

Evaluating Entrepreneurship Education Model in Indonesian University

(Case Study: Universitas Ma Chung)

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Abstract

To boost the entrepreneurial culture in Indonesia, higher education institutions are encouraged to facilitate entrepreneurship in the curricula. In the last two decades, more and more universities in Indonesia adopt entrepreneurship education in their curriculum. The problem now is whether the entrepreneurship subjects at each university have been able to equip students with the ability to build and manage their own business, as well as to trigger students to create a business and not looking for a job after graduation. This study elaborates and evaluates entrepreneurial learning models that are applied at the University in Indonesia (case: Universitas Ma Chung). The evaluation result reveals that the entrepreneurship learning model which consist of six modules (1)"Developing Entrepreneurship Mindset", (2)"Idea Generation", (3)"Business Function", (4)"Legal Plan", (5)"Business Plan Preparation", and (6)"Business Growth" is deemed to be effective in inspiring and preparing students at Universitas Ma Chung to be entrepreneurs.

JEL Classification numbers: L26

Keywords: entrepreneurship education model, Indonesia higher education

1 Introduction

Entrepreneurship is a vital component in the economic growth of a country. In his article, Priyanto rationalize how the number of entrepreneurs will impact the economic growth in a country since they have the positive characteristics and mindset, high motivation, innovative, as well as courage to try [1]. In Indonesia, the number of entrepreneurs is only about 1.56% of the population [2]. One cause of low entrepreneurial culture in Indonesia

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is because most Indonesian people prefer to seek for employment rather than open their own business after graduation. This can be seen from the fact that 12.78% of total national unemployment rate in 2012 is unemployed educated college graduates [3]. To overcome this condition, higher education institutions are encouraged by the Indonesia Ministry of Research & Higher Education to raise awareness, motivate and facilitate entrepreneurship in the curricula.

The role of universities in the development of entrepreneurship emphasized by the implementation of entrepreneurship education in higher education curricula. Many experts argue that increasing entrepreneurship in a country can be done through education, particularly entrepreneurial education [4]. UNESCO is very aware of the importance of this case. Therefore, since 1998 they have been encouraging the integration of entrepreneurship education in the curriculum of higher education [5]. Actually, since the entrepreneurship education was introduced in America in the 1940s, this concept has been adopted and integrated into education in many countries as the economic strategy of accelerating the creation of jobs [6]. Lately, this awareness began to emerge in developing countries, including Indonesia.

In the last two decades, more and more universities in Indonesia adopt entrepreneurship education in their curriculum, either as the stand-alone subject, integrated with other academic subjects, or even in the form of field of concentrations of the course (usually specific courses, in particular business and management). The problem now is whether entrepreneurship education that is applied in universities in Indonesia has increased the number of entrepreneurs in Indonesia or not; whether the entrepreneurship subjects at each university have been able to equip students with the ability to build and manage their own business, as well as to trigger students to create a business and not looking for a job after graduation.

From authors experience and observation, most entrepreneurship education at private and state university in Indonesia only provide a theoretical knowledge regarding what entrepreneurship is, but not strong enough in encouraging students to start their own business. This conclusion is supported by Rumijati's study [7] on entrepreneurship education at several universities in Malang, Indonesia, which reveals that entrepreneurship teaching materials in the universities are emphasized more on improving knowledge or cognitive aspects. Competencies to be achieved in each entrepreneurial subjects are mostly concern on the ability to understand, explain, and identify the issues concerning entrepreneurship and has not reached the level of providing a direct experience of entrepreneurship. Furthermore, Priyanto [8] concluded (from his studies in several cities in Indonesia) that the curriculum and syllabus of entrepreneurship in some educational institutions has not been able to significantly encourage students to become entrepreneurs. In other words, entrepreneurship education in most universities mostly concern on increasing knowledge and skills, but not mental abilities, attitudes and behavior that are required to be a successful entrepreneur.

This situation has been recognized by academics at several universities in Indonesia. Some of them have made innovations on method and model of entrepreneurial learning which are expected to be able to make more impact in producing new entrepreneurs. Universitas Ma Chung is one of the University in Indonesia, which seeks to develop entrepreneurial learning model that provides greater impact for the creation of new entrepreneurs among students and alumni who are ready to face challenges of business dynamics of entrepreneurial culture in Indonesia.

2 Aim of This Study

Until today there is no standard of a good/right entrepreneurship curriculum that can be used as a model of entrepreneurship education in Indonesia. This study elaborates and evaluates entrepreneurial learning models that are applied at the University in Indonesia. Universitas Ma Chung is selected as a case due to its consistency in developing and implementing entrepreneurship curriculum for 8 years since its establishment. The study also evaluated the successful implementation of this curriculum by taking a sample of 20 students and alumni of the university who are now developing their own business.

3 Method

This study employs qualitative research approach. Data collection was conducted using focus group discussion and in-depth interviews with some key informants. Key informants included in this study are four lecturers of entrepreneurship at Universitas Ma Chung and twenty students and alumnae of Universitas Ma Chung who are running and developing their own business. These twenty young entrepreneurs are currently participants of Ma Chung Young Entrepreneur Incubation Program sponsored by the Indonesia Ministry of Research, Technology and Higher Education through Science, Technology and Arts Program for Entrepreneurship (IbK) Grant Scheme.

4 Literature Review

Entrepreneurship education is considered very important in the development of individual personality. In his review of some studies, Lorz concluded that entrepreneurship education has a positive impact for participants. Of the 41 studies analyzed by him, only two studies which found that entrepreneurship education negatively affects the participants, the remaining 39 participants believe that entrepreneurship education have a positive impact [9].

Menzies and Gasse [10] agreed that in addition to develop the personality, talents and expertise, entrepreneurial education also provide motivation for learners to be creative and innovative and able to cooperate with others in a team. Writing in the Journal of European Industrial Training, Fayole, et. al. [11] defines entrepreneurship education as any pedagogic process for teaching entrepreneurial attitudes and skills that involve the development of personal character and not solely aimed at business creation.

Most entrepreneurship educators believe that entrepreneurship education has a broader purpose than just providing technical ability to build and run a business. Entrepreneurship education aims on forming personal character and personality that can be applied in various areas of a person's life and career. This argument provides justification that teachers of entrepreneurship does not have to have experience of setting up and running a business. Another consequence is that the materials given in the majority of entrepreneurial education is fine to be more theoretical. Many entrepreneurship education programs do not provide the opportunity for participants to gain practical experience. As described above, this is also the case in most higher education institutions in Indonesia.

On the other hand, the majority of entrepreneurial educators confident that practical experience of establishing, managing and developing the business is a very important

aspect in an entrepreneurship education. Practical aspects are important since the main purpose of entrepreneurship education is that participants will eventually have his own business. In China, the entrepreneurship program begins with the definition and conceptual explanation about entrepreneurship but ultimately teach practical skills to start a business, analyze the market, gain the capital and manage the accounting and financial aspects [12].

Moreover, Priyanto [8] agree that entrepreneurship education have some common goals such as change of mindset, ability to prepare a business plan and communication skills. However, in the end, the ultimate goal is to prepare participants to take the opportunity to start and manage a business. Finally, the European Commission in its report on "Entrepreneurship in Higher Education, especially in non-business studies" concludes that in entrepreneurship education, knowing only the theoretical concept of entrepreneurship is not sufficient as a basis for the formation of entrepreneurial behavior [13]. Furthermore, the essence of entrepreneurship education should focus on the start-up phase and the development of Small and Medium Enterprises, so that learners can experience the whole learning environment.

Answering the question of what are taught in an entrepreneurship education program, Morris and Jones propose several aspects such as: identify and appraise an opportunity, define a concept, identify the needed resources, get the necessary resources, implement, operate and yield the venture [14]. According to Priyanto [8], the most important entrepreneurial educational material is mindset change, the skills of running and developing business and ready skills. Knowledge of business function is also a very important aspect for participants to gain. Hood and Young [15] describes in a more detail figure about what should be part of the educational curriculum of entrepreneurship which later will become the skills and character of the participants, namely: communication, leadership, management, human relations, negotiation, analytical thinking, decision making, goal setting, business plan preparation, self-motivation, risk taking, moral standards, competitiveness, aggressiveness, persistence, responsibility, self-confidence, emotional independence, adaptability, etc.

In the entrepreneurial learning, method becomes a very important feature. Classic lecture method will not give significant impact to the success of learning, so this method is no longer an option. Interactive and experiential learning approaches turn into an alternative methods of learning, where the teacher becomes more a moderator than a lecturer. Citing studies conducted by Winslow and Salomon [16], it states that the "business plan preparation" method and "case study" are two methods most commonly used in entrepreneurial learning. In line with the Winslow and Salomon, European Commission also mentions that the "business plan workshop" and "case study" are two methods that can be used in entrepreneurial learning. They also add other methods such as "group brainstorming techniques for creating business idea", "business simulation", "inviting entrepreneur guest speakers ", and "practical entrepreneurial activity and creativity exercises". They underline that the case study used, has to be a real case study drawn from local companies. Likewise, the business plan, as much as possible a real effort [13].

Since the majority of the teachers of entrepreneurship subjects do not have practical experiences of entrepreneurship, then inviting guest speakers who are entrepreneurial practitioners will cover this shortfall. More on learning methods, Sullivan [17] focuses on the importance of mentoring system. A mentor is needed to guide and direct the participant or group of participants more intensively.

5 Discussion

In Lorz [9], Linan divide entrepreneurship education based on its goal into 4 types. The first type is "Entrepreneurial Awareness Education", which aims to provide knowledge about entrepreneurship to participants and influence them to be entrepreneur. The second category is "Education for Start-Up". This program is created for people who generally already have an entrepreneurial idea and need practical skill to become entrepreneur. The third category, "Education for Entrepreneurial Dynamic", focuses on people who are already entrepreneurs and want to promote dynamic behaviors in their enterprise. The last category "Continuing Education for Entrepreneurs" is a life-long learning program and focuses on experienced entrepreneurs.

A model that is developed at Universitas Ma Chung is "Entrepreneurial Awareness Education". The main goal of this educational program are to build an entrepreneurship mindset and mentality for students, to equip them with the skills needed for running and developing their business, and to motivate them to be a business owner after they graduate. Entrepreneurship program is embedded in the curriculum as compulsory subjects. The curriculum is currently applied in business school, but it also plans to be applied in other schools at Universitas Ma Chung. This curriculum was implemented since 2007 and continuously improved until today. The curriculum consists of six modules, one module for one semester. The structure was built in six subjects that are given gradually in six semesters starting from the first to the sixth semester (note: In Indonesia, bachelor degree curricula normally consist of eight semesters). Students are divided into groups and each groups are guided by mentors.

Six modules in the entrepreneurship education program are: "Developing Entrepreneurship Mindset", "Idea Generation", "Business Function", "Legal Plan", "Business Plan Preparation", and "Business Growth". In the first module, "Developing Entrepreneurship Mindset", students are introduced to the definitions and concepts of entrepreneurship. At this stage, students are also given an insight into personal entrepreneurial characteristics through direct interaction with entrepreneurs (both business and social entrepreneurs) who are considered to be successful in building and developing their entrepreneurship. Through the interaction, the students explore the background of each entrepreneur, the idea generation of business invention, the process of developing personal characteristics, as well as challenges that have been faced by these successful entrepreneurs. From the entrepreneurs, the students learn about the personal qualities such as persistence, confidence, knowledge, career, and communication/information processing skill. At the end of the semester, to reflect on personal entrepreneurial characteristics (PEC) the students are challenged to design and manage real activities or events that involve public participants. This challenge provides students with experiences of (1) opportunity seeking and initiatives, (2) risk taking, (3) demand for efficiency and quality, (4) persistence, (5) commitment to the work contract, (6) information seeking, (6) goal setting, (7) systematic planning and monitoring, (8) persuasion and networking, (9) as well as independence and self-confidence. This will eventually reflect the personal entrepreneurial characteristics which they have learned.

The second module is the "Idea Generation". At this stage, the students learn methods of creative thinking to produce innovative entrepreneurial ideas. Learning methods at this stage, mostly in the form of games and simulations. The techniques that are used include Battle of the Sexes, Brain Splitter, Analytical Attribute Techniques, Problem-Based Ideation, and S-C-A-M-P-E-R (the letters represent the words "substitute," "combine,"

"adapt," "modify," "magnify," "minimize," "put to other uses," "eliminate," "rearrange," and "reverse"). At the end of this module, students are given with specific themes and encouraged to do product concept testing and selection to generate innovative idea which match the given themes. Example of the specific themes are "preservation of local culture", "increasing the value of local commodities", "natural resources management and food security", and "environmentally-friendly products". Team of mentors will select ideas of the students and provide feedback whether the idea is considered innovative. When an idea is rejected, the team of mentors will explain the reasons and arguments of the refusal, and encourage students to look for new ideas until they received approval from the team of mentors.

Module three that is given in the third semester is "Business Function". At this stage, students are introduced to the four functions of business: production and operations management, financial management, marketing management, and human resource management. After learning about the four functions in the business, students are asked to apply their understanding in the process of actualizing their business ideas which have been generated in the previous modules. Mentors will help students in planning system for production and operations management, financial management, marketing management, and human resource management that is specific to their approved business idea. At the end of this module, an exhibition will be organized to create an experience of introducing, promoting products to potential consumers, as well as to get feedback that is necessary for product quality improvement.

In the fourth semester students are undertaking the "Legal Plan" module. At this stage, students learn about the legal aspects, licensing and regulations that may be required in building and running a business. To get a real and applicable result, this stage involves legal practitioners and government officials as sources of information. From these sources of information, students will be provided with information on the mechanisms, procedures and all administrative requirements that must be fulfilled when doing business in Indonesia. At the end of the semester, students are asked to write up a comprehensive legal plan of their business that is being built.

In the fifth module, students learn how to prepare a business proposal based on the design of business feasibility analysis with the aim of convincing investors and banking institutions/creditor to be willing to invest in their businesses. Practitioners from bank and funding institutions are invited to share information of specific aspects and administrative documents that are required from a business proposal which will determine the decision maker to provide funding for the proposed business. The last module of this series program is "Business Growth". In the last stage, the students were given the task to run and expand their business in a real situation. Assessment for this stage was done by setting the key performance indicators (KPI) to be achieved by students in running their business. The KPI is in the form of profit (that has been determined by mentors) and progress in several aspects (human resource management, marketing management, financial management, and production management). At this stage of business growth, students are intensively supervised by mentors in running their business activities.

Learning techniques which are used in this entrepreneurship program are carried out in various methods including lectures, case studies, business plan creation, game and simulation, field study, mentoring, and practical application of business management and development. As instructors, in addition of entrepreneurship lecturers, the program also involves entrepreneurial practitioners, legal practitioners and government officials. Since entrepreneurship experience is not required for teaching entrepreneurship, guest lecturers

are used to compensate for the limited degree of entrepreneurial experience amongst academic faculty.

Six modules in entrepreneurship education program at Universitas Ma Chung are designed to gradually lead the participants to eventually own and run his own business. At the end of the program, all participants in groups already have a business. Whether students will stop or continue the business after completion of the course depends on the student's decision.

To measure the effectiveness of the entrepreneurship curriculum, we select twenty students and alumnae that are starting their own business. The twenty students were selected to participate in business mentoring program and join the "Young Entrepreneurs Community". This community was intended to create network between current enrolled students and alumnae whose passion is building their own business. By having such network, it is expected that these young entrepreneurs will be able to support each other in the process of building their business, to share their experience, and learn from each other. This mentoring program is starting in May 2015 through September 2015. Along with this program, focus group discussions with the twenty participants of this mentoring program was conducted to gain feedback on the efficacy of entrepreneurship education curricula at Universitas Ma Chung. Field notes, the informant demographic data, consent form, and also audio recordings were stored. The data is then analyzed by employing theme analysis and interactive techniques.

6 Result

a. The informants' narrative: To what extent the Entrepreneurship Curricula influence students' entrepreneurial intention?

One of the barriers to developing entrepreneurship in Indonesia is rooted from the local culture which perceives that business is unstable and therefore cannot provide a decent living for the family. Many parents encourage their children to work as employees rather than encourage them to become entrepreneurs. Related to this problem, entrepreneurial education which provide an interactive experience with many successful entrepreneurs play an important role in shaping the entrepreneurial mindset amongst young people.

"In a culture where working as employees in large companies means having a well-established and stable life, being an entrepreneur is like walking against the current stream. Having the experience to interact directly with other entrepreneurs during my study encourages me to not hesitate starting a business. Entrepreneurship is hard in the beginning, but when the business system has been running well, the results would be amazing. Besides, I could be the boss for myself."

"Being an entrepreneur is not a noble job in the culture where I have been raised. My dad cast me out of home when he knew that I quitted my job to open a café. He said that he sent me to study in a university to have a good job in a reputable company, and not for making me selling foods. He did not understand that I am establishing a business, not just selling foods. My lecturers supported me during those difficult times. Having such support convinced me that I am on the right direction. Now, after the opening of my café's second branch, my parents are finally convinced about the value of entrepreneurship".

“You know, for 6 semesters we have been exposed to the idea of how entrepreneurship contribute significantly to the nation’s economy, how people have changed to be a better person when they have to lead the employees. So, when I am working as an employee, I do not enjoy it, I feel like I do not have freedom to express my ideas. So I quit my job and start my business”.

“After I graduated, I was accepted as a management trainee at a reputable company. But deep down in my heart, I know that one day I should have my own business. So I use the opportunity of working at a reputable company to learn the system, to develop network, start saving for building my own business, and start promoting my products (market testing)”.

The entrepreneurship curricula also contribute in convincing students to take a decision to start a business while they are young.

“I learn that many empires started as a company, and company as a team, and a team as an idea. This encourages me to make my vision so clear that my fears become irrelevant. I learn from entrepreneurs who succeed that they do not hesitate to start. That is why I start my business now”.

“Entrepreneurship curricula gives me an overview of entrepreneurship and motivate me to think creatively so that I have more confidence to start a career as an entrepreneur after graduation”.

b. The informants’ narrative: To what extent the entrepreneurship curricula contribute to the process of setting up and running business?

The combination of management concept, knowledge of small-medium enterprises, legal aspects, and practical experience of running small business at the end of the entrepreneurship module series strengthens students’ comprehension of the relationship between theory and practice. The method also help form the learning content to be stored in the long-term memory of the students. Running their own business triggers the process called state-dependent retrieval where students are better able to access information if their internal state is the same at the time of recall as when they learned the information.

“I was questioning the program design, why the program takes 6 semesters long from the ‘idea generation’ to the ‘business growth’. But now I understand that it was not only the content of program that is essential, but during those 6 semesters, I learn the meaning of persistence. In business, we need to deal with complex factors, we cannot just ‘jump quickly into the business and then quit quickly’ when facing difficulties or hard times”

“By knowing legal aspects from the reliable source of information, I know that I do not have to rely on broker, like what my parents did. I now know what I need to prepare and where should I go to process legal permission for doing business. It is more efficient too.”

“Entrepreneurship curriculum gives a very detailed knowledge and skills related to creating a business plan, making financial statements, business presentation, business ethics, networking, product innovation, legislation, and much more. All of it is very applicable in running my business”.

“Be innovative, unique, different, and creative. That what I always remember in my mind about entrepreneurship lessons. When I run my business, I realized the truth of this mindset. That is very substantial to win the fierce competition.”

“My experience in running a mini café during the 6th semester ('Business Growth' module) given me an insight of how to manage a restaurant and to utilize social media for promotion. Plus, it also makes me believe that starting a business is not as difficult as what many people say. That experience inspires me to open the burger bar”.

c. The informant narrative: How shall the entrepreneurship curricula be improved?

Some ideas of continues improvement for the entrepreneurship curricula are explained below.

“The quality and content of the entrepreneurship curricula has been very good. However, it would be perfect if additional material such as psychology of business, innovation management are provided”.

“Group discussions on current issues such as community development and green business would also help us to keep updated with social issues”.

“Internship in some companies that are owned by young entrepreneurs would provide great experience and inspiration to start a business”.

“It might be great to accommodate ‘social entrepreneurship’ too, not only doing commercial business... Because some students maybe more interested to be social entrepreneurs, unfortunately so far it has not been much accommodated”

“If possible, it would be nice for us as alumnae, to have access to our lecturers and mentors for business consultation.”

“I think having network like this ‘Young Entrepreneurs Community’ is really helpful. You know, sometimes most of us doubt ourselves and feel down. Knowing that I have friends to talk to (among the community members) encourages me to never give up...We should maintain it”.

7 Conclusion

Integrating entrepreneurship learning in the form of knowledge sharing, direct interaction with entrepreneurs, and experience of small business creation provides a rich understanding and strong motivation to start business. Involving government institutions that handle business licenses and local regulations is important to be done, particularly in developing countries, as it would reduce hesitation of starting business. Entrepreneurship modules which consist of (1)"Developing Entrepreneurship Mindset", (2)"Idea Generation", (3)"Business Function", (4)"Legal Plan", (5)"Business Plan Preparation", and (6)"Business Growth" is deemed to be effective in inspiring and preparing students at Universitas Ma Chung (whose cultural and socio-economic background is varies) to be

entrepreneurs.

ACKNOWLEDGEMENTS: The authors thank The Ministry of Research, Technology and Higher Education of Republic of Indonesia for supporting entrepreneurship program in Universitas Ma Chung through IbK (Ipteks bagi Kewirausahaan) Grant Scheme.

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