

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Many people in Indonesia think that being a government employee (PNS) can guarantee the welfare and retiring. Public interest to become an employee of the State increasingly peaked, as evidenced by 2.6 million people who registered to become civil employers in 2014 while the government was only open vacancies for 65 thousand formations State Apparatus. At that time, the level of competition is at 1:40. The number of CPNS (*Calon Pegawai Negeri Sipil*) applicants in 2014 had been recorded at the *Museum Rekor Indonesia* (MURI). In 2017, the total number of CPNS applicants was 2.4 million which is close to the number of CPNS applicants in 2014. (Pratomo, 2017)

Since the number of educated people is increasing significantly, Indonesia is not in a position to afford a venue of work for the growing number. As such the educated persons are very much disappointed when they wander dark roads in search of employment. As they do not possess any technical and practical training, they only try to find clerical job which are not sufficient according to the increasing number of educated persons. It has become a very ticklish problem which is being faced by the government. As the growth of populations is going unchecked, jobs and services in a given field commonly remains insufficient. (Problems of Unemployment, 2017)

One of the solutions of this problem is creating entrepreneurship. The educated youth should change their mind and they should think of self-employment, rather than searching jobs and services hither and there wasting their energy. In this way, very serious problem of unemployment may be saved to a great extent.

The strategic importance of entrepreneurship in economic development has triggered the explosion of entrepreneurial education

programs all throughout the world. These programs are designed to promote preference for self-employment as a viable, rewarding and sustainable career option. It is expected that by undergoing formal entrepreneurial education training, individuals will acquire knowledge and skills necessary to take on the challenges of setting up one's own business.

Entrepreneurial knowledge is a major manifestation of human capital necessary for entrepreneurial success and sustainability. The current study addresses this issue by proposing a framework whereby entrepreneurial knowledge gained from a formal entrepreneurial course is assessed in terms of its impact on the entrepreneurial intentions of individuals. The emphasis on the role of entrepreneurship education programs to promote self-employment builds on the notion that entrepreneurship or certain facets of it can be taught or at least encouraged by these programs. The accepted notion is that education can serve as a preparatory function in relation to new venture initiation or start up whereby the transfer of knowledge and the acquisition and development of relevant skills are expected to increase the propensity, self-efficacy, and effectiveness of the potential entrepreneur.

It has been shown in the literature that students demand for entrepreneurship educational programs because of their immediate or long-term plans to set up their own business or to acquire knowledge and skills which will be helpful in their careers in larger organizations. Likewise, the business sector, especially the small and medium cluster, itself being the primary recipients of the products of colleges and universities desire for individuals with the knowledge and skills suited to the context of an entrepreneurial business.

Higher education providers such as universities and colleges have developed and included entrepreneurship subjects and courses to be consistent with the governments' program that business and management education degree programs must enable students to gain

skills not only for successful corporate work but also for self-employment. (Banjo G. Roxas, 2008)

In the journey toward true excellence in education, the UPH vision and mission statement serves as fundamental guides in the ongoing development of Total Transformational Education. Based on Christian principles, UPH aspires to provide excellent education through Global Best Practices, Professional Management, Strategic Global Partnerships, and a People-Oriented Approach. Through distinctive emphases that nurture leadership, communication skills, and attitude building, UPH has established a strong reputation for its pursuit of knowledge, faith and character development. The learning environment is supported by excellent instructor-student ratios in all disciplines. (Pelita Harapan University, 2017)

Since established on 2014, Faculty of Economic and Business Universitas Pelita Harapan Medan has applied entrepreneurial education. Entrepreneurial education is applied in several courses. The courses are applied in the form of entrepreneurship theory and practice of entrepreneurship. The theory education is given in the classroom for knowledge before the students enter the entrepreneur world, while in the practices activities, the students set up small companies managed by students accordingly with the students' group.

The writer began with a pretest to assess how much the students know and understand about entrepreneur through preliminary interview and observation. The interview was done to 3 students of UPH Medan. During the interview, the first student admitted that the entrepreneurial knowledge and education she got influence her to be entrepreneur plus, her family own business. Another student said that at first she was not sure about entrepreneurship, but entrepreneurship education and entrepreneurial knowledge made her interested in entrepreneur world. Now she has her own online shop. Meanwhile, the third student wants to be a trader rather than entrepreneur because of family environment and experiences although he got the

entrepreneurship education and the knowledge. Based on the writer's observation, only a small number of students continues their business. The initial attractions of the students in entrepreneurship are just to get grades and qualify for college, so entrepreneurship interest is still low. Some students are also still afraid to jump in the field of entrepreneurship because they do not have the skills to manage the business and are over-shadowed by the risk of non-success or loss. Based on the description above, the researcher is interested in doing a study titled "**The Influence of Entrepreneurship Education and Knowledge towards the Students Interest to Become Entrepreneurs on Faculty of Economics and Business UPH Medan**".

1.2 PROBLEM LIMITATION

Problem limitations are made to avoid confusion in discussing the analysis of problems in the research conducted. In accordance with the background and formulation of problems that have been proposed, this study is limited to the students of Business School, Intake 2014 and 2015 at UPH Medan.

1.3 PROBLEM FORMULATION

Problems that can be identified in this research are as follows:

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1. Does entrepreneur education and knowledge contribute to the influence to become Entrepreneur for UPH Medan student?
2. What kind of education and knowledge that makes students of UPH Medan interested in Entrepreneurship?

1.4 OBJECTIVE OF THE RESEARCH

The objective of doing this research is to know and analyze:

1. The influence of entrepreneurial education and knowledge towards the interest of UPH Medan faculties of economics and business students to become entrepreneurs.

2. The kind of entrepreneurship education and knowledge that makes the students of UPH Medan interested in entrepreneurship

1.5 BENEFIT OF THE RESEARCH

1.5.1 THEORETICAL BENEFIT

1. The writer is capable to confirm that education and knowledge contribute to become entrepreneur.
2. To help the study innovation to implement the theories and actualization of what has been learned in the class.
3. As a source of knowledge and to broaden the insight about the influence of entrepreneurial education and knowledge.

1.5.2 PRACTICAL BENEFIT

1. Information and feedback materials for the university to be used as references for the improvement of entrepreneurship education towards the UPH Medan students' interest to become entrepreneurs.
2. This research can be used as a reference material that can provide additional insight and knowledge as well as comparison in conducting research on objects and similar problems in the future.
3. To encourage other UPH Medan students to become entrepreneurs

1.6 SYSTEMS OF WRITING

Chapter I is the introduction chapter. It is about the background of the study; why choosing this title and the object place background, problem limitation, problem formulation, objective of the research and the theoretical and practical benefit of this research.

Chapter II is the Literature Review and Hypothesis Development. It contains the theoretical background of the study; the theory about the dependent and independent variables, some of the previous research, hypothesis development, research model, and framework of thinking.

Chapter III is the Research Methodology part. In this chapter writer will examine the Research design, population and sample, data collection method, operational variable definition and variable measurement, and the data analysis method of this research.

Chapter IV will provide the data analysis and discussion of this research. It consists of General View of “Research Object”, Data Analysis, Descriptive Statistic, Result of Data Quality Testing, Result of Hypothesis Testing, and the Discussion of all of those.

Chapter V is the last chapter of this research and it contains the conclusion, implication and recommendation from the research.

