

CHAPTER I

INTRODUCTION

1.1 Background of the Research

It has been acknowledged that entrepreneurial plays a significant role within an economy, and it is an activity that can lead to economic growth. Economic growth essentially depends on entrepreneurs and innovations advance. Entrepreneurial elements such as evaluating opportunity, developing new products, and handling start-ups are part and parcel of most business management curriculum. To encourage significant economic growth, the government needs for work continuity with some components of the economic sector that could provide solutions over emerging economic problems. Entrepreneurial has essential roles in enhancing economic activities through creation of new jobs and business, developing stronger competition and increasing productivity through technological changes. Entrepreneurial has created many benefits, such as investment, stimulating a sense of competition, increasing change and innovation, creating new job, improving quality of life, and encouraging income distribution (Chirani, Farahbod, and Pourvahedi, 2013).

Entrepreneurial is considered a feasible substitute of employment among business students. Students are often considered as the generation that can produce fresh ideas in developing business plans that are supported by various technologies that are growing rapidly nowadays. For this reason, the government is optimistic in boosting student enthusiasm so that new entrepreneurs emerge to achieve the target

of 5%. This is intended to encourage national economic growth and create the developed.

Smith (2010) explained that entrepreneurial is a significant determinant of economic growth. The existing entrepreneurial does not only affect gross domestic product or GDP growth but also inclusive growth, measured as real disposable household income (Lundin, 2015). According to Gartner (1990), eight themes characterizing the major issues of entrepreneurship. One of the themes focused on the entrepreneur as an individual and the notion that entrepreneurial involves individuals with unique personality characteristics and abilities.

The major portion of intention alike agrees that an element in the same role may imperative equally of business environment. Hence, entrepreneurial intention of the student must be regarded as an essential factor in economic growth. Whereas a major role in working up attitudes towards life, raising qualified an enterprising people is played by an educational system, which should be developing and propagating entrepreneurial initiative among university students. According to Audretsch (2001) to have a development of entrepreneurial capital, individuals who are willing to deal with the risk of creating new firms and favorable business environments. The intention has the role of understanding through which a person seeks out information that can use to start a business. It may be a critical factor for the beginning of a business. Intentionality as a characteristic of all acts of awareness that are thus psychological or mental phenomena.

The importance of shaping entrepreneurial intention education among university students from an early age as the beginning in starting a business and

contributing to open employment. An entrepreneurial mindset must begin developing at a very young age. Besides, interest in entrepreneurial also plays an important role to indicate a person's interest in entrepreneurship, while hope is the number of entrepreneurs could be increased. Confidence in an individual capacity in the form of patience, intelligence and perseverance in associating greatly determines interest and contributes to entrepreneurial action (Carsrud and Brännback, 2011). Zampetakis, et al., (2011) noted that the presence of entrepreneurial learning moderates the effects of individual creativity on entrepreneurial interests.

This research is to examine the cognitive approach through the application of an entrepreneurial intention model. The education factor is not enough to encourage students in the intention of entrepreneurship, but there is also driven by how students involved in handling entrepreneurship. Based on the theory of planned behavior (TPB) by Ajzen (1991), an individual's intention to do something is shaped by three factors, there are including personal attitude, subjective norms and perceived behavioral.

The first is entrepreneurial education, which refers to the degree of the potential of enhancing an individual willingness to becoming an entrepreneur in some stage (Friendrich and Visser, 2005). The second predictor is entrepreneurial interest, it has referred to the desire to settle on a person to have a choice directly based on what they need, which will be manifested in concrete the actions to the object to get any information as insight for themselves (Djaali, 2008). The third antecedent of intention is proactive personality, it has comprehension that correlates among individual potential orientation and view of the environment (Bateman and

Crant, 1993). For the general rules, the more favorable the proactive personality with respect an entrepreneur attitude to run the business, then the greater is an entrepreneurial interest that might be an encouragement to the student to determine their inner potential and also the importance stronger should be an individual's intention to perform the better behavior under consideration.

To examine such an entrepreneurial intention, certain of research has utilized the theory of planned behavior for examining entrepreneurial intention among universities student. However, some of the research is still needed to better comprehend what the factors affecting entrepreneurial intentions are. The utilization of the moderating model in this current research is to determine the strengthened and weaken factors that influenced entrepreneurial intentions among university students in the environment.

The current research will focus on the topic of entrepreneurial education, interest and proactive personality with specific emphasis on how this education, interest, and personality can be fostered to technical students. To best help students prepare for these new challenges, this research sought to identify an appropriate set of undergraduate courses for introduction of entrepreneurial elements to technical students and to indicate the level of student interest in these courses.

This research purposes to predict intention of university students toward entrepreneurship. Intention predicts to be an entrepreneur using the SEM model which includes variables entrepreneurial intention, entrepreneurial education, entrepreneurial interest and proactive personality. SEM model is used in this current study because it has been tested and adopted by many previous studies in

determining the intention toward a proactive personality in the context related with entrepreneurship. This study using descriptive analysis among university students to examine the influences of entrepreneurial courses that they are taking whether affected or not, also this research aims to determine in build student's intention to beginning a business based on what do they learned about entrepreneurial education during in the university course.

1.2 Research Questions

Based on the background explanation of the research, five research questions can be formulated to guide the research. There are as follow:

1. How does entrepreneurial education influence on an entrepreneurial intention for the student at Andalas University?
2. How does entrepreneurial interest influence entrepreneurial intention for the student at Andalas University?
3. How does proactive personality influence entrepreneurial intention for the student at Andalas University?
4. How does proactive personality moderate the relationship between entrepreneurial education and entrepreneurial intention for the student at Andalas University?
5. How does proactive personality moderate the relationship between entrepreneurial interest and entrepreneurial intention for the student at Andalas University?

1.3 Objectives of the Research

There are five main objectives have been set up to guide the research. They are as follow:

1. To examine the influence of entrepreneurial education towards entrepreneurial intention for the student at Andalas University.
2. To examine the influence of entrepreneurial interest towards entrepreneurial intention for the student at Andalas University.
3. To examine the influences of proactive personality towards entrepreneurial intention for the student at Andalas University.
4. To examine the influence of moderating role of proactive personality on entrepreneurial education towards entrepreneurial intention for the student at Andalas University.
5. To examine the influence of moderating role of proactive personality on entrepreneurial interest towards entrepreneurial intention for the student at Andalas University.

1.4 Contribution of the Research

Based on the stated previous explanation above, the research is expected to contribute as follow:

1. The research is expected to give understanding factors influencing entrepreneurial intention among university students.
2. The research is expected to strengthen theory related to entrepreneurial intention, education, interest, and proactive personality.

3. This research will provide information for entrepreneurial intention regarding the influence of student attitudes toward entrepreneurial intention and education at Andalas University.
4. The implication of the results led to an import set of guidelines, which can be used by educators when designing programs to suit different needs and demands of the technical students.
5. The result of this research expected will contribute for subsequent researchers who are interested in examining a similar topic in the future.

1.5 Scope of the Research

The researcher collected the data sample focus from each faculty of university students at Andalas University. This current study refers on to examine entrepreneurial intention among students within certainly encourage variables. In scaling this present study, the model was estimated using Structural Equation Modeling (SEM) in providing certain tables to provide research results to be easily understanding and this research data is in the form of primary data and secondary data sourced by using electronic questionnaire distribution technique.

1.6 The Organization of Research

To facilitate how to examine the problem stated above, it is very important to organize and divide this research study into five chapters as follow:

- Chapter I – Introduction

A chapter which contained with the background of the research, the problem statement, objectives of the research, contribution of the research, scope of the

research, and ended with the organization of the research how should researcher consider the structure of writing.

- Chapter II – Literature Review

The chapter which explained about all theories that are related to this research. Theories used include the definition of entrepreneurial, entrepreneurial intention, entrepreneurial education, entrepreneurial interest, and proactive personality. This chapter will be provided with a review of the previous study, hypothesis development and conceptual framework that will become guidelines in the data processing.

- Chapter III – Research Method

This chapter includes the research design, population and sample, variables and measurements, operational definition, how to analyze the data, a test of instrumental and also structural model tests for testifying the hypothesis.

- Chapter IV – Analysis and Discussion

The chapter which provides the result of the data analysis, profile of respondents, characteristic of respondents, descriptive analysis, comparative for descriptive analysis, instrumental test, structure model test, and hypothesis discussion.

- Chapter V – Conclusion

The chapter which explained the conclusion of the data analysis that was conducted previously. This chapter involved research conclusion, research implication, research limitation, also recommendations and advice for future research.

