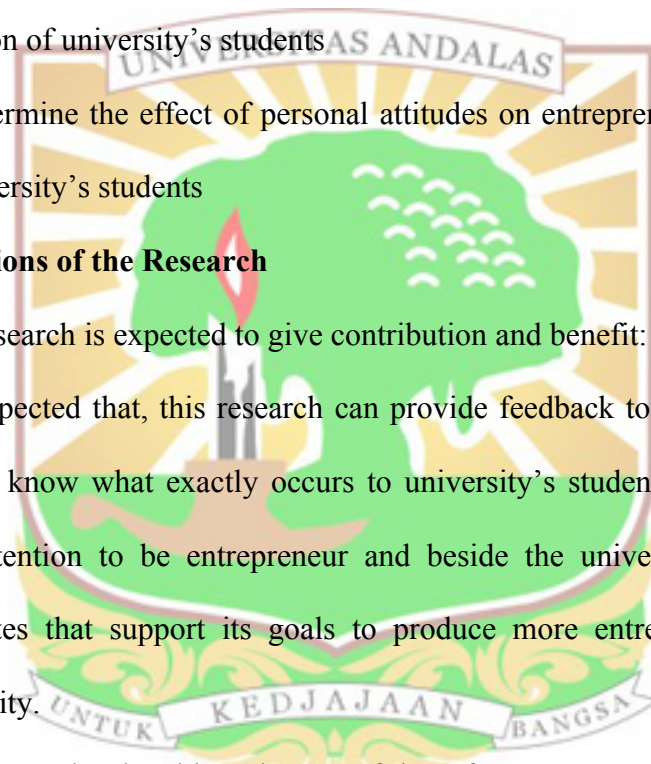
Based on the problem statement above, the goal of this study is to obtain data and information that is appropriate for analyzing the data. Particularly, the objectives of this research are:

1. To analyze the effect of entrepreneurship education on entrepreneurship intention of university's students
2. To examine the effect of demographic characteristics on entrepreneurship intention of university's students
3. To determine the effect of personal attitudes on entrepreneurship intention of university's students

1.4 Contributions of the Research

This research is expected to give contribution and benefit:

1. It is expected that, this research can provide feedback to university to be able to know what exactly occurs to university's students so they have less intention to be entrepreneur and beside the university could give facilitates that support its goals to produce more entrepreneurs of the university.
2. It is expected to be able to be one of the references regarding the decision making for university students to be self employed or work as employee after graduate from the university.
3. Entrepreneurs will greatly get benefit from the findings of this research. This enables them to mentor young people who are still have courses and provide them with education and share their experiences around.



4. The result of the research is expected to be able to give contribution for Indonesian Government and the Vision 2045 “The Golden Indonesia” program by giving the data related to the youth. Indonesia government blueprint as long-term program to establish Indonesian generation as golden generation. To be better generation by having great quality as human resource and be more superior than other countries worldwide. Besides, the demographical phenomen which is going to be faced by Indonesia would be demographic bonus. Most of Indonesian people are youth categorized in era 2015-2035. This would be great condition when the Indonesian generation have great quality yet the other hand if not so (Jokowi, 2017).
5. The result is expected to be able to help the future researchers as the literature review of the research.

1.5 Scope of the Research

Thus, result of this research is expected to provide information about the effect of entrepreneurs education, demographic characteristics and personal attitude on the entrepreneurship intention. The researcher limits the research context by focusing on 4 universities in Padang which are 2 private universities and 2 public universities and 60 students are going to be examined per university.

1.6 Outline of the Research

In order to make it easier and make moderate the forwarding of context for this research, it is divided into five chapter, those are:

Chapter I Introduction. Containing the background of the problem, the formulation of the problem, the aim of

the research, the benefits of research, the scope of research and systemic writing.

Chapter II Literature Review. Containing the theoretical foundation of the basic concept of entrepreneurship education, demographic characteristics and personal attitudes and entrepreneurship intention.

Chapter III Research Methodology. Containing about the population and sample research, the technique of data collection, research variables and operational definitions, testing data and data analysis techniques.

Chapter IV Result and Discussion. Explaining about surveys result that consist of respondent characteristics, frequency of distribution of each variable, validity test, reliability test, and discussion about analysis the effect of entrepreneurship education, demographic characteristics and personal attitudes on entrepreneurship intention.

Chapter V Conclusion, Limitation, and Recommendation. On this chapter, researcher will explain about conclusion of research, suggestion of research, limitation of the research and recommendation for further research.

