

CHAPTER I

INTRODUCTION

1.1. Background of Research

In the era of globalization, job seeking competition highly increases while the jobs offered are also limited, this condition, particularly for university graduated. The challenge of finding work among college graduates getting tighter and the number of opportunities for offering employment opportunities is not proportional to the number of graduates or new labor offerings at all levels of Education (Saiman, 2009). In August 2018 based on the Central Bureau of Statistics (BPS), the number of the Work Force in West Sumatra was 2.55 million, an increase of 68.46 thousand people from August 2017. The Labor Force Participation Rate (TPAK) increases by 0.97 points. Meanwhile, in the past year, the Open Unemployment Rate (TPT) down by 0.03 points. Seen from the level of education, the Open Unemployment Rate (TPT) for Bachelor Diploma I/II/ III is the highest among other education levels which is equal to 13.07 percent.

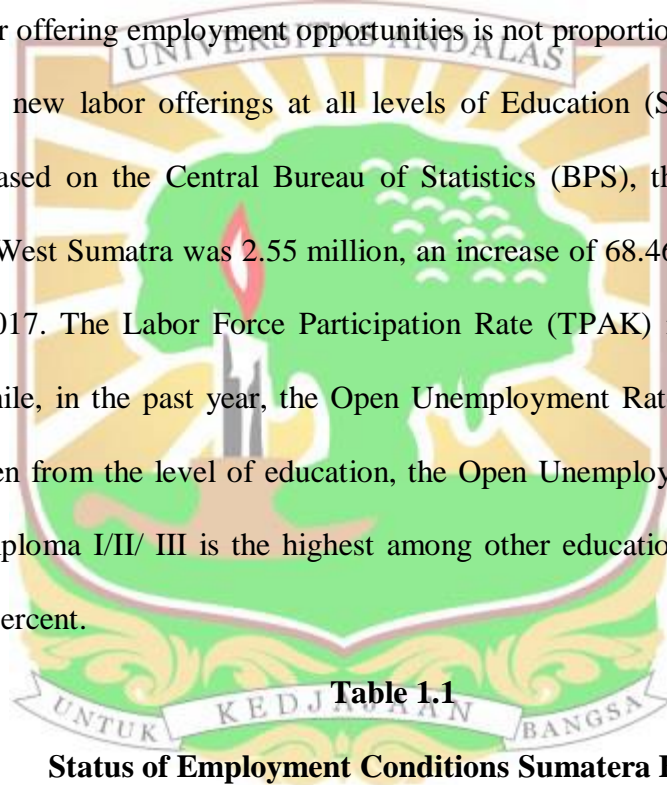


Table 1.1
Status of Employment Conditions Sumatera Barat

August, 2017 – August, 2018

Status Employment	August 2017	August 2018	1 year change August, 2017 – 2018	
	<i>* in million</i>		<i>* in million</i>	<i>* in percent</i>
Working age populations	3746.83	379.40	47.568	1.27
Workforce	2483.67	2552.13	68.460	2.76
Employment	2344.97	2410.45	65.480	2.79
Unemployment	138.70	141.68	2.980	2.15

Source: Badan Pusat Statistik (BPS)

Realizing this, demands graduated to be more creative thinking to be entrepreneurial. The government has set one solution to try to overcome it by applying entrepreneurship as one of the required courses in college. This is stated in Law No. 12 In 2012. At least as a student who has taken several levels of education, it is expected to be able to develop an entrepreneurial spirit in addition to developing scientific quality in the department.

With more people earning a degree in higher education providing a more qualified workforce, the expectations of employers are changing. Employers are in need of graduates with entrepreneurial behaviors and orientations (Molaei, Reza & Hasan, 2014). Because Entrepreneurial orientation (EO) concerns the processes, practices and decision-making activities applied by entrepreneurs leading to the inception of an entrepreneurial firm (Lumpkin & Dess, 1996).

Entrepreneurial Orientation is a process of training that enables students to obtain entrepreneurial information that provides insight, raises awareness and discloses a strong mental picture of entrepreneurship (Ikpesu, 2016). Entrepreneurial Orientation is a process of training that enables students to obtain entrepreneurial information that provides insight, raises awareness and discloses a strong mental picture of entrepreneurship (Ikpesu, 2016). Teach them how to generating new ideas, transforming these ideas into profitable businesses, creating innovative processes and/or methods and producing mass employment are among the many roles taken on by entrepreneurs (Gelaidan& Abdullateef, 2017). Entrepreneurs have been distinguished as individuals who believe something that nobody else believes.

Student entrepreneurs are young people who are seeking opportunity by starting a new business. The students might get knowledge from universities by transforming knowledge into income, produce new products and services supported by innovative technology (Bailetti, 2011). It is mean, entrepreneurship can play an important role in the economic development of a country (Bosma & Levie, 2010) through job creation and new businesses, develop stronger competition and increase productivity through technological change. The development of technology has changed the economy to become more modern with the role of information and communication technology devices in the digital economy. Information and communication technology changes social interactions and personal relationships to become more free, active, and not borderless with the existence of internet networks.

The internet network helps entrepreneurs to build a large of social network. Social networks consist of individuals or organizations that related to certain types of relationships or interdependencies such as values, ideas, financial exchanges, trade friendship, kinship, social roles as well as relationships of affection or action (Haas, 2009). Social networks are very beneficial for entrepreneurs. The entrepreneur can easily increase their network to get important information, resources, and at the same time can market their products. Social networking can be seen from two angles. They can be online or offline (Hartshorn,2010). Social networking is a way of transmitting and sharing information with a large audience, who have the opportunity to create and share interesting information for that person. All that might be needed to connect is the internet because it makes easy to interact with individuals wherever they are. Social media platforms like Twitter, Facebook, YouTube, WhatsApp, and Instagram

have provided many ways for young people to become entrepreneurs by involving creativity, innovation and leadership (Ojeleye & Yinka Calvin, et al., 2018).

The current research focuses on the size of social networks that have a large influence on entrepreneurial orientation. Because entrepreneurial social networks can help expand opportunities for each other, share information that can lead to creative and proactive thinking that can ultimately lead to the development of self-esteem that brings forth to further creativity (Ameh, Abu Amodu & Udu Aka Ama, 2016). Entrepreneurial orientation is a kind of strategic orientation that is concerned with the aspect of an entrepreneurial strategy (Hakala, 2011). Entrepreneurial orientation can be characterized as the firm's methods, practices and decision-making activities utilized to improve the worth of products and services in reaction to customer needs that will lead to increased performance (Bing & Zhengping, 2011). According (Rezaei & Ortt, 2018) Entrepreneurial orientation was first defined by Miller (1983) that is, an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures, and is initial to return up with proactive innovations, beating competitors to the punch.

Entrepreneurship believes that innovativeness is the essence of entrepreneurship that requires increased resources and creating new capabilities to take advantage of opportunities (Walter et al., 2006). Innovativeness is central to building and maintaining a company's competitive advantage (Teece, Pisano & Shuen, 1997). The increasingly complex evolution of the environment has placed innovation as a choice that cannot be ignored. when planning to improve company performance and ensure its primary growth and survival (McCarthy & Schoenecker,

1999). Because of that, the entrepreneur always strives to innovate in improving a situation. Innovation can be defined as the act of introducing new ideas and the implementation of an idea for an improved product that creates value (Varadarajan, 2018).

One of the first to identify innovativeness as a key component of entrepreneurship is to believe that opportunities are created as a combination of new resources to produce new products, services, or processes that are substantially superior (Detienne, 2004). Thus, they imply the opportunity to meet market needs or interests through a creative combination of resources to provide superior value (Ardichvili, 2003). Entrepreneurs not only introduce new products or services but also create or change market conditions in which products or services are sold. Such situations can arise as an unmet customer and market needs, or resources that are less employable and are likely to emerge when changes occur, new information is available, or the market may experience nonconformity. Shane and Venkataraman (2000) argue that, although the discovery of opportunities is a necessary condition for entrepreneurship, that is not enough.

Baron (2007) has noted that access to information is the key to identifying opportunities. Having information, for example about technological, regulatory, or demographic changes, is the basis for identifying opportunities that arise from these changes (Baron & Ensley, 2006). The large size social network will help the entrepreneurs get a lot of information. But on one side, while entrepreneurship can read opportunities and innovate there will be things that make entrepreneurs brave enough to make decisions and take risks. Risk taking is the willingness of an

entrepreneur to commit with large resource and responsible to take action. Increase access to better information and resources. The network also determines to what extent entrepreneurs will get to know each other in taking risks for determining the level of trust.

1.2. Problem Statement

Based on that background of the research, the problem statement of this research are :

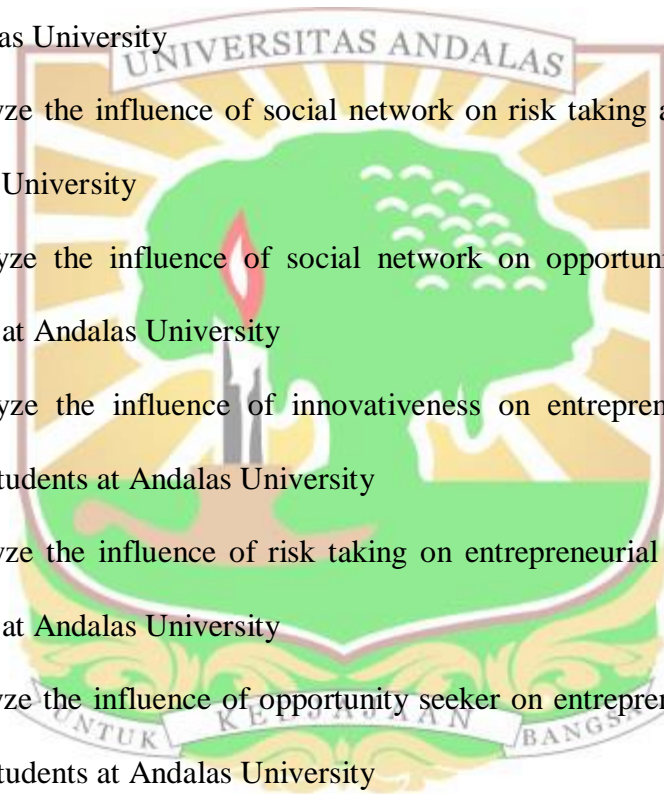
1. How does social network influence innovativeness among students at Andalas University?
2. How does social network influence risk taking among students at Andalas University ?
3. How does social network influence opportunity seeker among students at Andalas University ?
4. How does innovativeness influence entrepreneurial orientation among students at Andalas University ?
5. How does risk taking influence entrepreneurial orientation among students at Andalas University ?
6. How does opportunity seeker influence entrepreneurial orientation among students at Andalas University ?
7. How does social network influence entrepreneurial orientation among students at Andalas University?



1.3. Objectives of the Research

This research intended to have a good understanding on antecedents of entrepreneurial orientation of undergraduates. Based on the problem statement above, the objectives of this study are to obtain data and information that is appropriate for analyzing the data that is particularly

1. To analyze the influence of social network on innovativeness among students at Andalas University
2. To analyze the influence of social network on risk taking among students at Andalas University
3. To analyze the influence of social network on opportunity seeker among students at Andalas University
4. To analyze the influence of innovativeness on entrepreneurial orientation among students at Andalas University
5. To analyze the influence of risk taking on entrepreneurial orientation among students at Andalas University
6. To analyze the influence of opportunity seeker on entrepreneurial orientation among students at Andalas University
7. To analyze the influence of social network on entrepreneurial orientation among students at Andalas University



1.4. Contribution of the Research

The research is expected to contribute as follows :

1. The research is expected to understand impact of social network, innovativeness, risk taking and opportunity seeker by entrepreneurs among students in Andalas University.
2. The research is expected to understand the benefit social network for entrepreneurial orientation among students in Andalas University.
3. This research could be as reference for next time researcher and could be an information on the advanced knowledge in the future. This research is also used by researcher to accomplish thesis for final assignment of graduation.
4. The result of this research expected will contribute for other researchers who are interested in investigating the similar topic in the future.

1.5. Scope of the Research

During doing this research, there are some limitation that need to consider into a notice in terms of variable and object of the research. This research focuses on five variables to be tested, including social network, innovativeness, risk taking, opportunity seeker and entrepreneur orientation. The researcher limits the research context by focusing on early adults, especially students. This research will collected the data sample from students in Andalas University.

1.6. Outline of Research

To help to analyze the problem stated above, it is very important to organize and divide this research study into 5 chapter as follow:

- **CHAPTER I - INTRODUCTION**

This chapter will analyze the background problems, the statement of problem, the objective of this research, the contribution of the research, scope of research and the organization of study.

- **CHAPTER II – LITERATURE REVIEW**

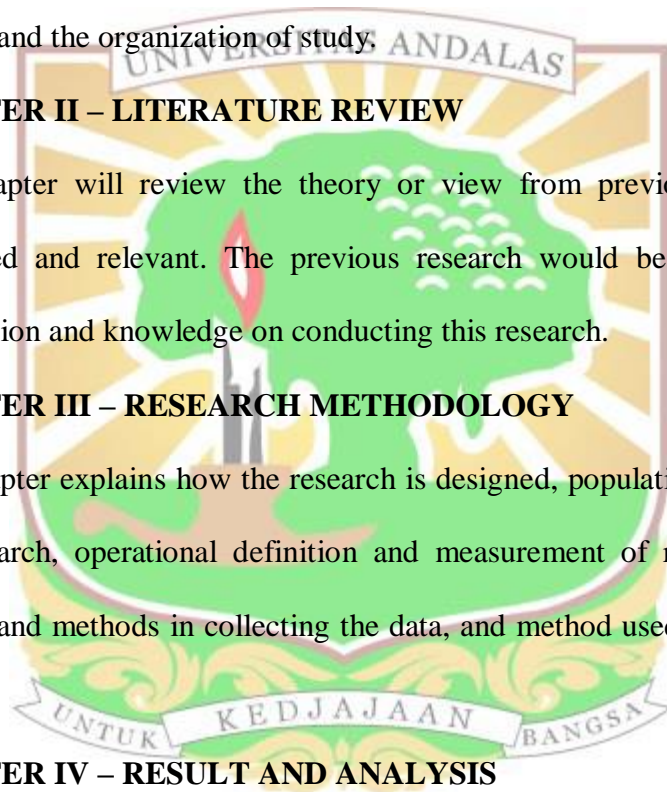
This chapter will review the theory or view from previous research that correlated and relevant. The previous research would be used as a basic information and knowledge on conducting this research.

- **CHAPTER III – RESEARCH METHODOLOGY**

This chapter explains how the research is designed, population and sample of the research, operational definition and measurement of research variable, sources and methods in collecting the data, and method used in analyzing the data

- **CHAPTER IV – RESULT AND ANALYSIS**

This chapter elaborates the result of the analysis, the characteristic of the respondent, descriptive and comparative analysis, and structural measurement of the impact of social network toward innovation, risk taking and opportunity seeker by entrepreneurship orientation.



- **CHAPTER V – CONCLUSION AND SUGGESTION**

This chapter explain about the conclusion of the research, implication of the research, limitation of the research and recommendation for further research.

