

# The Role of Higher Education Institutions to Promote Youthpreneur

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Abstract: Indonesia's graduated unemployment rate increased since 2013. Each year higher education graduated many more students that seek for a job. The job itself become more scare as we approach the industry 4.0. The most feasible solution is to shift the paradigm of job seeker to job creator. This paper aimed to evaluate the implementation of strategies and program suggested by Ministry of Research, Technology, and Higher Education to encourage students' entrepreneurial ability which is the source of youthpreneur. The result indicated that even though most of the students still prefer to graduate as job seeker, they paradigm successfully started to shift toward job creator. The key of this result is the interrelationship between higher education, lecturer, and the students.

## 1 INTRODUCTION

Higher education has important role to shape young generation by providing the education to the young generation. We can say that higher education become a hub of young generation to adult society (Raval, 2006). Higher educational institution become a good place to deliver both to train and create opportunities to their students as professional or encourage them to pursue entrepreneurship as a career path. (Badal and Srinivasan, 2011) stated that people's entrepreneurial intention will be diminished as they age. To support this statement, (Gallup, 2013) provided a GALLUP-HOPE Index which emphasized that entrepreneurial spirit should be nurtured and litted earlier so they are ready to start business or invent things that changes the world.

Career path for graduated students is always a job-seeker or job-creator. The first path led to a professional that worked and contribute growth for society. The later path led to an entrepreneur that ready to start business and create more job for society. (Bustamam and Halit, 2016) stated that there was a mismatch in the supply and demand of graduates. Employers argued that the current graduates lack experience, knowledge, skills, even attitudes. The gap will create more and more unemployment (Siahaan, 2014). The gap also will be wider in the future as we undergo the next industrial revolution, industry 4.0, that required even more skills and become more efficient than a machine

does. On one side, we can enhance the students skills and capabilities by transferring the skills and knowledge to satisfy market. In fact it is one of feasible solution to close the gap. However, we on higher education institutions can also lit the resilience and enterpreneurial spirit within students to create a new opportunities, not only for themselves but also for the others. It is important to create a paradigm of job creator rather than a job seeker to our students.

The level of higher education graduates unemployment rate was increased from 2013 to 2015 based on Indonesiaon National Statistics Bureau (BPS, 2017). The number of unemployed higher education graduates rised fom 434k (2013) to 653k (2015). This value confirmed that even wider supply and demand gap will be created in the future. The unemployment rate significantly improved, especially from graduated students as they lack the required skills and experience for most of available jobs. Without government's intervention, this condition will lead to a cheaper wage for the workers. Unsatisfied with the given wage, they might quit the job that will create an endless rotation of unemployment.

Industry 4.0 demanded a higher skill for human resources. Robot and cloud computing might replace human resources in near future (Crnjac, 2017). As result, job opportunities will become even more limited to people with less skilled. This phenomenon created an urgency to stimulate entrepreneurship as it will create more job opportunities.

In order to stimulate entrepreneurship on young generation, Indonesian government published

Peraturan Presiden Republik Indonesia No 27/2013 which regulated about Business Incubator. Entrepreneurship is required to develop Indonesia's competitiveness. We need as many as a strong, creative, and professional. It is aimed to develop entrepreneurial society in Indonesia which high spirited, competitive, smart, sociable, and virtuous. It is everyone's job to stimulate entrepreneurship; not only government, but also the role of higher education institutions and the young generation (Ministry of Cooperation and Small Medium Enterprises, 2017).

Indonesian Ministry of Research, Technology and Higher Education (Ristekdikti, 2010) has encouraged higher education to implement the curriculum to stimulate young entrepreneurship. Ristekdikti intended to create 'entrepreneurial campus' to stimulate the birth of young entrepreneur in the future. As for today, many of higher education set a motion in this plan, revised the entrepreneur-imbued curriculum and support many of student-entrepreneurial program.

This paper aimed to evaluate the role of Universitas Sumatera Utara, as one of higher education institutions in North Sumatera, to stimulate the birth of young entrepreneurship by implementing the programs and strategies suggested by Ristekdikti.

## 2 LITERATURE REVIEW

### 2.1 Youthpreneur and Entrepreneurship

There is a lot of definition of entrepreneurship on research literature. Hunger and Wheelen (2014) explained that entrepreneurship in a nut shell is refer to the ability to think creatively and act innovatively which will be the foundation, resources, motivation, strategy, and a manner to face one's challenge. A more concrete definition of entrepreneurship was elaborated by (Scarborough and Cornwall, 2015) which stated that entrepreneurship is how people create business, they will directly face on risk. They will be able to identified the goals and cultivate the resources to achieve the goals. Entrepreneurship is related to create a new business.

Entrepreneurship is also refer to the soul, spirit, attitude, behavior, and one's ability to handle business or the activities that leads to exploiting, creating, or applying creative ways to the work, the technology and the products by improving efficiency in order to Maximize the profit (Subijanto, 2012). Entrepreneurship in this case is a creativity and innovation that someone has to generate added value

for himself and beneficial to others. In essence, entrepreneurship is characteristic of someone who has the iron-will and ability to actualize the ideas into the real deal (business) creatively and productively. A person with a high entrepreneurial spirit should be able to see and assess business opportunities, gather the resources needed to take appropriate action and take advantage of business opportunities.

(Robbins and Coutler, 2012) argued that entrepreneurship is a process in which an individual or group of individuals used an organized effort to seek opportunities, create value, fulfill the desires and needs through innovation and uniqueness with the current resources that they are currently had. This provides an indication that entrepreneurship is essentially related to three elements, namely creativity, innovation, and productivity.

The issue of employment and business potential in the future have pushed Ristekdikti to focus on nurturing the entrepreneurship among students. Entrepreneurship is derived as a course in higher education and a skill that refers to the standard of competence (Ristekdikti, 2010). Ristekdikti since 2009 has also implemented various higher education programs which aimed at developing students' entrepreneurial spirit. It is targeted to give a birth to competent and capable entrepreneur among students and graduates. In other words, young entrepreneurs are born from their educational programs as they studied in higher education. In short, this young entrepreneurs are known as 'youthpreneur'.

(Siswoyo, 2009) developed the 'Entrepreneurial Student Program' model which aimed to create more young entrepreneurs, the youthpreneurs. This model explained how college programs are prepared and provided to students in an effort to build entrepreneurial spirit within each individual.

### 2.2 The Importance of Youthpreneurship

Major role of entrepreneurship in graduated students as self-employing career is to close the gap while promoting employment. Youthpreneurship shifted the paradigm of job seeker to job creator. A job creator will provide even more job opportunities to others. Youthpreneur may become the key to improve employment rate while absorbing job seeker.

### 2.3 Higher Education on Developing Youthpreneurship

The world has already seen that entrepreneurship played an important role to economic development.

It has become one of their agenda to create a sustainable growth in near future (Gwija, 2014), (Keat, 2011), (Henderson and Robertson, 2000), (Lüthje and Franke, 2003). Entrepreneurship can be studied and can be transferred to the students through formal or informal means (Tamizharasi and Pachanatham, 2010). Recent studies showed that entrepreneurial training is the most effective way to improve youth's entrepreneurial attitude and spirit (Wang and Wong, 2004), it will also stimulate their willingness to take entrepreneurial path after graduate (Sánchez, 2011).

Students may learn the path to entrepreneurial as they studied in higher education institutions. Ristekdikti suggested that entrepreneurship should not only taught in a course called 'entrepreneurship' but also any other courses that can relate to the entrepreneurship. For example as they studied marketing or international marketing, they also learned the practice of marketing while starting a new business. Previous study conclude that entrepreneurship course (education) and incubation are the key factor to stimulate a new business in the future (Mahadea, 2011).

### 3 RESEARCH METHOD

#### 3.1 Research Time

The study was conducted in Universitas Sumatera Utara up to June 2018.

#### 3.2 Participant

The subject of our study is Universitas Sumatera Utara, especially Faculty of Economic and Business while implementing the strategies and programs suggested by Ristekdikti to improve youthpreneurs. A number of 30 lecturer and students also participated in this study to confirm the effectiveness of the current practices both from students and other lecturers perspectives.

#### 3.3 Data Collection Procedures

We employed a qualitative research toward the curriculum and other lecturing activities. In order to evaluate the current practices, we evaluate the faculty's curriculum and program to stimulate the students' entrepreneurship capabilities. To confirm the result, we interviewed both students and lecturers.

### 3.4 Research Model

We proposed the three-way model that explained the relationship between university, lecturer, and students to stimulate their entrepreneurial spirits. The model also explained each role to achieve our objectives.

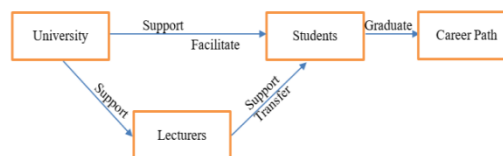


Figure 1. Research Model

Figure 1 showed that the role of higher education institution (USU) to stimulate youthpreneur is to support and facilitate both lecturers and the students. USU must the curriculum and program that spark entrepreneurship soul within the students. The model also suggested that it will be effective if the lecturers also worked together to plant and nurture the entrepreneurship to their students. As result, the most desirable outcome is the students choose the entrepreneurship career path as they graduate from USU.

### 4 DISCUSSION

#### 4.1 Entrepreneurship Educational Program

Since 2009 Ristekdikti has already been preparing mainly four programs to support the entrepreneurship educational program. The programs were available to put up the practice of educating entrepreneurship effectively to the students.

##### 4.1.1 Studentpreneur Program (PMW)

The program suggested that entrepreneurship practices should be integrated within the curriculum. The integrated program provide a simultaneous learning process both the knowledge and experience toward entrepreneurial. Faculty of Economic and Business USU (FEB-USU) implemented this program in its curriculum. However, the practice was not forced to each lecturer or students. FEB-USU encouraged the lecturer to implement this program. Our research showed that even though it is actively implemented, only a small number of

lecturer (16%) participated in this program. They are not forced the students to experience the entrepreneurial while studying. However, on a certain class they were given both practice and knowledge about entrepreneurship. Overall, this program is implemented by FEB USU

#### **4.1.2 Entrepreneurship Course Program (KWU)**

FEB-USU implemented the entrepreneurship as one of its compulsory course. In addition to the course, FEB-USU also provide a seminar of entrepreneurship class regularly to support the entrepreneurship course program. It is confirmed both from the students and lecturers that FEB-USU actively implemented this program. Most lecturers (92%) also support the entrepreneurship course while teaching other classes.

#### **4.1.3 Entrepreneurial Interenship Program (MKU)**

FEB-USU asked their students to undergo interenship program for a certain period of time. However, it is not limited to the SMEs. Most of the students also prefer to intern on a large corporation which less likely helped them or teach them about entrepreneurship. The lecturers also confirmed that almost none of the students chose to intern under SMEs (3%). The implementation of this program is still lack of practices.

#### **4.1.4 Incubator Business Program (INWUB)**

FEB-USU acted as business incubator that help students or alumni to develop and materializing their business idea. USU facilitated the students and alumni; even public to submit their business idea to CIKAL which helped them to prepare and realize their business idea. The lecturers confirmed that CIKAL helped a lot of youthpreneur to develop and finalize their business idea. However, the students actually paid less attention toward business incubator as it is not compulsory to support themselves. It is become a bigger challenge to stimulate their entrepreneurship rather than to help them materializing the idea itself.

## **4.2 Strategies to Nurture Students' Entrepreneurship**

As the model stated, there should be an harmony relationship between university, lecturers, and students to effectively stimulate youthpreneurship within graduates. Kuswara (2012) suggest seven general strategies to achive our objectives. We will discuss the FEB-USU's implementation for each strategy.

### **4.2.1 Curriculum Development**

A strategies to adapt the change and adjust the practices to create the most effective method to deliver entrepreneurship toward the students. FEB-USU regularly asked the lecturers to inject entrepreneurial aspects within the courses. This strategy has been implemented in FEB-USU. The lecturers always insert or inject entrepreneurship materials while teaching the students. However, it is not necessarily effective as the students felt that they did received the materials but they could not understand the content. This mismatch in the students part explained that the strategies need a room for improvement to be effectively delivered.

### **4.2.2 Improving the Lecturers' Entrepreneurial Capabilities**

This strategy suggested that FEB-USU train the lecturer to be more compatible to teach entrepreneurial aspect of each courses. A lecturer is not always understood the core of entrepreneurial. It will be hard to teach the students as they (lecturers) also do not mastering entrepreneurship themselves. Thus, it is important to feed them with entrepreneurial capabilities, at least the glimps of it. Most of the lecturers in FEB-USU believed that Faculty has been giving enough seminar and training to them. However there is a small portion of the lecturer that need more and specialized issue regarding entrepreneurship. They believed that the audience for these seminars is actually the students, not themselves.

### **4.2.3 Entrepreneurship Centers**

It is important to the faculty to provide entrepreneurship centers for the students. It is more likely a small version of business incubator that operate within students under a lecturers' supervision. FEB-USU used to have an active entrepreneurship centers. Today, it is less likely active; however the associate member actively



shared their experiences outside the students entrepreneurship center.

#### 4.2.4 Cooperation with SMEs

The main purpose of this strategies is to create an easy access for the students to learn directly from SMEs. It is also important access to let the students internship program that focused on SMEs. FEB-USU openly accept cooperation with the SMEs as one of institutional users. The SMEs benefitted from consultation while FEB can create the access and recommendation for the students to learn entrepreneurship from SMEs. Unfortunately, it is less likely to happen. The students believed that they must intern in a bigger, large companies to learn. In fact, they can also learn a lot from SMEs. The consequences of letting the students choosing their internship partner is a drawback to entrepreneurship itself.

#### 4.2.5 Students' Business Unit

This strategy adapted the management of micro business on the students' hand. The simpler example of this strategy is to let the students managing a mini banking, mini offices, also a mini business unit. FEB USU had the mini banking and offices to help learning from other subject. However there is no mini business unit that managed by the students which can generate profit. It is actually helped the student to manage small business.

#### 4.2.6 Cooperation with Financial Institution

The main purpose of this strategy is to maintain a mutual relationship between students and the financial institution. The financial institution can be benefited to employ the students as an internship employees while the students can learned from their intership. It is also provide a capital assistance to the students for business start up as the financial institution evaluate it as feasible business. The students, however, take a step back from starting business.

#### 4.2.7 Entrepreneurship Awards

FEB-USU periodically held the event to stimulate entrepreneurship within the students. It is commonly implemented as business plan competition or business expo. Business expo actually the most attracting strategies to stimulate entrepreneurship among the students. They allow themselves to start one to three days business during the event by

opening a stand. Some of the students actually started the business the next day following up their success in business expo. "Nasi Kampus" is one of the successful entrepreneurship building based on this strategy.

### 4.3 Students' Orientation on Graduation

We asked 30 students for their future orientation. The result showed that 70% of the students preferred to worked as employess. The mindset of job seeker remain the same. Nobody said that it was easy to transform people's mindset. In fact, 30% of the students willingly to open a business has already indicated a great leap to support the economic growth. Raval (2016) also indicated that most of students accustomed to be a job seeker. It is not easy but higher eduaction play the important role to improve the situation.

## 5 CONCLUSION

Faculty of economic and business USU implemented most of the suggested program and strategies. FEB USU also used a holistic approach to stimulate students' entrepreneurial spirit. While it is remain true that many of the students still had a job seeker mindset, several of the students having their paradigm changed. They started to believe that it is easier to create your own opportunities than looking for the given opportunities. The interrelation between university (faculty), lecturer, and students played a major role to build their entrepreneurial spirit.

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