

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of The Research**

Nowadays, many people have difficulty in finding employment. Many scholars who just became unemployed, as a result the education that was once proud looks useless. Number of people with a bachelor's degree and a desire to be able to meet their daily needs became a factor that triggers them to find jobs. Unfortunately, the competition is so tight in the selection and the number of people who compete in it makes some young scholars just being unemployed or get less feasible job.

In advanced countries, more people are educated, but still some people are unemployed because the narrowness of the employment itself. This shows the importance of entrepreneurship in the economy of a country. The development will be more successful if it is supported by the entrepreneurs who can open up employment while the ability of the Government is very limited. The Government will not be able to manage all the development because it need a lot of budget, personnel, and supervision. So, the employment which is able to be provided by the government is very limited and difficult to meet all the needs of people in Indonesia.



Fig. 1.1 Graph of Unemployment in Indonesia

The above graph shows that the unemployment rate in Indonesia has ratified or up and down. This means that unemployment is still very high in Indonesia. Economic growth is usually followed by the creation of new jobs. When the economy grows, there is a growing means of production of goods and services. When this happens, the need for labor to produce goods and services will grow. Economic growth and unemployment have a close relationship because of the working population contributes in producing goods and services, while unemployment does not contribute. The study, conducted by economist Arthur Okun (2012) indicate a negative relationship between economic growth and unemployment, so the higher the unemployment rate, the lower the rate of economic growth.

Entrepreneurship is an important issue in the economy in the developing countries. Progress or the decline of the economy of a nation is determined by the existence and the role of the entrepreneur (Rachbini,2002). Peter Drucker (1993) as they

state that the entire process of economic change is ultimately dependent from the person who caused the onset of these changes that are "entrepreneurs".

Most companies that are growing and innovative show entrepreneurial spirit. The corporations attempting to encourage their managers to be someone who has entrepreneurial spirit. Many universities are developing the entrepreneurship programs, and the individual entrepreneur give rise to great changes in society. The success of the development achieved in Japan was influenced by the entrepreneurs involving in small to medium enterprises, as much as 20% of the population. This is the key to the success of development country like Japan (Ranu Heidj Rachman, 1982). Unfortunately, the number of young entrepreneur in Indonesia is still bit and quality can't be said very good to prop up the economy, so the issue of entrepreneurship is becoming an urgent issue for the success of economic development in Indonesia.

Entrepreneurship has long been a concern of socioeconomic growth in developing countries (Zahra in Peterson & Lee, 2000). In this case, it cannot be denied that entrepreneurship can provide many job opportunities, a variety of consumer needs, services, and improve the welfare and level competition of a country. In addition, along with the development of the current globalization, entrepreneurship is also increasingly becoming an important concern in the challenges of globalization, the competition of the global economy in terms of creativity and innovation (Peterson & Lee, 2000). This is because organizations that are skilled in innovation and can produces new ideas, will gain competitive advantage and will not be left behind in the world market that continues to change rapidly (West, 1997). So, entrepreneurship is the ability to create added value in the market through the process of resources with the new and different ways (Suryana, 2006).

An entrepreneur is someone who has the expertise to sell, from idea to offer commodities either products or services. With his creativity, entrepreneur is able to adapt to any situation and environmental conditions. As a business person, entrepreneur must know well the sales management, style and management functions. To succeed, he must be able to communicate and control some elements of managerial skills, as well as knowing the strategic selling techniques ranging from knowledge of the product, product characteristics and product competitiveness against similar products.

Starting a business is not an easy matter. There are people who open businesses because there is no other choice besides open their own businesses. There are people who open business because of low education makes them difficult to find work. There are also people who forced to open their own business because get fired from his company. While there are some others who open own business because more pleased choosing their own business than working with others. There are three kinds of business options : franchising (franchise), buy a business that is already running, or open a business starting from scratch.

The Benefits of entrepreneur (Alma,2009):

1. Increase the capacity of the workforce, so it will reduce unemployment.
2. As the development environment generator, production, distribution, welfare, and so on.
3. Be a reference to other members in society, because entrepreneur is commendable, honest, brave, and do not harm others.
4. Always respect the applicable laws and regulations, trying to always maintain and build environment.
5. Trying to give help to others and social development in accordance with its ability.

6. Attempting to educate the employees become self-sufficient, disciplined, honest, persevering in the face of work.
7. Be a reference of how to work hard, but don't forget the precepts of religion.
8. Living efficiently, not dissipate and not wasteful.
9. Maintain the harmony of the environment, and keeping the environment clean.

The 20th century global economic crisis brought a major impact on the world economy, including the Southeast Asian Countries. In Indonesia, big companies went bankrupt because they can't face the global economic crisis. On the other hand, the entrepreneur is able to survive from crisis because they are privately owned capital and more flexible in their operations.

They are more powerful and strong than the big companies that rely on loan and combined capital. Capital of the big company is actually going to give a huge streak effect to the economy of Indonesia. The chance to be an entrepreneur very large because resilience in the face of the global crisis and the growth economic condition in Indonesia very strong. The development needs to be done by the Indonesian people especially the young generation that have good education.

Unfortunately, many people in Indonesia assume that entrepreneurship is synonymous with talent, something that has become their talent from birth. As expressed by Sri Edi Swasono (2003) that many people who are not sure that entrepreneurship can be taught by educational efforts. They think this kind of contrary to belief that entrepreneurship is a cultural property and mental attitude, therefore, entrepreneurship is attitudinal and behavioral. Someone to be an entrepreneur because of his background that is so.

Similarly, Rambat Lupiyoadi (2006) says that there is an opinion that more entrepreneurs have street-smart than book smart. It means the entrepreneurs prefer to learn from the experience compared to learning from books and formal education. Because the entrepreneurs think learning from experience is more efficient than learning from books, and not all theory from books can be applied in the real world.

Unsure and lack confidence in the ability of entrepreneurship make minus value of people, especially the youth of Indonesia who should be able to encourage the entrepreneurs to open up more jobs opportunity for him personally and for people who do not have a steady jobs. After seeing the explanation above, it can be concluded that shape the culture of entrepreneurship in society is very important. Entrepreneurial culture itself usually grows naturally in a family or group of Indonesian society. This is a valuable asset for Indonesia that is growing and making entrepreneurship as the support of the nation's economy.

Entrepreneurship culture that grows naturally in a family or group of Indonesian society is a very valuable asset for the nation of Indonesia. Dynamics of the nation's economy, which is based on the growth of the traditional culture of entrepreneurship, motivation should be given in an educational activity, especially in college. Entrepreneurship development program at the university can be implemented to foster a culture of entrepreneurship in universities and to encourage the creation of new entrepreneurs with apply the knowledge learned in entrepreneurship.

According to Duchesneau et al. (in Riyanti, 2003), successful entrepreneurs is a person who are brought up by parents who are also entrepreneurs, because it has a lot of experience in the business world. He suggests that there is strong evidence most entrepreneurs have parents who work independently. Independence and flexibility that is transmitted by the parents like that is attached to their children since childhood. Nature of

independence which encourages them to set up their own businesses. The profession of the parents has a strategic role as a cultural shaper entrepreneurship motivation. It also shows the entrepreneurial culture is formed because familiarity, environment, and personal factors of self - inherent since they are childhood or when they grow up later.

Although the culture is able to survive, but all is useless when there is no motivation that drives the desire of society to entrepreneurship. Because not all elderly people Indonesia is the entrepreneur and not necessarily all of society Indonesia has a strong culture in shaping the culture of entrepreneurship. Motivation of entrepreneurship itself could be provided with training and education. In college itself is necessary to develop a culture of entrepreneurship to encourage the creation of new young entrepreneur by applying entrepreneurial sciences they get.

Trends in college students today is that most of them would rather get a steady job with a respectable status and generate a lot of income after completing their education. Trend that most of the students, including graduate student, as well as scholars who have just graduated have no plans to be entrepreneurs. Generally they prefer to be a worker in large companies and government agencies (a civil servant) in order to ensure their future. Therefore, the college graduate needs to be directed and supported to not only oriented as job seekers (job seeker) but can and ready to be the creator of the work (job creators). The main thing that causes a person to conduct entrepreneurial activity is due to a desire for entrepreneurship.

According to Adi Susanto (2000), some of the factors that motivate someone to be entrepreneur are self- success, tolerance of risk, and desire freedom in work. The self-success achieved is the achievement of expected work, including job satisfaction and comfort in working. Tolerance of risk, is how big ability and creativity someone in solving large or small risk taken to earn an income that expected. The greater someone's

beliefs in the ability of them-self, so more confident in the ability to get the results of his decision and the more confident in trying what the views of others at risk. Freedom in the works is a working model where someone did a little work but getting great results. Going to work without bound to rules or formal office hours, or rarely do business but when get profit, the profit Enough to be enjoyed for months or enough for a few weeks.

Nowadays, our country began to disseminate knowledge of entrepreneurship. Colleges require students from all majors to provide entrepreneurship courses that are intended to prepare college graduates do not get confused and clumsy enter into society. They must have entrepreneur mentality in order to know the effort that will be taken after graduation.

This research chose Andalas University specially student of economic faculty from management department as the object. Andalas University is one of the best universities in Indonesia. Andalas University is also one of the universities that help the education and advancement of the development of the young generation. Andalas University also regardful interest of entrepreneurship of his students. Seeing this, the researcher want to do research on "The Influence of Self Success, Tolerance of Risk, and Freedom in the Work on the Motivation of Students Become Entrepreneur (Study in Management Department Economic Faculty in Andalas University).

The researchers try to interview one of students of Management Department Economic Faculty of Andalas University that have the motivation to become entrepreneurs. The interview do to get knowledge and information what the reason the students have the interest to entrepreneurship



## Interview With

Name : Ikhsan Fausta Alinia

Gender : Male

Batch : 2010

### Description of the Content of the Interview

R : Do you Have Motivation to become an entrepreneur

S : Of course yes

R : Can you explain what the reason make you interest to become entrepreneur?

S : Because the background of my parents who is also an entrepreneurs. So, automatically I trained and directed by parents with entrepreneurial traits that become motivated and interested in entrepreneurship.

R : What is the advantage of Entrepreneurs based on your opinion?

S : By becoming an Entrepreneurs opportunities to do something really be based on the interests and capabilities and create jobs for others people and have a big chance to always be in position to give and be able to be the leader in our company

R : What is the main traits that must we have to becoming entrepreneur?

S : I think to be great entrepreneurs we must brave to take a risk because entrepreneurs must like challenge and like to take opportunities. We must have a high sense of responsibility. So if we feel competent and brave to take a risk, the chance to become great entrepreneurs is also bigger.

## **1.2 Problem Statements**

Based on the research background above, researcher proposes the following research problem:

How the self-success, tolerance of risk, and freedom in the work dependent interest influence the motivation of students in Management Department Economic Faculty in Andalas University to become entrepreneurs.

## **1.3 Research Objectives**

- a. To exam and analyze the influence of Self-Success on Interest to Become an Entrepreneurs?
- b. To exam and analyze the influence of Tolerance of Risk on Interest to Become an Entrepreneurs?
- c. To exam and analyze the influence of Freedom in The Work on Interest to Become an Entrepreneurs?

## **1.4 Research Contribution**

1. This research is useful to expand insight and knowledge about various sorts of things that affect motivation of someone to become an entrepreneur.
2. Can be additional insight in terms of entrepreneurship and motivation, and getting to know a variety of things that background someone to desires of entrepreneurship.
3. As a source of information about the factors that motivate people to be an entrepreneur and the importance of entrepreneurship itself.

## **1.5 Structure of the research**

To give an idea thoroughly about things that will be outlined in the writing of this thesis, then arranged a discussions which consists of five chapters as follows:

### **CHAPTER I: INTRODUCTION**

This chapter contains a description of the background, the formulation of the problem, purpose and usability research. This chapter also contains a brief discussion of the systematic concerning chapters in thesis.

### **CHAPTER II: REVIEW OF LITERATURE**

This chapter contains review of literature which become a reference the preparation of thesis which have relevance to the discussions were conducted. This chapter also contains the conceptual framework and the development of the hypothesis.

### **CHAPTER III: RESEARCH METHODS**

This chapter contains a description of the research design, variables and measurements, test instrument, data collection procedures and methods of analysis of the data used in this study.

### **CHAPTER IV: ANALYSIS AND DISCUSSION**

This chapter contains an analysis of descriptive statistics of every variable that support the results of the research. Next is a description of the results of research that tested the conformity of model and hypothesis testing and discussion of late.

## CHAPTER V: CONCLUSIONS AND SUGGESTIONS

This chapter is the end of the thesis contains a summary of the discussion in the previous chapters. In addition, this chapter also contains the managerial implications, limitations of the study and suggestions for further research.