Model for implementation of young entrepreneurs based on local potential through industrial incubator based learning

by Tanto Gatot Sumarsono

Model For Implementation Of Young Entrepreneurs Based On Local Potential Through Industrial Incubator Based Learning

Tanto Gatot Sumarsono, Sih Hanto, Priyo Sudibyo

Abstract : This research paper focuses on analyzing young entrepreneurial creation models among students in Malang and Pamekasan City. This research was conducted by analyzing the role of business incubators and local business potential in East Java Province in not only reviewing but also developing models for the creation of young entrepreneurs. Several research findings indicate that prospective business activities can be developed in Great Malang and Pamekasan City which are quite diverse to be carried out by entrepreneurs in the region, while in fact the growth of young entrepreneurs is still limited. The potential of the business sector that can be developed by young people in Malang and Pamekasan City can be a means of creating young entrepreneurs. However, there has not been a maximum effort to develop business activities on micro, small or medium scale products. In addition, the local governments and universities have given their role to foster entrepreneurship in community groups including young people, but in reality, it is still not optimal. Finally, the development of models for the creation of young entrepreneurs has been developed through the basic learning of industrial incubators as an integrative framework involving all major actors.

Keywords : Young Entrepreneurs, Industrial Incubator Based Learning, Local Potential, Business Knowledge, Starting a New Business.

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1. INTRODUCTION

Entrepreneurship education is the most hot topic to be discussed, especially at the university level. This is caused by the emergence of several problems in entrepreneurship learning, including: (1) an imbalance between theoretical and practical material; (2) lecturers are not yet aware of the importance of entrepreneurial practice; (3) students have not been able to create ideas and glance at business opportunities in their environment due to lack of understanding of entrepreneurial practices; (4) the entrepreneurship learning process has not maximally utilized the role of stakeholders (Sarjono, 2012).　　This research is one form of revitalization of entrepreneurial learning about the importance of student entrepreneurship learning, so that in the future it is hoped that young entrepreneurs will be able to create jobs. In detail, this study will examine the role of the campus in integrating entrepreneurial learning into the curriculum, the role of the campus in shaping the character of independence and the implementation of entrepreneurial learning in the campus environment.　　Based on the 2012 National Labor Force Survey (Sakernas), in August 2010 the number of open unemployed D-3 graduates reached 443.2 thousand people. In the same period in 2011 the figure decreased to 244.6 thousand people. In August 2011, the D-3 educated unemployment rate was around 196.7 thousand people. While unemployment that holds a bachelor's degree (S-1) In August 2010 reached 710.1 thousand people. In the same period the following year the figure dropped to 492.3 thousand people.

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In August 2011, the open unemployment rate for S1 graduates reached 438.2 thousand people. In fact, the number of intellectual unemployment is quite significant in previous years. In 2005 the number was 385.400 people. Then rose to 409,900 people in 2007 and in 2008 to 626,200 people. In addition to the availability of jobs, readiness to enter the workforce is also one factor increasing the number of intellectual unemployment. The reality of high educated unemployment in Indonesia is exacerbated by the interest of students who are reluctant to become entrepreneurs after graduating from the college. Therefore, educational institutions are required to be able to create entrepreneurs in order that they do not depend on the lack of availability of the jobs. The open unemployment rate in Indonesia still reaches 8. million. This figure is not included in half-open unemployment, such as, those who work less than 30 hours per week. The high unemployment rate in Indonesia must be overcome by preparing human resources who have high competence. Therefore, if it provides sufficient and potential stock of entrepreneurs, Indonesia can become a reliable international player. Industrial Incubator Based Learning entrepreneurship is a new paradigm in the business world in the country. Entrepreneurship that is formed develops speed and flexibility. This research has a difference with previous research which is more directed at entrepreneurial problems of business actors in the MSME sector. While the object of this research is Student Entrepreneurship as a future generation that is expected to have resilience in entrepreneurship. For this reason, it is necessary to get the right model to realize the addition of Young Entrepreneurs. The results of this study can be applied in research objects, so that awareness will grow about the importance of entrepreneurship from a young age. Moreover, this awareness is supported by the capability and business insight gained in business incubators and applications in the business environment at SMEs in Great Malang and Pamekasan Madura. The objectives of this study are:

1. Generating a Model for Creating Young Entrepreneurs from students based on local potential through Industrial

5438

Incubator Base Learning.
2. Implementing and refining the learning model in order to realize young entrepreneurs among students more quickly and on target.
3. Studying of learning models implemented through Industrial Incubator Base Learning through the potential SMEs network in Great Malang and Pamekasan Madura.

2. LITERATURE REVIEW

Longenecker, Moore & Petty (2001) stated that an entrepreneur is a decision maker who helps the formation of a free enterprise economic system, most of whom are drivers of change, innovation and future economic progress. Furthermore, entrepreneurs are people who have the ability to take risks and accelerate economic growth. Coulter (2003) emphasizes the basic elements of entrepreneurship that must exist in the definition of entrepreneurship, namely: (1) the entrepreneur; (2) innovation; (3) organization creation; (4) creating value; (5) profit and non profit; (6) growth; (7) uniquess; (8) process.

The explanation of each as follows:
1. The entrepreneur is the most important first element in entrepreneurship activities.Entrepreneurship will not be able to run without someone running their business activities to achieve the expected goals.
2. Innovation, including activities to replace, revolutionize, change, and introduce new approaches.
3. Organization creation is to pursue opportunities and innovations to produce value, entrepreneurs must organize their businesses and take action.

creating entrepreneurs, it can be done by combining education and entrepreneurship training. Education serves to provide material for entrepreneurship while training is intended to hone the soft skills of prospective entrepreneurs. Through these two things, it is expected that prospective entrepreneurs are motivated to open new businesses, dare to take risks, and not afraid to get failure. The government plays a role as a mediation of capital problems. Government activities focus on increasing the number of entrepreneurs through capital loans which are generally called business incubators. These funds are used as initial capital to set up a business. Prospective entrepreneurs who dare to take risks will not be afraid to fail because even a large entrepreneur must experience several failures to achieve success. Entrepreneurship scientific characters are designed to know, to do, and to be entrepreneurs. The educational objectives of to know and to do are integrated in the curriculum of study programs, distributed in scientific courses. The integration is intended to internalize the values of entrepreneurship. In this stage, universities provide entrepreneurship education courses aimed at providing motivation and forming an entrepreneurial mental attitude. Meanwhile, the aim to be entrepreneur is given in practical business skills training. Related research outputs include Fristin's research (2012) which discusses the development of regional-based rural incubators through BIG synergy in the context of creating new entrepreneurs in Malang Regency. Furthermore, Sumarsono's research (2013) on the model of developing a tourist village independently, sustainably and environmentally friendly also encourages the growth of young entrepreneurs in the tourism village environment in Batu City. The need to produce young

entrepreneurs is an urgent need to meet the government's target in realizing the growth of young entrepreneurs. Thus, the role of universities in encouraging the growth of new entrepreneurs can be realized. How to realize technological innovation into business practices. As it is known that systematic extra-curricular activities of students can also build motivation and mental attitude of entrepreneurs. Coaching students as prospective entrepreneurs in various activities of interests and talents, scholarship, welfare or other organizations capable of providing skills for entrepreneurship, in the sense of business entrepreneurs, as well as corporate (or intrapreneur) entrepreneurs. The development of entrepreneurship education is oriented towards providing entrepreneurial competence to students. Furthermore, the objectives of the competency program include understanding the concepts of to know, to do, and to be entrepreneurs with the aim of systematically fostering the spirit of entrepreneurship. Thus, motivation, mental and entrepreneurship character can be developed in a more real (empirical) competition in the world of work. An entrepreneur plays a role both internally and externally. Internally, an entrepreneur plays a role in reducing the level of dependence on others, increasing self-confidence, and increasing his purchasing power. Externally, an entrepreneur plays a role in providing employment for job seekers. With the absorption of labor because of the employment opportunities provided by an entrepreneur, the national unemployment rate is reduced. The decline in unemployment has an impact on rising per capita income and purchasing power of the people, as well as the growth of the national economy. In addition, it also has an impact on reducing the level of crime that is usually caused by high unemployment. Second, ingenious in seeking profit potential. Getting the most profit is related to the ability to read the market. Entrepreneurs are required to be able to find businesses with large profits and little competition. The ability to read these opportunities will prevent entrepreneurs from the risk of large losses if the business does not develop again. Third, making a personal franchise. One way to create a personal franchise is by looking for businesses that can be imitated from people who have already had success with the business. This kind of business will save entrepreneurs time because of the trial and error process. It is called a personal franchise because there will be a system, equipment, training, and guidebook that will deliver entrepreneurs to success. At this stage entrepreneurs are required to open a network while simultaneously learning from business people in the same field with conditions that have been successful first. Fourth, building a strong businessman mentality. A strong businessman will always learn about how to develop his assets. He will never be satisfied in finding or asking about specific tips in building his business. He will try to maximize his assets in making money to build financial capabilities. He will also avoid working for money. Wibowo (2011) provides two limits on the size of the success of entrepreneurial studies at the university level. First, by measuring the amount of time and effort of students involved in the learning process. Second, the ability of university institutions to provide resource services, curriculum, facilities and activity programs that attract student participation to increase actualization, satisfaction and entrepreneurial skills. Referring to a number of theories and the results of the empirical study, the measures of success in entrepreneurship learning at the university level can be grouped into process dimensions and outcome dimensions.

5439

H1 Generating a Model of Young Entrepreneur Creation from students based on local potential through Industrial Incubator Base Learning.

H2 Implementing and refining the learning model in order to realize young entrepreneurs among students more quickly and on target.

H3 Studying of learning models implemented through Industrial Incubator Base Learning through the potential UMKM network in Great Malang and Pamekasan Madura.

3. RESEARCH METHODS

This study is to find a model of creating young entrepreneurs that is in line with the interests of students to choose business fields according to regional potential in Great Malang and Pamekasan Madura. The second stage was to distribute questionnaires to 183 students from Merdeka University of Malang, Raden Rahmat University of Malang, STIKes WCH Malang and Madura Pamekasan University. The next activity is conducting Focus Group Discussion Students who are divided into groups of young entrepreneurs who have chosen business fields consisting of Crafts, Services, Commerce and Agribusiness. This choice is in accordance with the local potential available in Great Malang and Pamekasan Madura. The last stage is to test the model of creating young entrepreneurs in business locations in Great Malang and Pamekasan Madura. The method of analysis uses a mix method that combines descriptive qualitative analysis and quantitative analysis. Descriptive qualitative analysis is used to explain the perceptions of respondents through a questionnaire. Meanwhile, quantitative analysis uses PLS-SEM analysis to produce influence between Industrial Incubator Base Learning (IIBL) variables, Local Potential and Young Entrepreneur Creation. Statistical analysis uses inferential statistics to test the strength of each indicator in forming variables, so that it can be known which indicators are dominant in forming variables, by knowing the value of the factor loading of each indicator against the variable. It will also be known the effect between the independent variables and dependent variable. The analysis used in this study uses PLS-SEM (Partial Least Square - Structural Equation Modeling).

4. RESULTS AND DISCUSSION

The reliability test is used to measure the consistency of the construct / research variable. A variable is said to be reliable if the respondent's answer to the question is consistent or stable over time. A reliable instrument means that if the instrument is used several times to measure the same object, it will produce the same power (Sugiyono and Susanto, 2015). The level of reliability of a construct / research variable can be seen from the results of Cronbach alpha statistics (α). A variable is said to be reliable if it gives a Cronbach alpha value greater than 0.60 (Ghozali, 2014). The results of the reliability calculation by SPSS can be seen in the following table:

Table 1. Instrument Reliability Test

Based on the results of the calculation of the value of Cronbach's Alpha (α) and Composite Reliability, all variables are greater than 0.70. This means that all questions used in research are reliable. While validity based on Gozali (2014) convergent validity can be seen from the AVE output. A construct is said to have a good convergent validity if the AVE value exceeds 0.50. If the AVE output value of all constructs is greater than 0.50, it means that all constructs have good convergent validity.

Table 2.Cross Loading

Based on the Cross Loading table, it shows that all indicators that make up each variable in this study meet the discriminant validity that is with a cross loading value greater than 0.7 (Hartono,2011).

Figure 1. Structural Model

Table 2. Outer Loading

Based on the outer loadings score above, it can be seen that all indicators are responsively valid and statistically significant in measuring their respective constructs. This is because the loading value (λ) of all indicators has been more than 0.50 with a t value of statistics more than 1.96. Outer models are not only measured by assessing convergent validity and discriminant validity but can also be done by looking at construct reliability or latent variables measured in two ways. The two ways are by looking at the composite reliability and Cronbach alpha values of the indicator block that measures the construct. The construct is stated to be reliable if the composite reliability value and the Cronbach alpha value are greater than 0.70 (Latan & Ghozali, 2012). According to Chin (1998), the value of R2 is considered weak, moderate, and strong if it shows sequentially around 0.19, 0.33, and 0.67 (Ghozali, 2014). In this research model, there is one variable that is classified as moderate (IIBL) because it approaches the value of 0.33 and one variable that is classified as strong (Create Young Entrepreneur) because it approaches the value of 0.67. This coefficient of determination states that the R2 value of endogenous latent variables IIBL and Create Young Entrepreneurs (CYE) has R2 values of 0.218 and 0.541 indicating that as much as 21.8% of the variation of IIBL data and 54.1% of the variation of Create Young Entrepreneur (CYE) data is influenced by Local Potential (LP) as in the research model.

Table 3. R Square

Table 4. Path Analysis

In the results of data analysis using Smart PLS 2.0 as in the Path analysis table and Figure 1 the path coefficient of Local Potential to Create Young Entrepreneurs is 0.517, Local Potential to IIBL 0.467, and IIBL to Create Young Entrepreneur 0.335. Thus, the indirect effect has a smaller path coefficient of 0.156 (0.467x 0.335) compared to a direct path coefficient of 0.517. This path coefficient proves that Local Potential has an indirect effect on Create Young Entrepreneurs through IIBL which is smaller than the direct influence of Local Potential on Create Young Entrepreneurs. This study involved 183 respondents consisting of 5th semester students who had received entrepreneurship lecture material and had an interest in becoming entrepreneurs. Each respondent formed a group of 5 people per group. As well as representatives of the business community as many as 8 people with handicraft, agribusiness, service and trade business activities. The FGD results show that Entrepreneurial Creation with indicators of innovation, independence, creativity and leadership are elements that also influence the success of entrepreneurs in various fields. Based on these characteristics there are at least two groups of entrepreneurs who can encourage the creation of young entrepreneurs among students, namely the spirit of innovation that aggressively and skillfully makes changes and breakthroughs in starting a business. Besides that there is also innovation in learning the success of others by imitating and running their businesses.
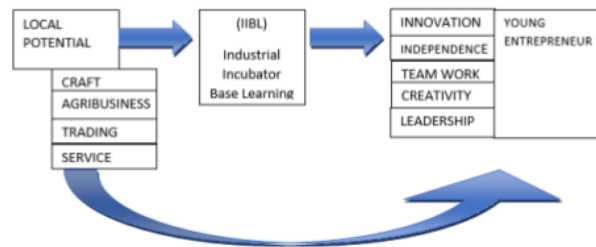

Figure 2. New Entrepreneur Creation Model

The process of creating young entrepreneurs from among students is to foster an entrepreneurial spirit. This step can be taken by means of entrepreneurship education given early on or through entrepreneurship classes. Furthermore, the business plan competition model actually also stimulates a person to be creative to come up with business ideas. The government or private sector can also contribute to encourage the community to develop their entrepreneurial spirit by giving scholarships to people who want to continue their education in

the business field. Currently, companies have begun to emerge in that direction. When the desire for entrepreneurship arises, the next step is to strengthen the participants or the classes prepared. This is done by raising entrepreneurs to strengthen business knowledge. Not only business knowledge in the form of basic functions in terms of finance, marketing or human resource management can be given practically, but also business strategies and analysis of the business environment and business ethics. The next step is to provide opportunities for internship to these prospective entrepreneurs. With this internship, participants are expected to understand very well about the ins and outs of business in real terms. Here the concern of the government or the private sector to provide internship opportunities for participants is needed. Appealing or obligation by the government to accept apprentices including state-owned enterprises (SOEs) is very necessary. In this process it is expected that the company where the internship is truly able to transplant business knowledge to the apprentice. From here it is expected that there will be a process of transfer of knowledge and business practices from the owner to the students who are doing the apprenticeship. In the future the company can become foster parents or even become partners with the new entrepreneurs they educate. If this process goes well, it is hoped that it will further encourage the interns to jump into the business world. When the participant completes his internship, this participant can establish his new business. The obstacles that arise mainly are capital. The government can provide stimulants or some kind of grants for young entrepreneurs. Furthermore, CSRs of state-owned or private companies can be directed to provide capital. Loans without interest can also be offered, especially for new entrepreneurs who produce goods that can increase the added value of the product. In this phase of course problems will emerge. This condition is a critical condition, because during this phase the young entrepreneur is truly tested, whether he is still able to become an entrepreneur or not. Furthermore, in this critical phase, assistance is needed. In this case, the role of tertiary institutions in developing entrepreneurship for business assistance and consultation is very much needed. Companies where apprentices (Partners) can also play a role to help assist. In order not to burden the company, corporate social responsibility (CSR) funds can be directed here. Next, the banking world can also encourage these young entrepreneurs with soft loans including management assistance. While the Government can play a role in policy matters by providing facilities for these young entrepreneurs. The policy can be in the form of a tax holiday for the next few years or for licensing and assistance through its departments. The next phase is the emergence of independent entrepreneurs. In this phase the accompanying agency views that young entrepreneurs are able to be independent, so it can be said that this phase of young entrepreneurs can be released. In this phase the company is able to pass on its knowledge and become foster parents for not only the interns but also the new entrepreneurs they care for. The company has begun to spend its CSR funds to contribute to the development of young entrepreneurs. If this is done consistently and there is concern for both the community and government, it will encourage the emergence of young entrepreneurs from among the students in large numbers.

5. CONCLUSIONS AND SUGGESTIONS

New entrepreneurs can be formed not only through natural channels but also through the use of a programmatic model of entrepreneurial creation. To realize the use of the creation model, it is necessary to have parties who take part in bringing forth young entrepreneurs. The growth model of entrepreneurship, apprenticeship and encouragement to become an entrepreneur until they are truly independent will accelerate the emergence of many new entrepreneurs. Thus, it is expected to be able to reduce unemployment and poverty. The creation of young entrepreneurs from among students is largely determined by the local potential in the location where students are located. This is supported by the incubator and business world support that is easier to obtain. Furthermore, in the Great Malang area IIBL can be developed in the fields of craft, agribusiness, services and trade. Whereas in the Pamekasan Madura area there are more trade and agribusiness businesses. The creation of young entrepreneurs through students should be supported by the government and the private sector. This support can encourage the speedy realization of young entrepreneurs from universities. Thus, the role of universities can be supported by government programs and the involvement of the private sector.

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