

CHAPTER 1

INTRODUCTION

1.1. Background to The Research

Unemployment remains a major issue for governments worldwide, with more people looking for jobs than there are available positions. Entrepreneurship has arisen as a significant solution to the problem of unemployment and the increasing challenges brought about by global crises (Xu et al., 2021). The concept of the entrepreneur was initially defined as "someone who bears uncertainty." The term itself originates from the French word "entreprendre," signifying "to undertake." Entrepreneur was initially introduced as someone who works alone or self-employment (Cantillon, 1755).

The view of entrepreneurship is increasingly developing. Modern entrepreneurs are no longer only involved in the business world but also in other fields such as mediapreneurs, end-poverty entrepreneurs, transparency and justice entrepreneurs, edupreneurs, social entrepreneurs, social privatization entrepreneurs, global citizen entrepreneurs, intrapreneurs, cultural entrepreneurs and biodiversity entrepreneurs (Frederick et al., 2019). Entrepreneurship is the act of generating and developing an idea for validation. The key point that represent the definitional elements of modern entrepreneurship are idea generation, idea development, and idea validation (Prince et al., 2021).

Entrepreneurship can contribute positively to economic growth. Entrepreneurs play a crucial role in driving economic growth due to their substantial contributions to job creation and the development of new innovations (Stoica et al.,

2020). Entrepreneurship facilitates higher economic growth by providing increased employment opportunities and fostering greater innovation (Gaba & Gaba, 2022). Supporting small and medium enterprises is vital for promoting economic growth (Surya et al., 2021).

Based on International Labour Organization (ILO)'s report on 2024, unemployment is expected to rise modestly. Projections indicate that unemployment rates will generally stay steady over the next couple of years. With a decrease in labor force participation and a slowdown in employment growth, the global unemployment rate is forecasted to hover around its current levels, slightly increasing from 5.1 percent in 2023 to 5.2 percent in 2024, and remaining stable in 2025 (ILO, 2024). The rate also supported by open unemployment data in Indonesia collected by BPS-Statistics Indonesia on August 2023 for the amount of 5.32 percent open unemployment rate (Hartono & Said, 2023).

In 2023, the open unemployment rate in West Sumatra decreased to 5.94 percent from 6.28 percent in 2022. Padang has the highest rate in the region, at 10.86 percent, followed by Padang Pariaman 6,69 percent and Dharmasraya 6,22 percent. (Langgam, 2024).

Small and medium-sized enterprises (SMEs) are the backbone of a thriving economy, driving growth, innovation, and employment. As agile and adaptable entities, SMEs often have the flexibility to respond quickly to market demands, creating jobs to meet evolving needs. These businesses, characterized by their innovation and entrepreneurial spirit, contribute significantly to job creation across diverse sectors. SMEs provide employment opportunities for a wide range of

individuals, including entry-level workers, skilled professionals, and entrepreneurs, thereby fostering inclusive economic growth and social development.

Data from the Ministry of Cooperatives and MSMEs states that the ratio of entrepreneurship per total population of Indonesia is still quite low. Indonesia's entrepreneurship ratio 2021 is at the level of 3.18 percent. This is under ASEAN countries. Thailand has 4.2 percent of entrepreneurs, Malaysia 4.7 percent, Singapore 8.7 percent (Supianto, 2022).

Table 1.1
Entrepreneurship Ratio between ASEAN Countries

Countries	Entrepreneurship Ratio
Singapore	8.7
Malaysia	4.7
Thailand	4.2
Indonesia	3.18

Source: (Supianto, 2022)

Indonesia needs to prepare itself with competent entrepreneurs as the majority of its approximately 64,2 million micro, small, and medium enterprises (MSMEs) remain at a micro or subsistence level. Developed nations boast entrepreneurship ratios of 10 to 12 percent, highlighting the need for Indonesia to foster a culture that encourages educated youth to enter the business sphere. The government aims to surpass a 3.95 percent entrepreneurship ratio by 2024, underscoring the importance of nurturing entrepreneurial talent and fostering economic growth (Kurmala, 2023).

In the current era characterized by "mass entrepreneurship and innovation," understanding the factors influencing entrepreneurial intention among higher education holds immense significance. Not only does it contribute to comprehending their entrepreneurial activities, but it also serves as a prerequisite

for fostering their motivation, initiative, and enthusiasm towards entrepreneurship (Cao, 2022).

Universities play a vital role in helping graduates kickstart their careers, with many expecting assistance in finding employment through various channels like campus recruitment and job placement centers. However, not all graduates can secure jobs, especially with increasing numbers of graduates and limited job openings. This issue is exacerbated in least developed countries and during economic downturns. Countries with strong entrepreneurial environments can positively impact their economies by fostering successful businesses, leading to economic growth (Rivai et al., 2018).

Based on Ministry of Education and Culture's data in 2023, Universities in Indonesia produce 1.84 million higher education graduates (Hakim & Pamungkas, 2023). Meanwhile, the available jobs are only around 300 thousand each year. About 1.5 million higher education graduates are threatened with unemployment (Putra, 2022).

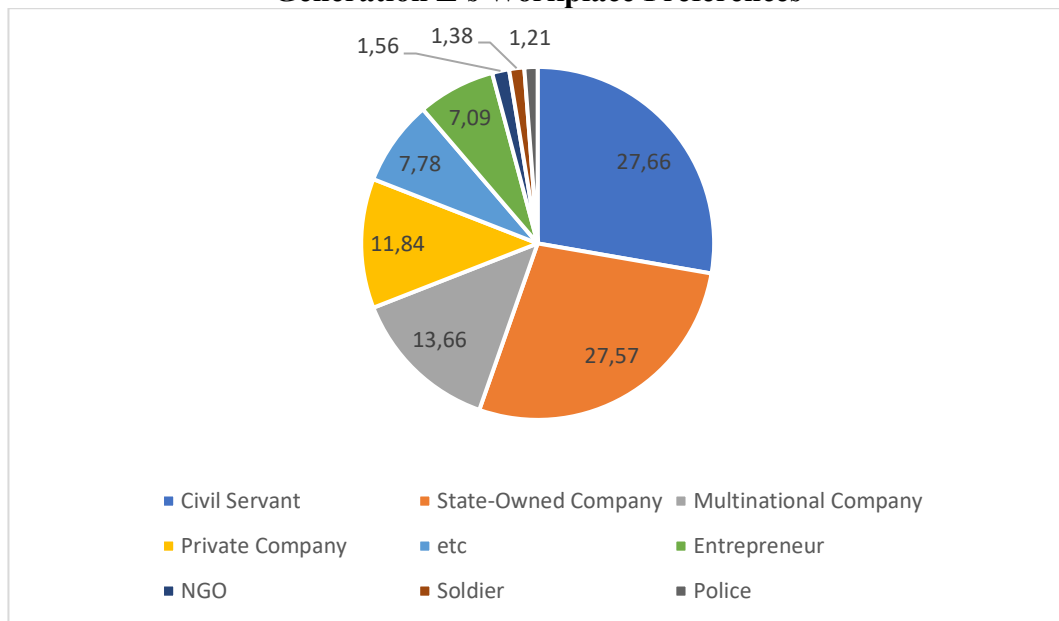
University students currently dominated by Generation Z who are born between 1997-2012. Gen Z has a strong entrepreneurial spirit. Many are drawn to startups, freelancing, and side hustles, seeking independence, creativity, and control over their careers. Unlike previous generations, they see traditional 9-to-5 jobs as just one option among many for achieving success.

Survey that conducted by Andalas University Career Center Research 2022 found that the two most favorite workplace preferences by Generation Z were civil servants (27.66%) and employees of State-Owned Enterprises (BUMN), namely jobs that are synonymous with service to the state. These two are only followed by



jobs that now tend to be considered more prestigious such as employees of multinational companies (13.66%) or other private companies (11.84%), being entrepreneur (7.09%) (Dzulfikar, 2022).

Figure 1. 1
Generation Z's Workplace Preferences



Source: (Dzulfikar, 2022)

Universities are acknowledged as knowledge-rich institutions that nurture human capital development, innovation, and entrepreneurship. Modern universities incorporate into their mission not just the broad dissemination of expertise, but also the encouragement of business acumen and entrepreneurial culture. They establish institutions and initiatives, and create venture capital, thereby enhancing regional entrepreneurial ecosystems (Ierapetritis, 2019). Higher education institutions, including those offering entrepreneurship training, play a crucial role in helping students develop meaningful post-college relationships and prepare for long-term success. Support from all stakeholders, particularly the government, is essential for the effective functioning of these institutions (Salisu, 2020).

As a primary data, we conducted a short interviews with 4 students from Andalas University. We got information that students were primarily motivated to start or run a business by the desire for independence, financial freedom, and flexibility in managing their time. Other notable factors included the opportunity to build relationships, substantial economic potential, and support from family and surroundings. Inspiration from successful entrepreneurs also played a role in their motivation.

In the interviews with students, several factors emerged as sources of anxiety when starting or running a business. Students' anxiety about starting or running a business primarily stems from concerns about insufficient capital, lack of experience and knowledge, and uncertain income. Other factors include inadequate support from family, competition, difficulty adapting to changes, and overall financial unpredictability.

Entrepreneurship education enhances students' entrepreneurial attitudes and intentions. Firstly, entrepreneurship education cultivates a creative and supportive environment for idea generation, influencing entrepreneurs' motivations and inspiration, thus improving their entrepreneurial mindset. Secondly, these courses enhance knowledge, skills, and competence, increasing self-employment potential and opportunity recognition, which leads to entrepreneurial behavior. Thirdly, collaboration among individuals with diverse backgrounds in entrepreneurship education helps form entrepreneurial teams and access valuable technical resources, further promoting entrepreneurial intention (Fan et al., 2024).

Student's entrepreneurial intentions have a significant impact on their entrepreneurial mindset. Students primarily views the internal environment of

higher education as a place for academic learning rather than a conducive environment for acquiring practical business experiences (Bagis, 2022).

Andalas University regularly holds public lectures on entrepreneurship. This is a forum for students who have the desire to become entrepreneurs but are still hesitant to start their business because of the risks they will face. They also made entrepreneurship courses a compulsory subject. The aim of holding this activity is to motivate and foster the entrepreneurial spirit of Andalas University students who are just starting a business or those who are already running a business as well as changing their mindset and strengthening their mentality regarding the risks they will face in business (Alseptia, 2020).

One of the strategic goal on the vision and mission statement of Andalas University is to produce globally competitive graduates who have entrepreneurial character and spirit (Andalas University, 2024). Unand graduates have various talents and skills to create jobs and become entrepreneurs. All graduates have the opportunity to become entrepreneurs, not just civil servants. Moreover, during college the campus also provides courses on entrepreneurship and other technical skills (Nursalikah, 2021).

Creating a new business relies on long-term process of planning and implementation, personal drive, and attitudes of entrepreneurs. Previous studies have predominantly centered on individual traits as fundamental drivers of entrepreneurial intentions, essential prerequisites for launching a new enterprise (Awwad & Al-Aseer, 2021).

Referring to the research conducted by (Saerom et al., 2022), this study delves into individual learning activities through the lens of organizational learning

theory to navigate the multifaceted challenges and problem-solving intricacies inherent in initiating a new business, with assumptions that the link between individual traits and entrepreneurial intention isn't direct, this study examines the traits influencing individuals' knowledge exploration and exploitation activities. In this study, we changed internal locus of control variable into agreeableness variable. We also applied a comparison between male and female student.

The Covid-19 pandemic has shown that women-led businesses were more likely to close and lose income compared to those led by men, highlighting ongoing gender inequalities in entrepreneurship. Gender disparities in the Covid-19 pandemic's impact on entrepreneurship were influenced by sector concentration, increased household responsibilities reducing business time, and initial challenges accessing support schemes, though access improved over time (OECD, 2023).

According to the findings stated on (OECD, 2023), (1) women are 30% less likely than men to start or manage a new business, (2) about two-thirds as likely as men to be self-employed, and (3) self-employed women are 60% as likely as self-employed men to employ others, there is a big opportunity to utilizing entrepreneurial potential between both women and men.

Based on Bank Indonesia data, it shows that more than 60 percent of MSMEs are driven by women. Meanwhile in West Sumatra, 70 percent of MSMEs are women (Rel, 2019). Based on these findings, we are interested to do a comparison between male and female student's entrepreneurial intention.

The interest in studying college students' entrepreneurial intentions arises from a perspective centered on individual characteristics, emphasizing their learning activities, exploration and exploitation. Regarding the university's strategic

goal of producing graduates with an entrepreneurial spirit, we choose Andalas University's students as the research population considering the role of gender between male and female students. Therefore, this research was appointed with the title "A Gender Comparative Study among College Students' Entrepreneurial Intention Focusing on Individuals' Knowledge Exploration and Exploitation Activities".

1.2. Research Questions

Based on the description of the background that has been put forward, the problems that can be identified are as follows:

1. How does the innovativeness influence on knowledge exploration activities for male and female students?
2. How does the innovativeness influence on knowledge exploitation activities for male and female students?
3. How does the self efficacy influence on knowledge exploration activities for male and female students?
4. How does the self efficacy influence on knowledge exploitation activities for male and female students?
5. How does the agreeableness influence on knowledge exploration activities for male and female students?
6. How does the agreeableness influence on knowledge exploitation activities for male and female students?
7. How does the knowledge exploration activities influence on entrepreneurial intention for male and female students?

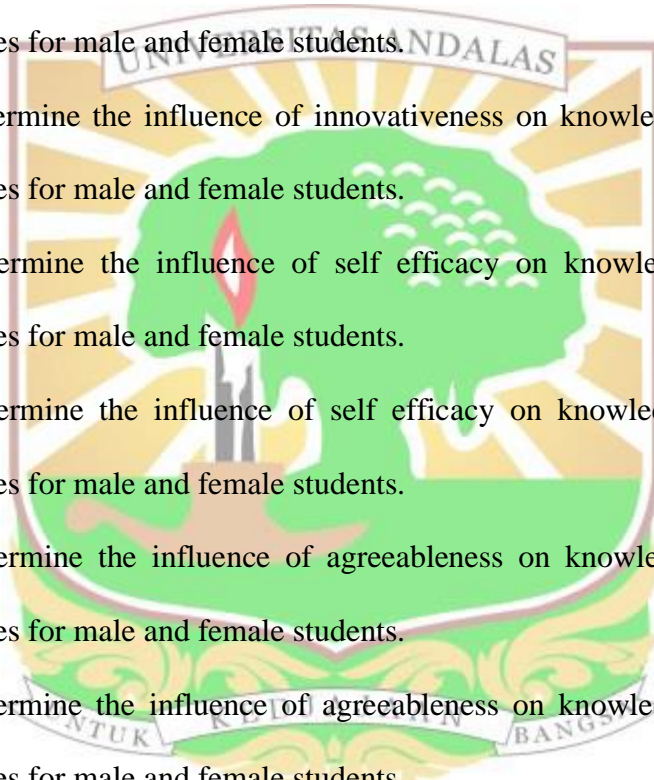


8. How does the knowledge exploitation activities influence on entrepreneurial intention for male and female students?

1.3.Objectives of The Research

Objectives are useful as references and guidelines in conducting research. The objectives of this research are as follows:

1. To determine the influence of innovativeness on knowledge exploration activities for male and female students.
2. To determine the influence of innovativeness on knowledge exploitation activities for male and female students.
3. To determine the influence of self efficacy on knowledge exploration activities for male and female students.
4. To determine the influence of self efficacy on knowledge exploitation activities for male and female students.
5. To determine the influence of agreeableness on knowledge exploration activities for male and female students.
6. To determine the influence of agreeableness on knowledge exploitation activities for male and female students.
7. To determine the influence of knowledge exploration activities on entrepreneurial intention for male and female students.
8. To determine the influence of knowledge exploitation activities on entrepreneurial intention for male and female students.



1.4. Contributions of The Research

The results of this study are expected to provide benefits both theoretically and practically. Among them are as follows:

1. Theoretical Use

The results of this study are expected to enrich concepts related to entrepreneurial commitment, related to exploration and exploitation learning activities.

2. Practical Uses

a. For Writers

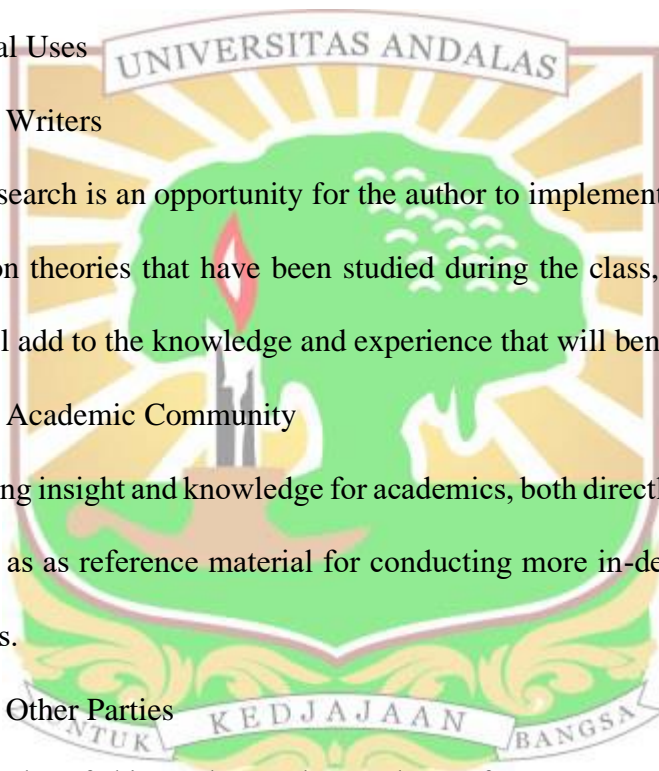
This research is an opportunity for the author to implement entrepreneurial intention theories that have been studied during the class, it is hoped that this will add to the knowledge and experience that will benefit the writer.

b. For Academic Community

Providing insight and knowledge for academics, both directly and indirectly, as well as as reference material for conducting more in-depth research for students.

c. For Other Parties

The results of this study can be used as reference material and increase knowledge for interested parties.



1.5. Scope of the Research

1.5.1. Conceptual Scope

The concept of this research is related to entrepreneurial's individual traits, such as innovativeness, self-efficacy, and agreeableness and their influence on

entrepreneurial intention mediated by learning activities such as exploration and exploitation activities.

1.5.2. Contextual Scope

This research is carried out at Andalas University, Padang. The questionnaire distributed between June-July 2024. We choose Andalas University because it has an accredited public university in West Sumatra, Indonesia, well known in science, technology, and social sciences. Andalas University also conducted entrepreneurship study as a compulsory subject which can support this research to obtain samples that meet the criteria.

