

# Overview of Student Entrepreneurship in Indonesia

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## ABSTRACT

The economic progress can be determined by how large its population becomes entrepreneurs. Currently, entrepreneurs in Indonesia have reached 3.47% of the total population. However, it is still below Singapore, which has reached 8.76%, Malaysia 4.75%, and Thailand 4.26%. Although still lagging, Indonesia has been able to pass the minimum standard to become a developed country, which is 2%. The increase in the number of entrepreneurs in Indonesia is inseparable from the increase in the entrepreneurial spirit of the younger generation. This article tries to describe student entrepreneurship in terms of entrepreneurial intentions, level of entrepreneurial competence, and entrepreneurial self-efficacy and looks at entrepreneurship education's impact. Research data was collected through a questionnaire sent to students via google form. The sample used is 304 students from various universities. The research findings, the level of entrepreneurial intention is 5.92; entrepreneurship competence is 5.75; entrepreneurial self-efficacy is 5.62; the impact of entrepreneurship education is 5.81, all of which are in the very high category (scale 1-7). Students' entrepreneurial intention outside Java is slightly higher than that of Java. The level of entrepreneurial competence of students outside Java is also slightly higher at 5.75, while in Java, it is 5.71. The level of entrepreneurial self-efficacy of students is relatively not different between islands. The effectiveness of entrepreneurship education needs to be improved so that the number of entrepreneurs continues to grow.

**Keywords:** *Entrepreneurial Intention, Competence, Entrepreneurial Self-Efficacy, Entrepreneurship Education*

## 1. INTRODUCTION

The number of entrepreneurs in Indonesia has reached 3.47% of the total population, but it is lower with Singapore, which has reached 8.76%, Malaysia 4.74%, and Thailand 4.26% (www.merdeka.com, 17 April 2021). Although this ratio has exceeded the international standard, which is 2%, Indonesian entrepreneurs still need to be increased to accelerate progress and national competitiveness. [1] stated that the competitiveness and growth of the national economy could be increased by entrepreneurship. Therefore, efforts are needed to increase the number of people who have entrepreneurial intentions. Entrepreneurial intention or interest is an impulse that comes from within a person to carry out business activities independently to earn income.

According to [2], education is one of the main instruments to increase entrepreneurial intentions. Nowiński, Haddoud, Lančarič, Egerová, & Czeplédi

[3] also stated that entrepreneurship education significantly increases students' entrepreneurial intentions. Results of meta-analysis research [4], [5] agree that there is a relationship between education and entrepreneurial intentions. Pham [6] supports that entrepreneurship education can encourage entrepreneurial activities. [7] also added that entrepreneurship education has proven to predict business creation among students.

Today's entrepreneurship education is increasingly important because it can instill the confidence and competencies needed to run a business. Research results by [8] state that entrepreneurship education significantly increases entrepreneurial competence. Entrepreneurial competencies include; business formation, business management, and the character needed by an entrepreneur. The level of knowledge possessed will determine a person's intention to become an entrepreneur.

[9] stated that there are three types of knowledge that are important for new businesses, namely; (1) the position of the business in which it competes; (2) the type of business approach that is being carried out, and (3) creating, developing, and enjoying new businesses. Likewise, Hindle [10] describes entrepreneurial competencies include; knowledge of marketing, sales, behavior, strategy, business development, opportunity analysis, accounting and finance, creativity, and business planning. All of the above is the knowledge an entrepreneur needs.

Another factor that has the potential to develop entrepreneurial activities is entrepreneurial self-efficacy. Entrepreneurial self-efficacy (ESE) is the belief that individuals have to run a business. [11] ESE is an individual's belief in achieving goals and controlling the positive and negative cognitions that entrepreneurs have during the process of starting a business. [12] explain that higher ESE levels positively affect entrepreneurial intentions. This finding is fascinating as it suggests that entrepreneurship education can lead to greater levels of entrepreneurial activity by increasing individual confidence in launching new ventures.

This article attempts to capture the level of entrepreneurial intention, entrepreneurial competence, and entrepreneurial self-efficacy of students and the impact of entrepreneurship education on increasing entrepreneurial knowledge. This information is helpful for academics and entrepreneurship practitioners design programs to prepare the young generation of entrepreneurship developers.

**2. METHOD**

The data collection technique used is a questionnaire consisting of; Entrepreneurial intention questionnaire on a scale of 1-7 (adopted [13] and [14]). The entrepreneurial competence instrument was developed from indicators by [15] and [16], the Entrepreneurial Self-Efficacy instrument adopted from [17], and the Entrepreneurial Education instrument developed from indicators [18]. The data on the characteristics of respondents consists of; educational background (economic and non-economic, educational and non-educational) and gender (male-female). The study population was 304 students from several universities in Indonesia who were willing to fill out research questionnaires via google form. Therefore, the total population and the sample are the same. The research data were analyzed descriptively and compared with the criteria to determine the position of each aspect discussed. The criteria used are as shown in Table 1.

**3. RESULTS AND DISCUSSION**

**Table 1.** Categories of Entrepreneurship Portraits

Score range	Category
5,61 - 7,00	Very high
4,21 - 5,60	High
2,81 - 4,20	Medium
2,41 - 2,80	Low
1,00 - 2,40	Very low

The occupations of the students who were the research respondents varied. The most significant percentage of parents' work is entrepreneurship, and the smallest is company employees. The type of work of parents will more or less affect the type of choice of child's work. Children who live in entrepreneurial and non-entrepreneurial families will influence children in choosing jobs. This is influenced by inborn talent. Entrepreneur's parents will bequeath talented children to entrepreneurship

**Table 2.** Types of Parents' Occupation

Occupation	Amount	Percentage
Entrepreneur	85	28,0
Company Employee	32	10,5
Farmer	71	23,4
State Employees	68	22,4
Freelance	48	15,8
Total	304	100,0

Before being distributed to respondents, the instrument was first tested. As a result, all four variables are valid and reliable, as presented in Table 3.

The fourth level of the variables can be explained based on the questionnaire distributed to students. If we look at the level of the entrepreneurial intention of students based on their parents' occupations, it turns out that there is a relationship between the type of work of the parents and the level of the students' entrepreneurial intention. Students' entrepreneurial intention is higher for those who work instead of civil servants/TNI/Polri and company employees. In Figure 1, it is explained that the highest level of student entrepreneurship intention is that parents work as

entrepreneurs, followed by farmers and non-permanent workers.

This research is supported by [19] that parents' work background has a significant impact on entrepreneurial intentions, family as role models who

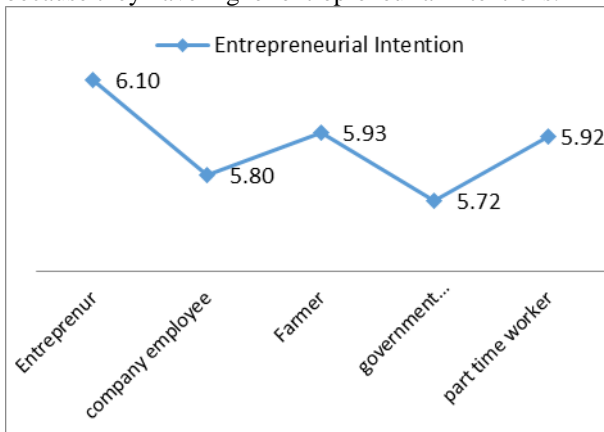
the category of "very high." "very high" category. This information illustrates that students in Indonesia have the potential to develop entrepreneurship. Gatewood, E. J., Shaver, K. G., Powers, J. B., & Gartner, W. B. [22] explains that individuals rated positively for their entrepreneurial abilities have higher entrepreneurial

**Table 3.** Instrument Test Results

Variable	Number of instrument items	Description	
		Validity	Reliability
<b>Entrepreneurial Intention</b>	6	Yes	Yes
<b>Entrepreneurship Competence</b>	34	Yes	Yes
<b>Entrepreneurial Self-efficacy</b>	16	Yes	Yes
<b>Entrepreneurship Education</b>	16	Yes	Yes

provide positive experiences and impact entrepreneurial intentions. The study of [20] explains that parents' work can encourage the emergence of individual intentions to become entrepreneurs. [21] has previously stated that vicarious experiences (obtained from fathers as entrepreneurs or not entrepreneurs) have an essential effect on entrepreneurial intentions.

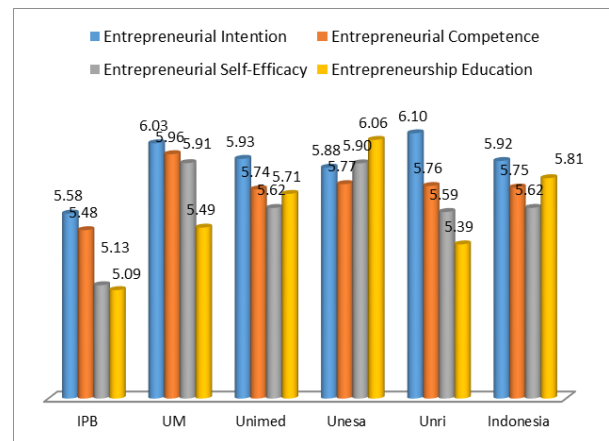
This research explains that parents who work for other people or salary recipients (such as state employees and company employees) are associated with lower entrepreneurial intentions for their children. On the other hand, generations of entrepreneurs, farmers, and temporary workers have tremendous potential as entrepreneurship developers because they have higher entrepreneurial intentions.



**Figure 1.** Entrepreneurial Intention Level Based on Parents' Occupation

Student entrepreneurship portraits can be seen from three aspects: entrepreneurial intentions, entrepreneurial competencies, and entrepreneurial self-efficacy, as shown in Figure 2. On a scale of 1-7, Indonesian students' entrepreneurial intentions average score of 5.92 is in the "very high" category, followed by entrepreneurial competence of 5.75 and entrepreneurial self-efficacy of 5.62, which is also in

opportunities than individuals rated negatively. Entrepreneurial abilities, in this case, include entrepreneurial intentions, entrepreneurial competencies, and entrepreneurial self-efficacy (entrepreneurial portraits). Students who have a high portrait will have the opportunity to run



**Figure 2.** Portrait of Student Entrepreneurship Per University

entrepreneurship.

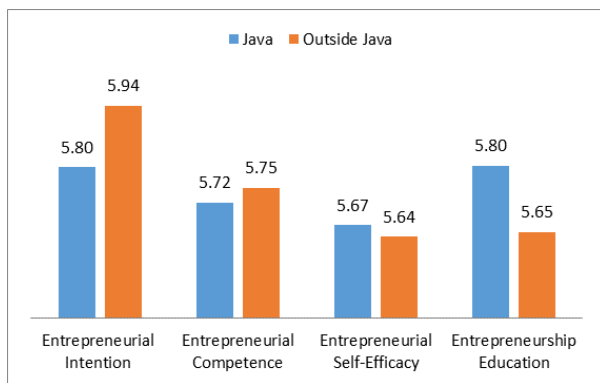
The entrepreneurial potential of students can be influenced by entrepreneurship education and can improve students' ability to run entrepreneurship. Based on Figure 2, it is known that the entrepreneurship education impact score is 5.81 (very high). [23] stated that his entrepreneurship education could directly influence a person's attitudes and skills towards entrepreneurship. [24] added that entrepreneurship education could improve creative skills and business performance. [25] agree that entrepreneurship education plays an essential role in fostering and introducing entrepreneurial activities.

Then, if you look at the portrait of entrepreneurship by the university (Figure 2) from the five universities surveyed, it turns out that the entrepreneurial intention

**Table 4.** Overview of Entrepreneurial Portraits in Various Categories

Department/Gender	Entrepreneurial Intentions	Entrepreneurship Competence	Entrepreneurial Self-Efficacy	Entrepreneurship Education
Economics	5,97	5,78	5,64	5,68
Non-Economics	5,79	5,67	5,65	5,60
Education	5,72	5,71	5,65	5,64
Non-Education	6,05	5,77	5,64	5,67
Male	6,07	5,72	5,62	5,79
Female	5,81	5,76	5,66	5,57

of Riau University students was 6.1 and Malang State University 6.03, followed by Medan State University 5.93. The lowest entrepreneurial intention is Bogor Agricultural University 5.58 (high category). The highest Entrepreneurial Competence of UM is 5.96,



**Figure 3.** Entrepreneurship Profile of Javanese & Outside Java Students

and the lowest is IPB 5.48. Then the entrepreneurial self-efficacy of UM 5.91 is also the highest, followed by Unesa 5.90, IPB also remains the lowest at 5.13. Furthermore, the relation of entrepreneurship education to entrepreneurial knowledge and skills, Unesa 6.06 is much higher than the other four universities. The surprising data shown by IPB from the four aspects measured were all in the "high" category compared to other universities varying between the "very high and high" categories. This condition is astonishing because IPB is known as a university that is concerned with entrepreneurship. However, this does not describe the actual conditions because the small sample of students does not describe the broader conditions.

Interesting information from the impact of entrepreneurship education, Unesa is much higher than the other four universities. This means that the implementation of entrepreneurship courses at Unesa can better form the attitudes, knowledge, and skills needed to run entrepreneurship. [18] explained that entrepreneurship education is a learning activity that increases knowledge, skills, attitudes, and individual qualities.

Furthermore, if we look at the portrait of entrepreneurship based on geography (Figure 3) between Java and outside Java, students outside Java's entrepreneurial intention and entrepreneurial competence are higher than students outside Java. However, for the portrait of entrepreneurial self-efficacy (ESE) and the effect of entrepreneurship education on students in Java, the island is higher than outside Java.

When viewed from the impact of education on readiness to become entrepreneurs. The score given by students in Java is 5.80 higher than 5.65 students outside Java. This illustrates that entrepreneurship education in Java is more effective in providing knowledge, while outside Java entrepreneurship education is better at increasing entrepreneurial intentions and the ability to manage student businesses. Entrepreneurship education should be able to improve all three. As said by. [26] that entrepreneurship education can improve entrepreneurial skills, and entrepreneurship education has a significant effect on entrepreneurial characteristics.

Based on previous research, it has been proven that entrepreneurial knowledge affects entrepreneurial intentions. While the role of self-efficacy on entrepreneurial intentions, there are still differences between researchers. Furthermore, research on gender (gender) in recent years states differences in entrepreneurial intentions or intentions between men and women. Some researchers say that men's entrepreneurial intentions are higher than women's. Likewise, with this research (Table 4), men's entrepreneurial intention is higher than that of women. This research supports [27], which states that men's entrepreneurial intentions are more remarkable than women. Previous research by [29] also agrees that the average level of male entrepreneurial intention is higher than that of women. This difference, according to [31], is because gender is significantly related to entrepreneurial intentions.

Furthermore, when viewed from the background of education in the economic and non-economic fields, it turns out that the entrepreneurial intention of students in the economic field is 5.97 compared to 5.79. The

same is true for the ability to provide entrepreneurial competence. (Table 4). Then the entrepreneurial intention and entrepreneurial competence of students in the field of non-educational sciences are also higher than students in the field of education. This aligns with the aim of the non-education study program being prepared to become an entrepreneur, which is different from the education study program being a teacher. However, the entrepreneurial self-efficacy portrait is relatively the same between the non-educational and educational fields. This still needs to be explored because ideally, non-educational students should be higher because they have been programmed from the start not to become educators. This information indicates that non-educational study programs have not maximally instilled confidence that students will be able to become entrepreneurs in the future.

Furthermore, based on gender, male students' entrepreneurial intentions were 6.07 higher than 5.81 female students. This finding is in line with the research by [27] that the entrepreneurial intention of men is greater than that of women. Then reinforced by [28] and [29] that the average female level of entrepreneurial intention is lower than male. This difference according to [30] and [31] because gender is significantly related to entrepreneurial intentions

#### 4. CONCLUSION

The portrait of entrepreneurship can be seen from the level of entrepreneurial intention, entrepreneurial competence, and entrepreneurial self-efficacy of students. The average score of each is 5.92, 5.75, 5.62, which is in the "very high" category. Entrepreneurship education provides knowledge, attitudes, and skills to run entrepreneurship with an average score of 5.81 (very high category) (all data on a scale of 1-7). If viewed between islands, students' entrepreneurial intention outside Java is slightly higher than the island of Java with an average score of 5.94 compared to 5.80. The level of entrepreneurial competence of students outside Java is also higher at 5.75 compared to 5.72.

Furthermore, the level of entrepreneurial self-efficacy of students is relatively the same, although students in Java are slightly higher than those outside Java at 5.67 compared to 5.64. Portrait of the highest entrepreneurial competence of UM students and the lowest IPB. Then the entrepreneurial self-efficacy of UM is also the highest, followed by Unesa, IPB also remains the lowest. Increasing the number of entrepreneurs in Indonesia can be done by increasing the portrait of entrepreneurship through entrepreneurship education. Entrepreneurship education can be giving entrepreneurship courses, entrepreneurship internships, and or exhibitions of innovative student products. Entrepreneurship

education must be designed by applying innovative learning models in order to increase knowledge, competence, and entrepreneurial intentions.

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