

CHAPTER I

INTRODUCTION

1.1 Background to the Research

Until now the unemployment remains a problem that troubling the general public. Unemployment can cause social disparities to occur in society .The cause of unemployment is caused by unbalance between work and the number of work force, what happen is caused by a situation where the demand for labour is very less than the labours supply itself. Lack of education and skills is also be the caused unemployment in Indonesia to increase, because job need to obtain various kinds of profession skills worker is needed. Therefore the solution is to provide knowledge and skills to start becoming an entrepreneur through entrepreneurship education hopefully it can improve positively to people's attitudes towards entrepreneurship to be more positive in order for entrepreneurial intention thrives in society.

Entrepreneurship intention is one of the keys to success to increase the number of entrepreneurs. Pillis and Reardon (2007) says intention to start a new business define as Entrepreneurial intention. Creating new business and making decision it's not an easy thing to do and becoming an entrepreneur is a deliberate conscious decision. Therefore entrepreneurial skills must be developed and improved through Entrepreneurship Education formal or non-formal so that it can influence attitude and Entrepreneurial intention. According to theory behaviour by Ajzen there are 3 large part of variance in intentions it is says that personal attitude toward outcomes of behavior, perceived social norm, and perceived behavioural control is fundamental attitudinal antecedent of intentions (Fishbein & Ajzen, 2005)

Entrepreneurship Education is one element that influences students about science, views and student motivation towards business in order to fosters Entrepreneurship Intention. Entrepreneurship education is an activity to obtain the capability to observe entrepreneurial

opportunities and perception, skills and knowledge, self-esteem to implement on them as a process of providing an individual's knowledge in accordance with Jones and English (2004). Another research also says Entrepreneurship Education study is an activity in which a person can develop creativity, take risks and turn business ideas into business actions (Communication Commission 2006, European Commission 2003, Oxford Dictionary 2005). Hence entrepreneurship education is considered very important, this knowledge can be a capital for students to start their entrepreneurship.

The majority of research in entrepreneurship education indicates that there is a significant positive relationship between real rates of entrepreneurship and entrepreneurship education. (eg Fayolle and Linan, 2014; Lima, Lopes, Nassif and da Silva , 2015; Varela and Jimenez, 2001). Based on previous research it is can be said that entrepreneurship education has high possibility to increase entrepreneurship intention on our object of reaearch in higher education institution. Research from other study found that there is a higher intention to start a business ventures for student who studied entrepreneurship this become the reason to promoted entrepreneurial mind set through education (Noel, 2002). The teaching and contents of the course determined the success of entrepreneurship education (Volkman,2004). Which means there is an effect (positive or negative) towards Entrepreneurial Intention because Entrepreneurship Education.



Entrepreneurship education is really important because it can shape student belief in entrepreneurship. Beliefs influence the entrepreneurial attitude, the subjective norms and the control of perceived behavior (Ajzen, 1991). Beliefs related to the perception of high corporate motivation at the national level can promote the attitude of individuals towards entrepreneurship. It works bidirectionally: If a person believe the outcome of entrepreneurship is will be desireable under existing condition they are likely to have positive attitude towards entrepreneurship, and if a peson believe doing business under existing

conditions is difficult or with a negative image, your attitude towards entrepreneurship can also be negative. (Lent et al. 2000)

If students are well educated in entrepreneurship education it will shape their attitude towards entrepreneurship, it depends on the effectiveness of the curriculum given to students whether it will give a positive or negative effect on the entrepreneurial intention. Therefore Entrepreneurship attitude is one of the factors which created entrepreneurship intention influence by Entrepreneurship Education itself by mediating both of them. From this discovery it can be said that there is a relationship between Entrepreneurship education and entrepreneurial intentions that moderate by entrepreneurial attitude whether positive or negative.

The entrepreneurial intention in West Sumatera is felt to be decreasing, this can be seen from the number of unemployed in West Sumatera from Badan Pusat Statistik data which is tends to decline from year to year but not significantly decrease. This can be seen in the data from the Central Statistics Agency (BPS) below:

Table 1.1
West Sumatera Open Unemployment Rate (TPT), 2015 – 2019



Year	Sumatera Barat
2015	5.99
2016	5.81
2017	5.8
2018	5.55
2019	5.29

Source : Badan Pusat Statistik

The table 1.1 shown that although there is a fluctuating increase and reduction in the unemployment rate each year, the number of unemployment tends to decrease seen from the statistics as follows from 2015 and 2016 by 0.11, 2016 and 2017 by 0.01, 2017 and 2018 by 0.25 , 2018 and 2019 by 0.26 the gap of unemployment rate keep decreasing from year to year. Eventhough the rate of unemployment rate is decreasing it never goes beyond under 5 %. Hence the increase in the number of jobs must be a concern of the government because if this is not addressed properly unemployment in West Sumatra can continue to grow. This problem can be solved with balancing the employment and the number of workers as soon as possible.

The challenge to the decreasing unemployment can be overcome from higher education institutions by giving lessons about entrepreneurial education In order to sparks Entrepreneurial intention in students view about job opportunities by

influencing their attitude towards entrepreneurship. Entrepreneurship Education holds vital role in fostering the growth and expansion of entrepreneurship. However, very little attention is given to their impact. This study aims to examine and to look at the effect of entrepreneurship education on students on' entrepreneurial intention in higher education institution mediate by entrepreneurial attitude. This analysis would really like to find out whether or not he Entrepreneurship Education affects the students intention in becoming an entrepreneur within the future.

Therefore the many higher education institution has an Entrepreneurship Course that is ready to help students to have a basic knowledge base that must be owned by an entrepreneur and which can also improve entrepreneurship intention for economic students. Which is it can improve the unemployment problem on West Sumatera and help Government to diminish & reduce poverty problems that occur in the community by opening jobs



opportunity through Entrepreneurship. In order for the community of West Sumatera can be Self Sufficient through Entrepreneurship.

Entrepreneurship Education has been taught to students formally but some students still choose to be employees rather than being entrepreneurs this can be due to bad Entrepreneurship Education curriculum or bad quality of lecturer that influences Entrepreneurship attitude and intention. Student attitude towards entrepreneurship can be different from each other different attitude can produce different impact. Attitude towards entrepreneurship can be shape through entrepreneurship education its influence student belief, will, and attitude toward entrepreneurship in Positive or Negative it is also impact to Entrepreneurship Intentions. That's why it is important to give Entrepreneurship education course in university to Influence and arouse Student Intentions toward Entrepreneurship and shape their attitude into positive attitude towards entrepreneurship.

Reflect on this phenomena Entrepreneurship Education have not been optimal in applying their entrepreneurial education curriculum and they have not reflected much on the progress which is associated with the teaching profession, as well as the facilities that support and build the progress. Particularly to understand and apply entrepreneurial education into real life experience which will obviously be very helpful in current and future life, the entrepreneurship enthusiasm and mental are required to be owned by student in order to motivate student intention to do their startup business without hesitation therefore effective Entrepreneurial Education is needed in higher education institutions.



The researcher found this phenomenon really interesting to be research. Based on that interest, researcher will analyze through discussion on title **“Attitude toward entrepreneurship as Mediating Factor Between Entrepreneurship Education and Entrepreneurial Intention (Case Study: Higher Education Student in West Sumatera)”**.

The current research is aimed to investigate role of attitude as mediating factors between entrepreneurship education and entrepreneurship intention for university student. The research will be conducted on students in higher education.

1.2 Problem Statement

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

1. How does Entrepreneurship education directly influence on student attitude toward entrepreneurship in higher education context?
2. How does student attitude toward entrepreneurship which has taken course of entrepreneurship directly influence entrepreneurial intention of Higher Education Institution students?
3. How does student entrepreneurship education directly influence entrepreneurial intention of Higher Education Institution students?
4. How does student attitude towards entrepreneurship mediate relationship between entrepreneurship education and entrepreneurial intention of Higher Education Institution students?



1.3 Objectives of Research

Based on the declaration of the problem statement above, the objective of this study is to obtain appropriate data and information to analyze them. Above all, the objectives of this research analysis are:

- To study and analyze the influence of entrepreneurship education on attitude towards entrepreneurship of Higher Education students.
- To analyze the impact of Attitude towards entrepreneurship on entrepreneurial intention of Higher Education students.
- To analyze the effect of entrepreneurship education on entrepreneurial intention of Higher Education students.
- To analyze the influence of attitude toward entrepreneurship mediate relationship between entrepreneurship education and entrepreneurial intention of Higher Education students.

1.4 Contribution of this Research

This research will contribute and benefits:

1. It is hoped that this research will provide feedback to the Higher Education Institution in to improve its performance.
2. 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.
3. It is could be used to train and develop other references and add some insight and knowledge related Entrepreneurship Education, Attitude, and entrepreneurial intention.

1.5 Scope of Research

Therefore, it is expected that the result of this analysis research will provide information on effect of attitude towards entrepreneurship as mediating factor between entrepreneurship education and entrepreneurial intention to understand variables of entrepreneurship education, attitude towards entrepreneurship and Entrepreneurial intention and also to



reinforce and strengthen the theories of concepts that are related to factors that influence. The researcher limits the context of the investigation, focusing on higher education institutions in West Sumatra.

1.6 Outline of Research

In order to facilitate and moderate the sending of context for this research, it has been divided into five chapters, which 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, attitude towards entrepreneurship and entrepreneurial intentions, earlier research comes with the hypothesis.

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. Explanation of the result of the surveys consisting of the characteristics of the interviewees, of the frequency of distribution of each variable, of the validity test, of the reliability test and of the discussion on the analysis. The effect of entrepreneurship education on attitude toward entrepreneurship moderating by entrepreneurial intention on higher education institution.

Chapter V Conclusion, Limitation, and Recommendation.

In this chapter, the analysis will explain the research found, the search suggestion, the limitation of the investigation and the recommendation for further investigation.

