FOSTERING YOUNG ENTREPRENEURS IN UNIVERSITIES

Ahmad Mardalis[1], Fauzan[2], and Imron Rosyadi[3], Minhayati Saleh[4]

[123]Faculty of Economics and Business, Muhammadiyah University of Surakarta
Jl. A. Yani Tromol Pos 1 Pabelan Kartasura, 57102, Surakarta, Indonesia

[4]UIN Wali Songo, Jalan Prof. HAMKA, Ngaliyan Semarang

E-mail: Ahmad.Mardalis@ums.ac.id, Fauzan@ums.ac.id, Imron.Rosyadi@ums.ac.id, and
minhayati@walisongo.ac.id

Abstract

This study aims to identify the types of businesses that are of interest to students at several universities in Surakarta, and formulate university strategies in an effort to develop young entrepreneurs from among students. This research is a combination of qualitative and quantitative research. Using primary data obtained through field observation techniques and in-depth interviews with authorities at universities which are considered key figures in the field of student affairs. Data were analyzed by descriptive-analytic approach. The results of this study indicate that businesses related to culinary, online business, and fashion are the most desirable businesses for students. To develop their interests, various approaches can be carried out by universities. First, develop a curriculum that accommodates entrepreneurial teaching and soft skills about business management. Second, providing intensive training especially related to the type of business that is in demand, which is systematically based on science and technology. Third, provide an adequate laboratory to hone students' skills in developing business plans; Fourth, working with the banking sector and HIPMI for the purpose of business feasibility evaluation, business assistance, and business consulting; and Fifth, providing easy access to obtain capital for students whose business plans are deemed feasible by the assessment team. If these steps are done well, it is believed that more new entrepreneurs will emerge from university graduates.

Keywords: University Role; micro and small businesses; entrepreneur

INTRODUCTION

To maneuver the national economy, especially the more dynamic real sector and the welfare of the people of Indonesia, it is ideally required entrepreneurs' population for 2 percent of the total population of Indonesia or about 5 million entrepreneurs with the assumption Indonesians amounting to 250 million inhabitants. While in the reality, the number of entrepreneurs in Indonesia is only about 0.8 percent of the population is about 450 thousand people. This shows that the business sector has not been able to Strategic Role of University in Creating Young Entrepreneur 2901 empower the economy wheels more optimally.

The small population of entrepreneurs in Indonesia is caused by several major factors among them is the access factor of capital and entrepreneurship skill that is insufficient. For the capital factors, the beginner entrepreneurs (no exception to business students) are constrained by the bank's very high lending interest. Based on Bank Indonesia report (2011) that Bank Indonesia interest rate

is 5.75 percent; Interest rates of loans above 100 billion around 10 percent; Credit interest rates below 100 billion by about 11 percent; Credit interest rates for medium enterprises of about 13 percent; While credit interest rates for micro enterprises amounted to 18 percent. This indicates there is a very wide gap between huge entrepreneurs and micro entrepreneurs as well as understandable, that the bank enjoys a huge net interest margin (NIM) which is about 13 percent of micro-enterprises, while that credit interest rates incriminate micro and small business in Indonesia. Whereas it is known that the UMKM sector becomes the most power full social safety net because it is able to absorb the enormous workforce.

Table 1. Number of units, Labor, Production Value, and Investment Value by Business Unit in Indonesia in 2016

Description	Small	Medium	Large	**Number**
Quantity (thousand units)	44.621	68	4	44.693
Labor (thousands of people)	71.187	6.491	2,59	80.268
Production Value (trillion IDR)	1.036	444	1.249	2.729
Investment Value (trillion)	82	93	214	389

Source: Kementrian UKM (2010)

From Table 1. it appears that the number of small business units in Indonesia is the most and able to absorb a relatively large workforce of 71,187,000 people, while the difference in investment score is not too big compared to medium scale enterprises. This indicates that small business plays a very important role in moving the real sector in Indonesia. Individual interest in the business can be observed since the individual pioneered or run a business on the sidelines of his college activity or since his status as an active student.

Even though it is known that the MSME sector is the most powerful social safety net because it is able to absorb a very large workforce. Table 2. shows that the number of small business units in Indonesia is the largest and capable of absorbing a relatively large workforce, namely 71,187,000 people, while the difference in investment value is not too large when compared to medium-scale businesses. This indicates that small businesses play a very important role in moving the real sector in Indonesia.

An individual's interest in the business world can be observed since the individual is starting or running a business on the sidelines of his college activities or since his status as an active student. In general, the businesses run by students are still in the form of pilot or micro and or small scale such as food stalls, depots, HP or computer accessories counters, laundry services, fashion and so on. However, it can be assumed that the business has not been able to develop significantly because it is constrained by various main inhibiting factors, including the factor of the breadth of access to capital and inadequate entrepreneurial skills.

Because it takes the role and or strategic policies of universities to develop micro and small businesses owned by students, so it is hoped that it can grow a population of reliable young

entrepreneurs born and raised from universities and in turn can reduce the unemployment rate for college graduates. This condition prompted the researcher to formulate the problem: how is the strategy model for developing micro and small businesses owned by students based on university strategic policies? The objectives that have been achieved in this second year are to create a policy model and or strategy for developing micro and small businesses owned by students based on university strategic policies.

Based on the provisions of the Law of the Republic of Indonesia No. 9 of 1995 concerning Small Enterprises, what is meant by small businesses are people's economic activities that are small in scale and meet the criteria for annual net worth and ownership as follows:

a. Have a net worth of at most Rp. 200,000,000, excluding land and buildings for business premises or

b. Have annual sales of at most Rp. 1,000,000,000

Meanwhile, according to BPS (2000), small industrial companies/businesses and household handicrafts are companies/processing industry businesses that have 1-19 workers, including entrepreneurs, whether companies/businesses that are legal entities or not. Table 2.1. shows the criteria for micro and small businesses in Indonesia

The results of a survey conducted by Hamid and Sri Susilo (2010) stated that there were several problems faced by MSMEs in the DIY province, including (i) marketing; (ii) capital and funding; (iii) innovation and utilization of information technology; (iv) use of raw materials; (v) production equipment; (vi) absorption and empowerment of workers; (vii) business development plan; and (viii) readiness to face the challenges of the external environment.

Furthermore, based on the survey results, Sri Susilo and Hamid (2010) provide several policy and strategy recommendations, namely: (i) various trainings in product development that are more varied and quality-oriented and based on local resources; (ii) government support for the development of production processes by revitalizing more modern machinery and equipment; (iii) developing highly competitive products with local characteristics; (iv) credit policies by banks with lower interest rates and simpler processes so as to support the acceleration of the revitalization process of the production process; (v) improving the quality of physical and non-physical infrastructure to reduce distribution costs so that MSME products will have higher competitiveness; and (vi) policy support for the development of promotions to both export and domestic markets using a variety of more modern and varied media.

RESEARCH METHODS

The type of data used is primary data obtained through interview techniques, focus group discussions (FGD) and in-depth interviews to reveal about: (i) the proportion of students who have started and or run a business as well as the type and scale of business, (ii) identification of obstacles business for students who do business (iii) factors that encourage students to pursue the business world (entrepreneurship) and (iv) the partnership model of universities and stakeholders

The analytical method that will be used in this research is descriptive qualitative (analytical) within the framework of the situation, structure, behavior and performance (SSPP) approach. The results of the FGD are also used as a basis for developing a partnership model between universities and stakeholders. The use of this approach is based on performance considerations such as: (i) there is no role for universities to enable the growth of young entrepreneurs in universities; (ii) there are no programmed activities that encourage students and alumni to pursue the business world in a sustainable manner.

RESULTS AND DISCUSSION

Development Goals

The partnership model between universities and stakeholders is expected to be able to develop micro-enterprises run by students, namely those with a business capital of less than Rp. 5 million, and Rp. 5 million to less than Rp. 50 million. Table 4.1 shows data on the position of businesses and types of businesses operated by active students in higher education.

The types of businesses are divided into 6 (six) categories, with details as follows: (1) Food and beverage as many as 39 business units; (2) service business as many as 17 business units; (3) Convection and fashion as many as 15 business units; (4) Shops, depots and the like as many as 15 business units; (5) Suppliers, Multi Level Marketing (MLM) as many as 8 business units and (6) Livestock and ornamental plants as many as 6 business units
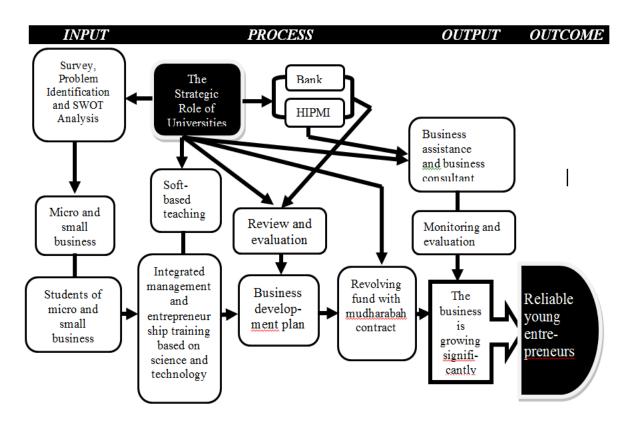

Figure 3. Student-owned Micro and Small Business Development Strategy Model

Figure 3 shows the strategic steps that must be implemented by universities to develop micro and small businesses owned by students so that they can produce reliable young entrepreneurs who graduate from college. The initial step that must be taken by universities is to collect data (survey) several things related to: (i) how many student populations are already running and/or starting micro-businesses; (ii) what types of businesses are managed; and (iii) the place of business domicile. After the data is obtained and managed, it is used as the basis for coordination between students and the university. The results of the coordination can be used as a medium to identify the problems and obstacles faced by students in running micro-enterprises. After the problems and constraints have

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been identified, the next step is to conduct a SWOT analysis of the micro business. These steps are grouped in the INPUT phase.

Based on the data that has been obtained and managed; problems and SWOT analysis, then universities formulate strategies for developing micro and small businesses, namely: (i) teaching entrepreneurship and business management based on soft skills and (ii) providing intensive, systematic and integrated education and training on business management and entrepreneurship based on science and technology. After micro business students have attended intensive education and training, the next step is that students are asked to prepare a business development plan (business plan) that explains future business prospects (prospectus). The business plan is then reviewed and evaluated by a team consisting of parties that synergize with universities, namely the Bank and the association of young entrepreneurs called the Indonesian Young Entrepreneurs Association (HIPMI). Banks are involved in assessing the feasibility of a business plan because banks have long experience and competencies needed in terms of financing for customers. HIPMI is involved in assessing the feasibility of the business plan because HIPMI consists of people who have established small and medium-sized businesses. The next strategic step is for universities to provide easy access to capital for business students whose business plans are deemed feasible by the assessment team. The capital provided to students is not in the form of grants, but is in the form of loans and revolving business capital (revolving fund) with a mudharabah contract, namely a business cooperation agreement between two parties where the first party (shahibul maal) provides all (100 percent) of the capital, while the other party as manager. Mudharabah business profits are divided according to the agreement stated in the contract, whereas if the loss is borne by the owner of the capital as long as the loss is not due to the negligence of the manager (Antonio, 2005). These steps are grouped in the PROCESS phase.

The next strategic step is for universities to monitor and evaluate the development of micro-enterprises owned by students after using the capital. At the same time, universities synergize with HIPMI to provide business assistance and act as business consultants for business students. These steps are grouped in the OUTPUT phase.

Based on these strategic steps, it is hoped that in the future it will produce reliable young entrepreneurs who are university graduates who are strategic OUTCOMES for higher education institutions.

CONCLUSION

Based on the research results that have been described in the Results and Discussion chapter, it can be concluded several important things as follows: (1) Micro and small business owned by students face various problems, namely: (i) the physical form, content and product packaging tend to remain unchanged or there is no innovation. meaningful product; (ii) production capacity is very limited, so it cannot serve large orders in certain seasons; (iii) very small business capital, due to lack of access to banks (collateral constraints), making it difficult to expand business; (iv) business management is not based on science and technology so that business development tends to stagnate; (v) business

management that is historically transmitted, thus hampering business development (case for certain types of business); (vi) relatively low entrepreneurial skills, so that businesses do not develop optimally; (vii) For certain types of business, difficulties in purchasing raw materials, so that it is difficult to meet the large market demand and (viii) pricing products tend to be expensive, as a result of high production costs; (2) The problems that have been identified are used as the basis for compiling a SWOT analysis to formulate a grand strategy and development model

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