

Student Entrepreneurship Program 2009: first year experience & lesson learnt

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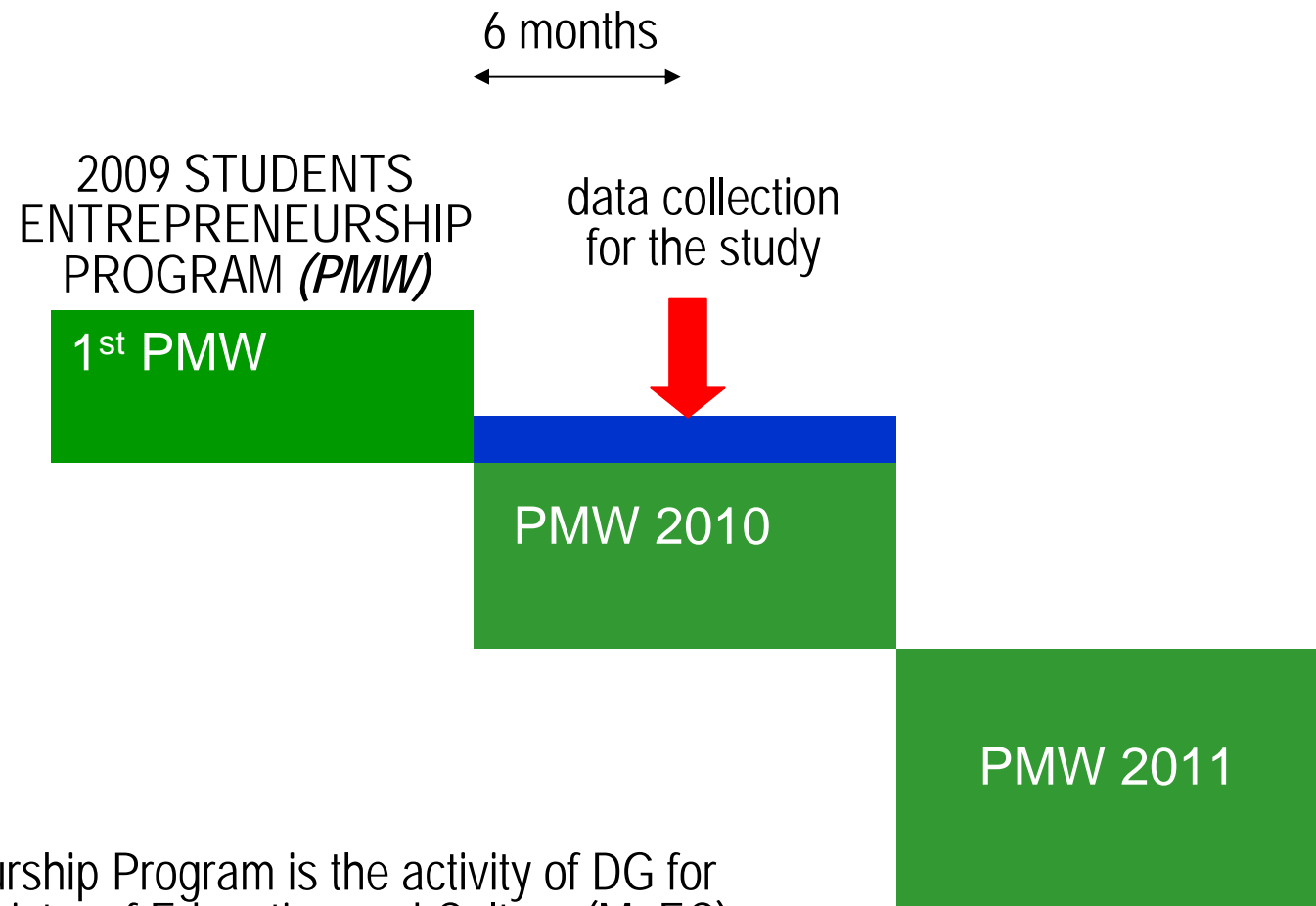
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discussion

0. Introduction on the entrepreneurship program & the study
1. Characteristics of the Students Entrepreneurship Program (PMW)
2. Results
3. Lesson learnt
4. Recommendations

about the students
entrepreneurship program & the
study



Students Entrepreneurship Program is the activity of DG for Higher Education, Ministry of Education and Culture (MoEC)

The study is conducted by Educational Policy Research Centre, Office of R & D, MoEC

1. **entrepreneurship program characteristics**

PREVIOUS ENTREPRENEURSHIP PROGRAMS: SOME EXAMPLES

Preparation provided	Types of program
Theory	Entrepreneurship course (Faculty of Economics & Business), since 1997
Theory & practice	Entrepreneurship course plus small business internship (1997)
Practice	Internship in small, medium, or big business (1997) <i>Cooperative Academic Education (2003)</i>
Theory, practice, guidance	New business incubator (1997)
Consultation	Business consultation and job placement (1997)

2009 STUDENTS ENTREPRENEURSHIP PROGRAM: MAIN CHARACTERISTICS

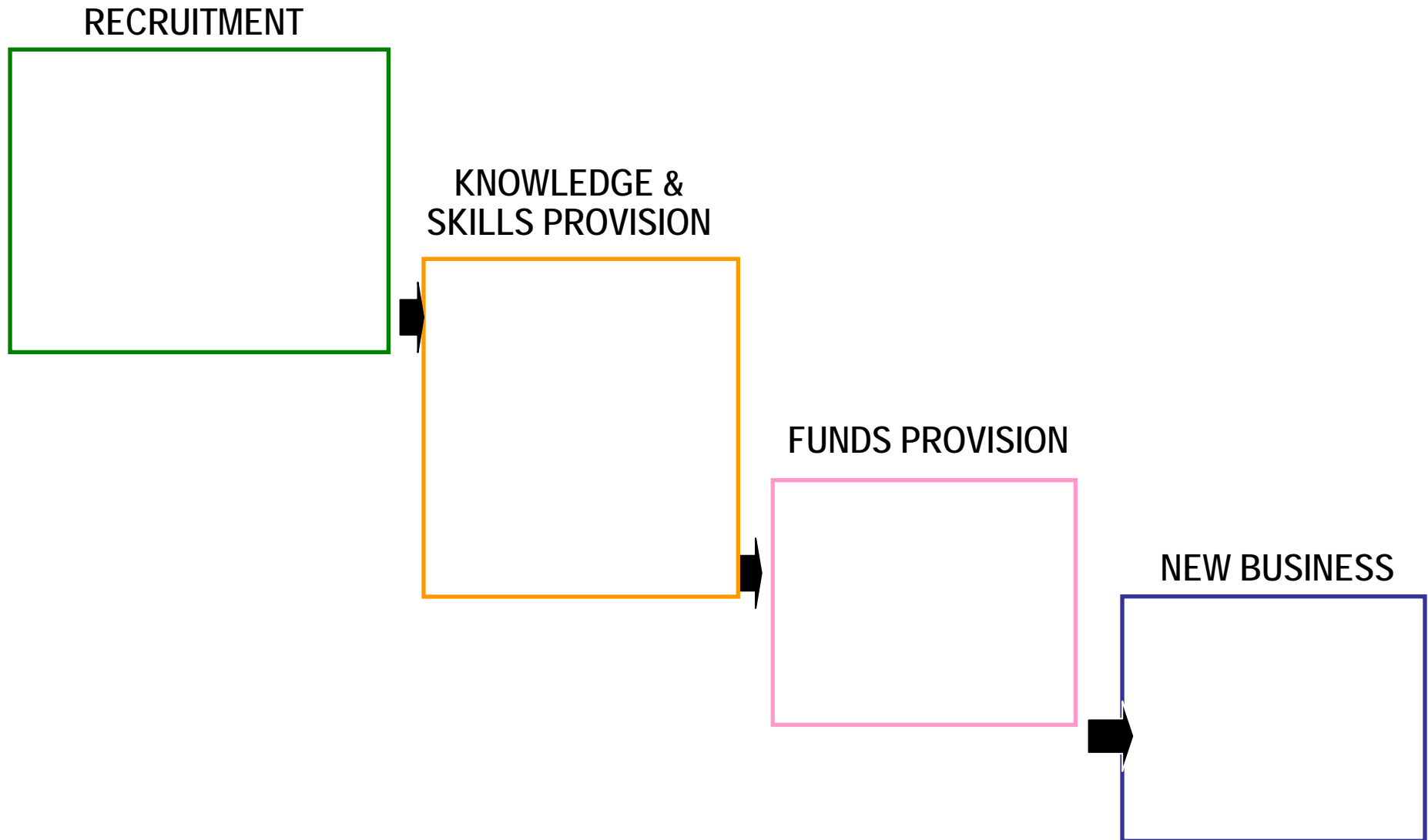
The most complete e'ship program ever

Theory*	Short training (< a week)
Practice	Internship (in small business)
Business plan development	With manual & consultation, during internship
Start-up funds	Grant (MoEC): at most Rp 8 million**/ student or Rp 40 million/group of 5 students
New business starts	Consultation & close supervision*

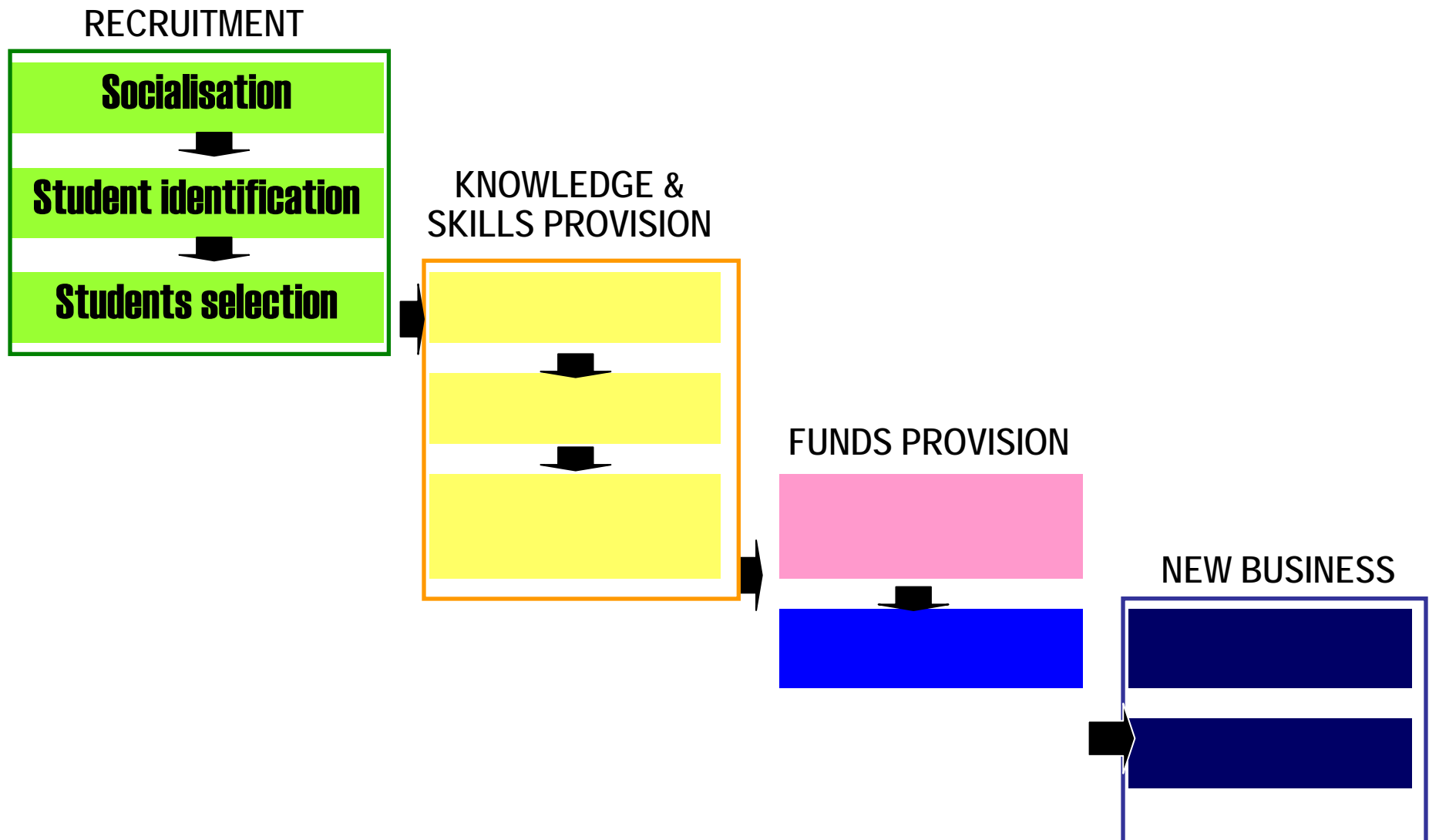
* Mostly provided by university lecturers who were prepared through Entrepreneurship Trainer of Trainers for Lecturers coordinated with Ciputra Foundation (of Entrepreneurship)

** US \$ 1 approx ~ Rp 9,000

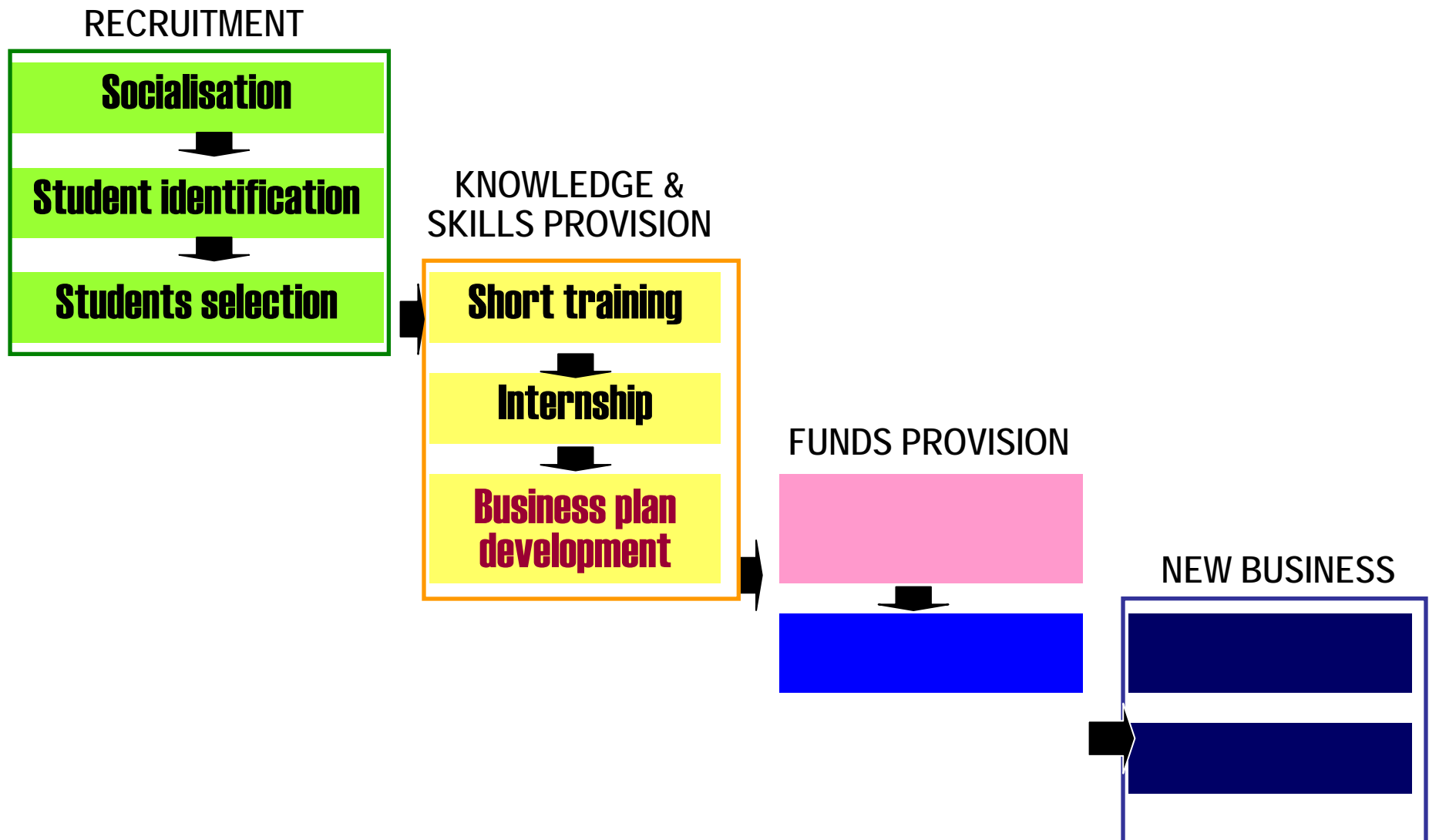
Student Entrepreneur Preparation Steps



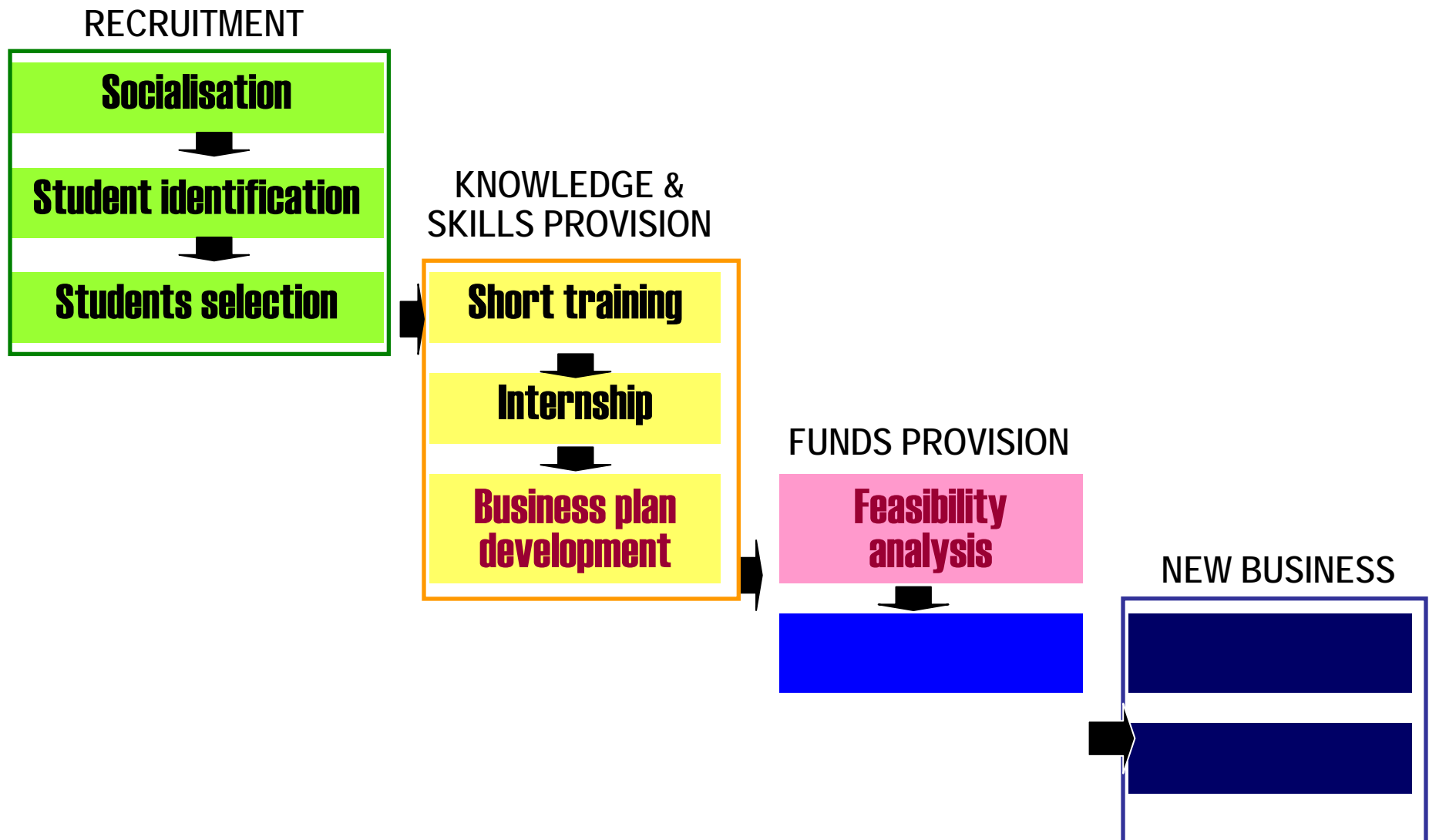
Student Entrepreneurship Preparation Steps



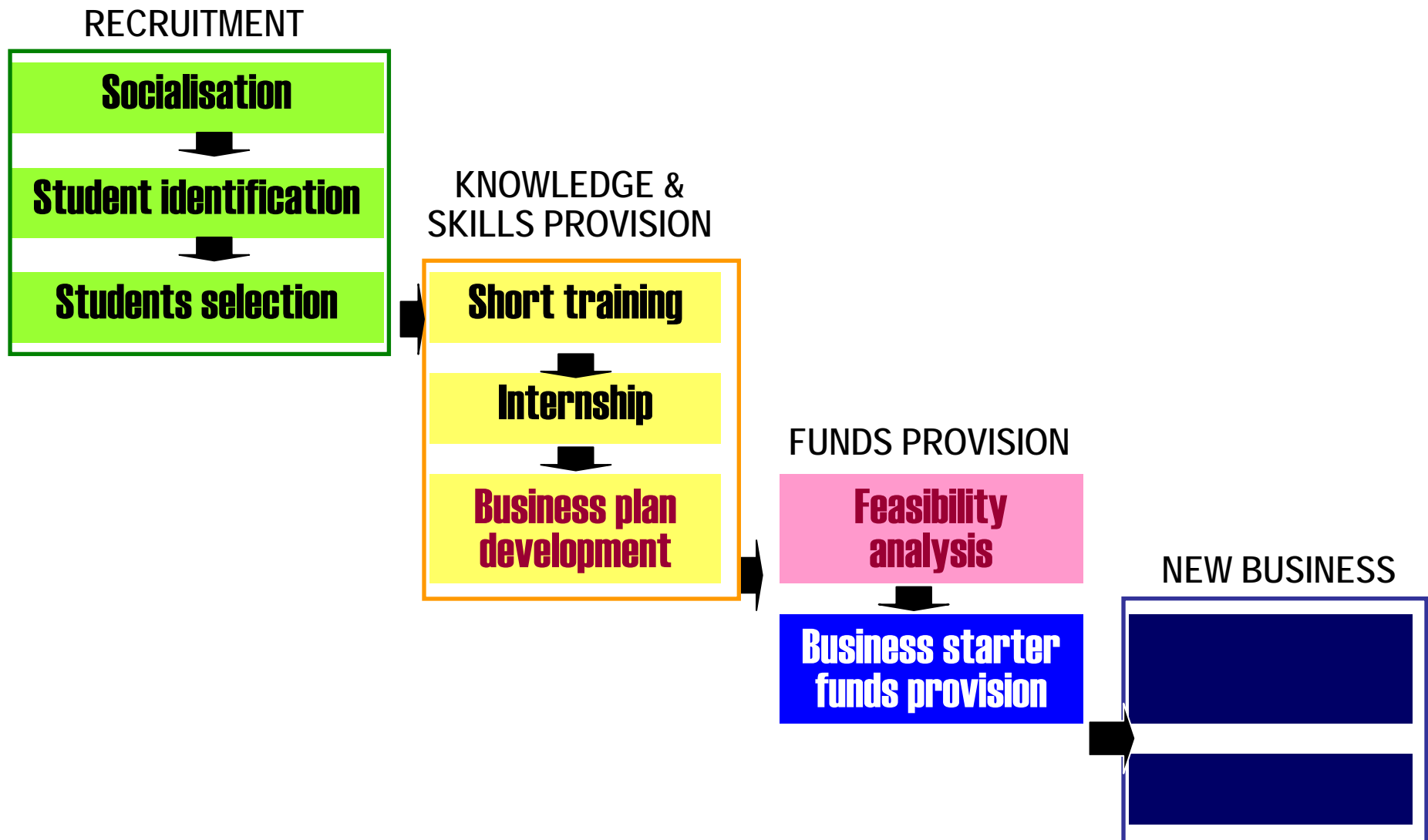
Student Entrepreneurship Preparation Steps



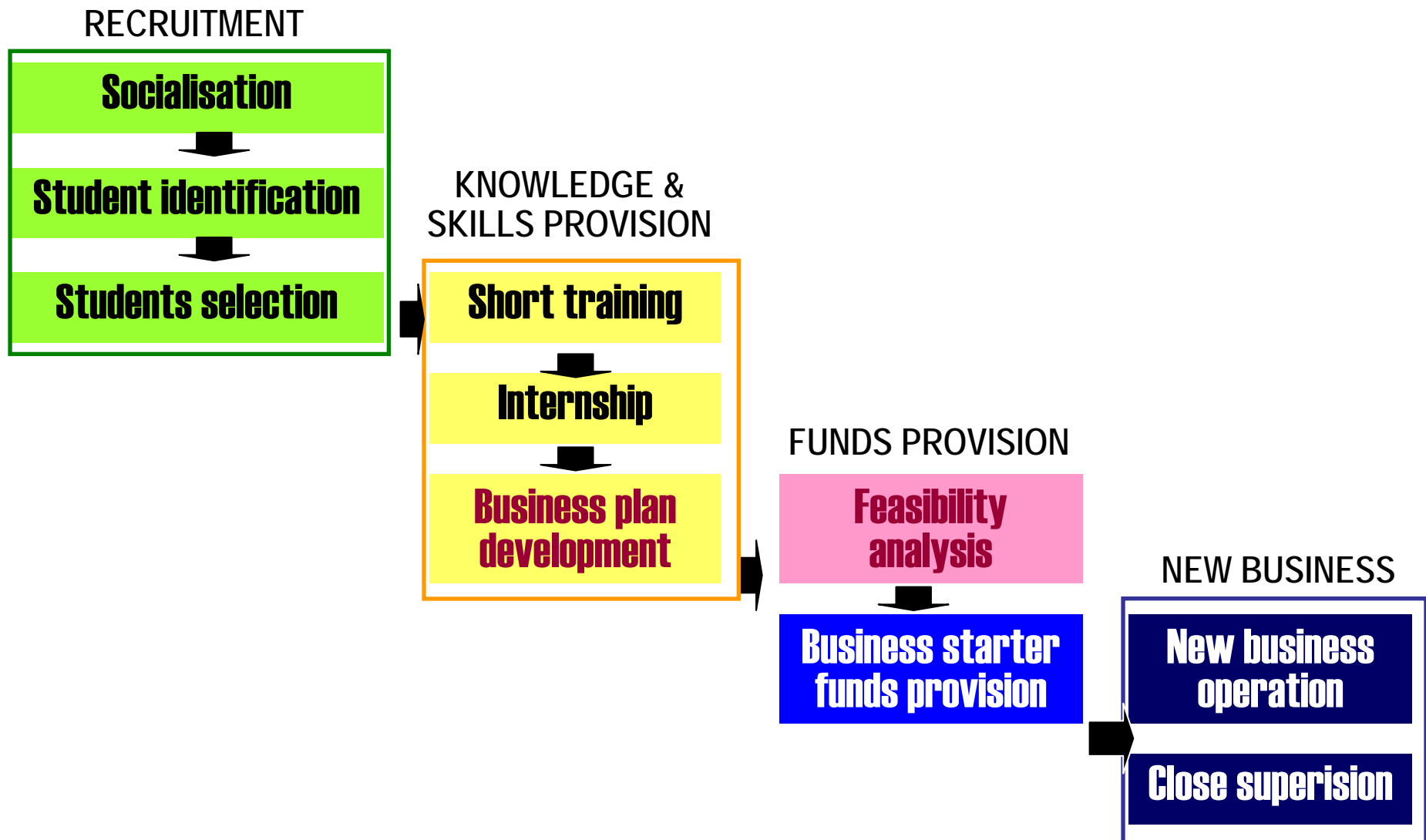
Student Entrepreneurship Preparation Steps



Student Entrepreneurship Preparation Steps



Student Entrepreneurship Preparation Steps



Funds provision*

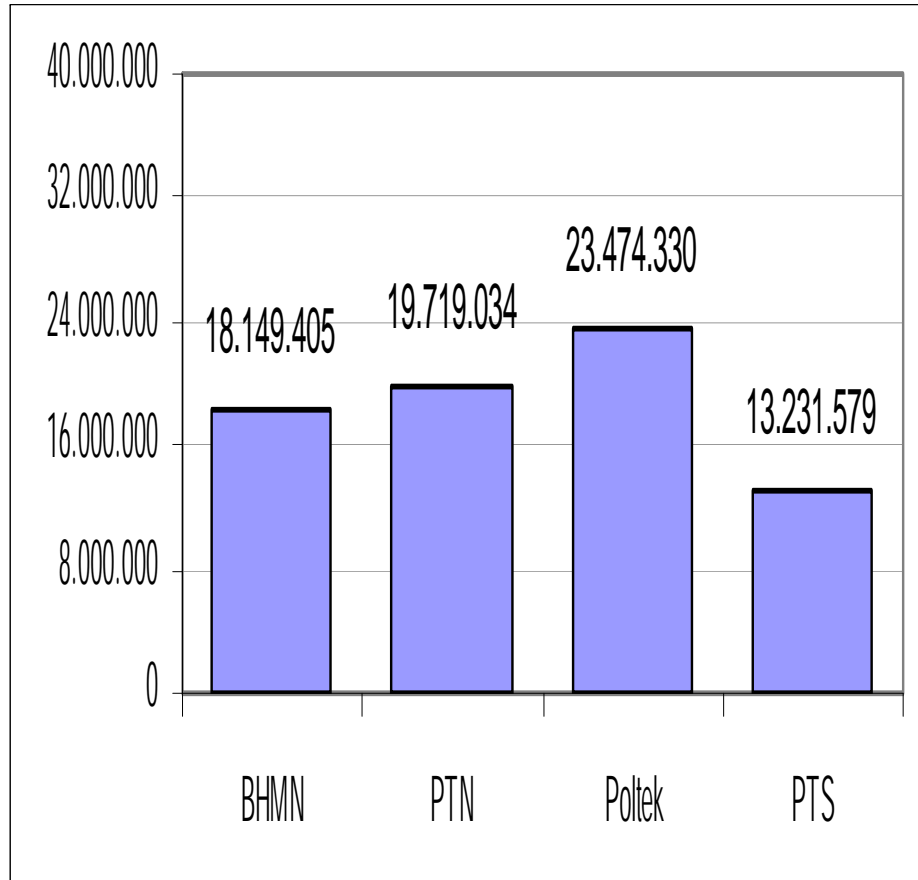
Type	Amount of funds**	Unit
1. Prepared to be financially independent public-universities (BHMN)*	Rp 2 billion	Single institution
2. Other public universities (PTN)	Rp 1 b	Single institution
3. 3-year public polytechnics (politeknik)	Rp 0,5 b	Single institution
4. Private universities, including 3-year college (PTS)	Rp 1 b	Private university coordinator (2-4 private univ eligible for the funds)

*MoEC grant to higher ed. institution

* Biggest & most prestigious public university

** US \$ 1 approx ~ Rp 9,000 in 2009

Actual average funds received by students

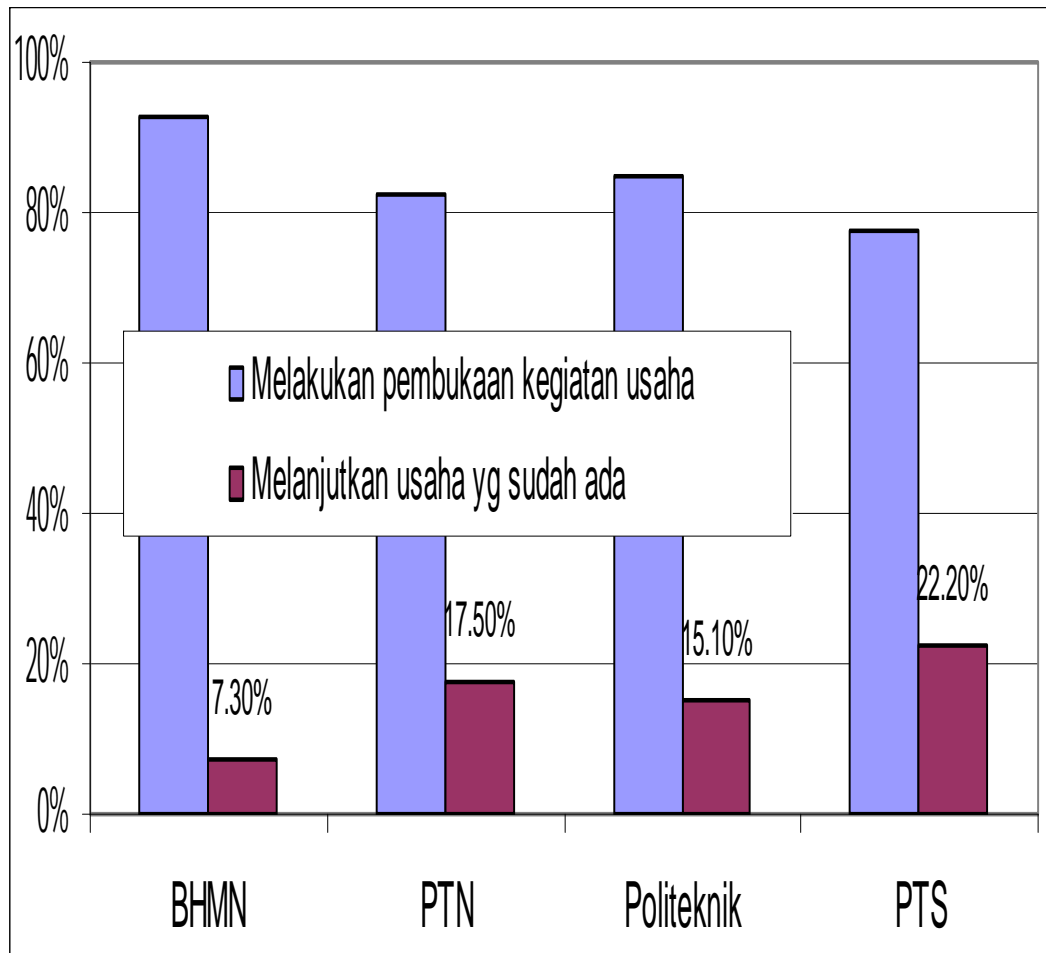


** US \$ 1 approx ~ Rp 9,000 in 2009

- In general, the average amount of funds received is affected by **proportion of students who proposed new-business in a group** (at most Rp 8mi/student or Rp 40mi/group of 5 students)
- The highest average received by students of 3-year polytechnic and the lowest received by private university students
- For private university, the amount received is also affected by low allocation of resources

2. results

What do they do with their knowledge, skills, and funds?

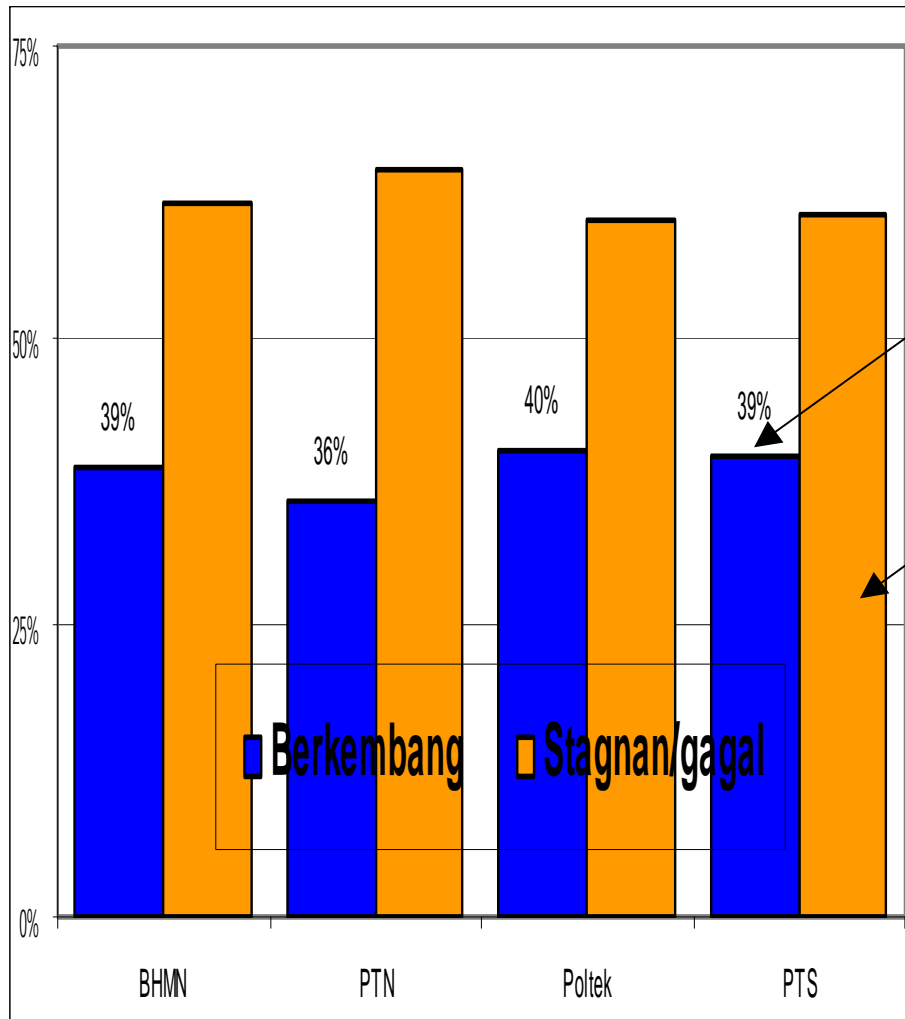


- Start new business: 77 – 92%
- Continue existing business: 7-22%

new business activities

- Makes own products and sell them: 59 – 78 %
- Sells product of others: 9 – 30%
- The rest: make products, marketing and selling by others

..... 6 months later



- Approx 38% of participants successfully run the business (businesses growing)

- The rest:

- stagnant (not growing) = 35%
- fail = 26%

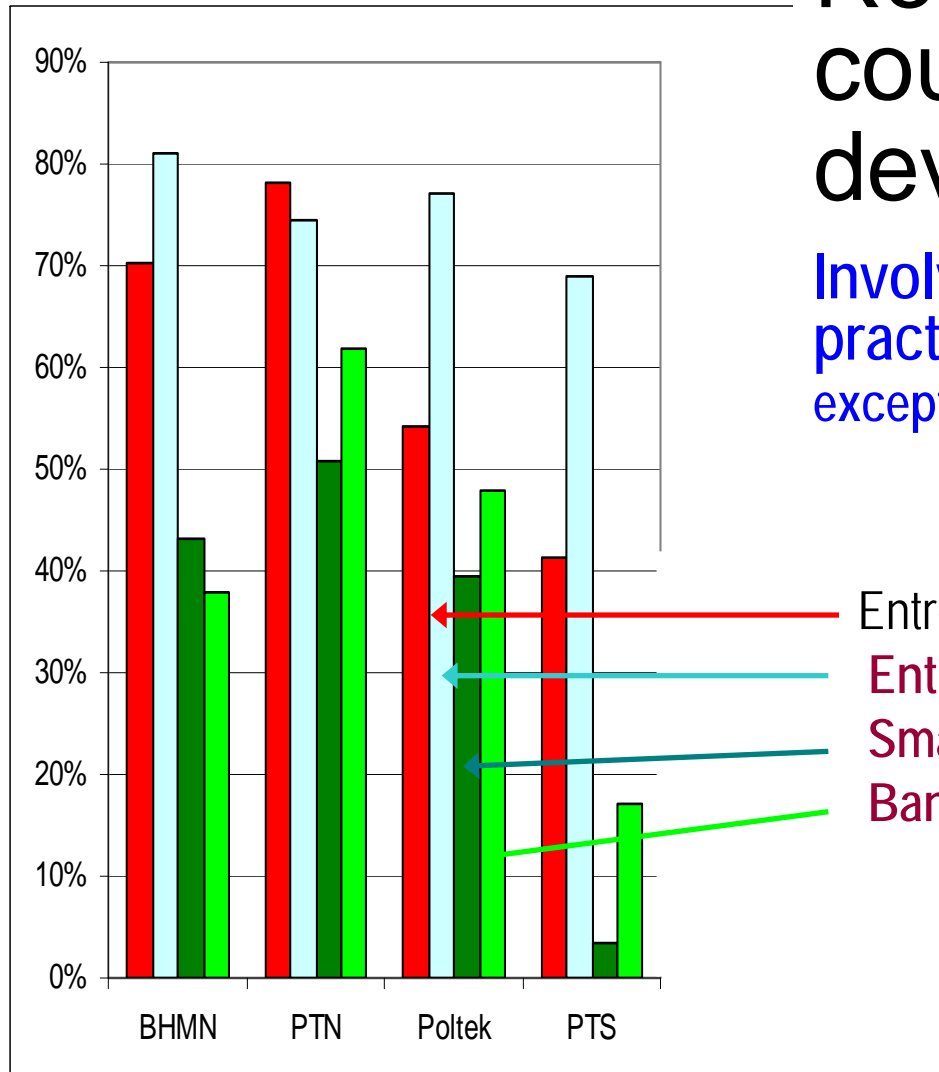
(BASED ON SUPERVISOR'S EVALUATION)

3. lesson learnt

short training

Resource persons for course materials development

Involvement of business & industry practitioners is a common practice, except for private univ.



Entrepreneurship experts from inside univ

Entrepreneurship experts from outside univ

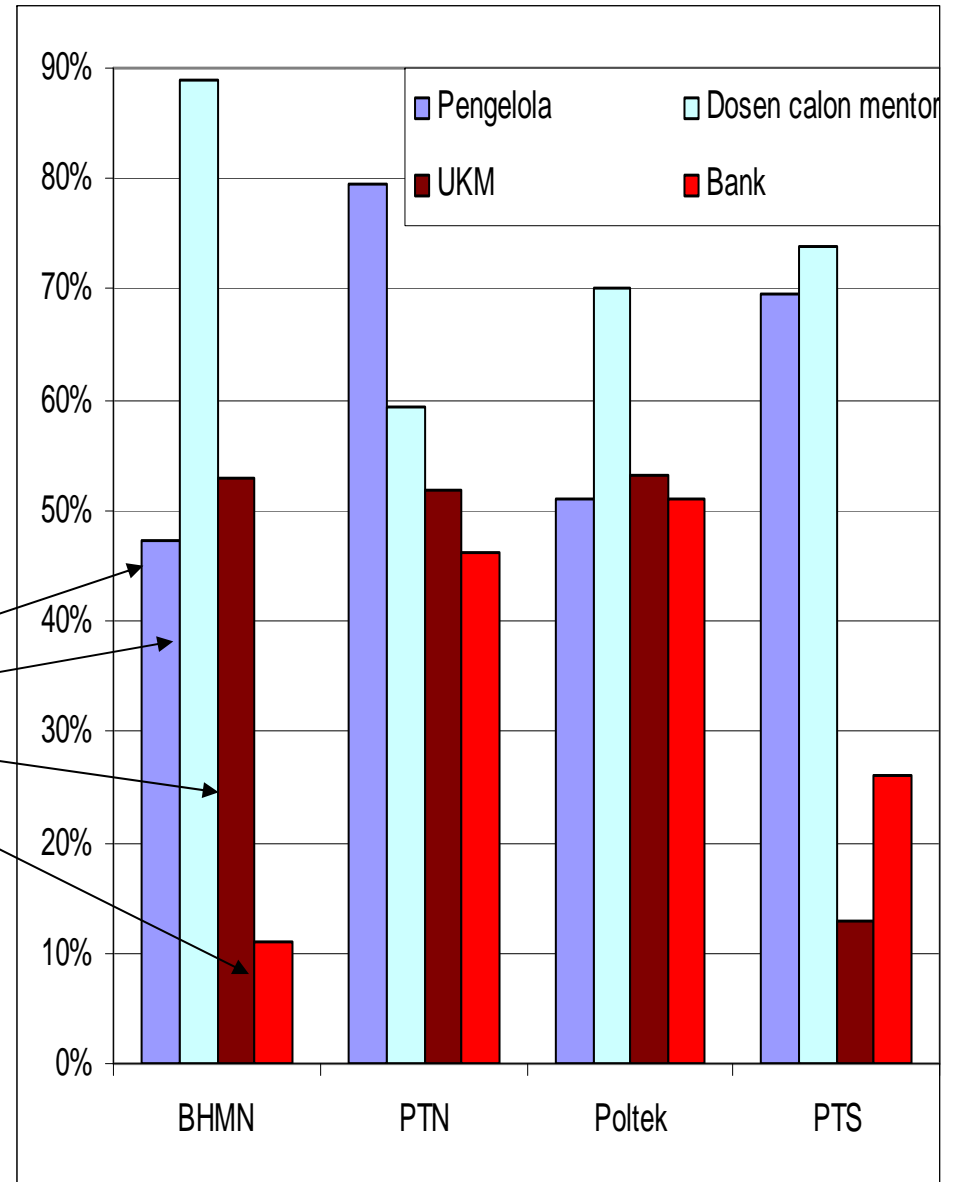
Small & medium business

Bank

Course material presenters

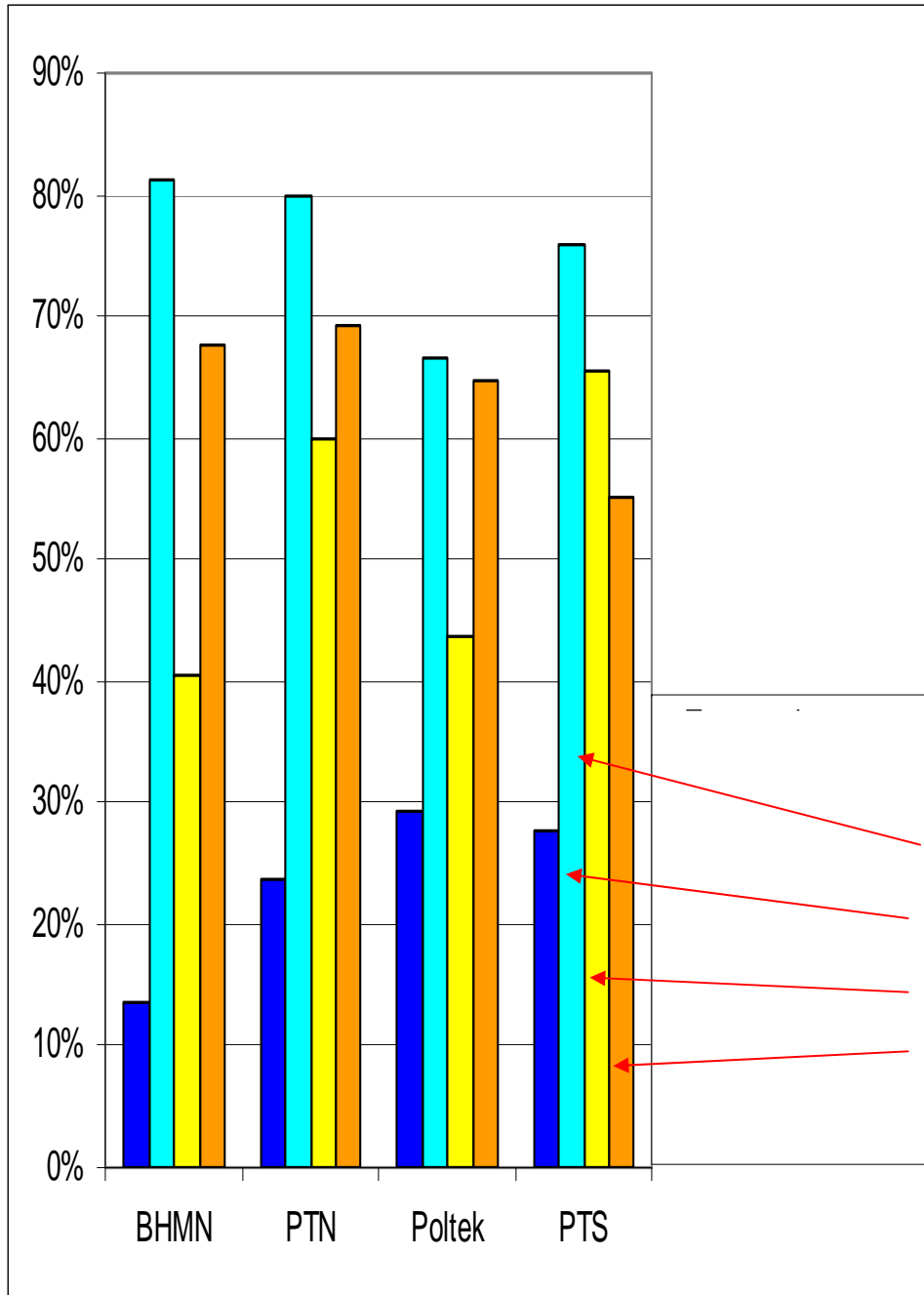
Course materials' presentation mostly by program organizers & lecturers

Program organizer
Lecturer
Small & medium business
Bank



teaching-learning methods

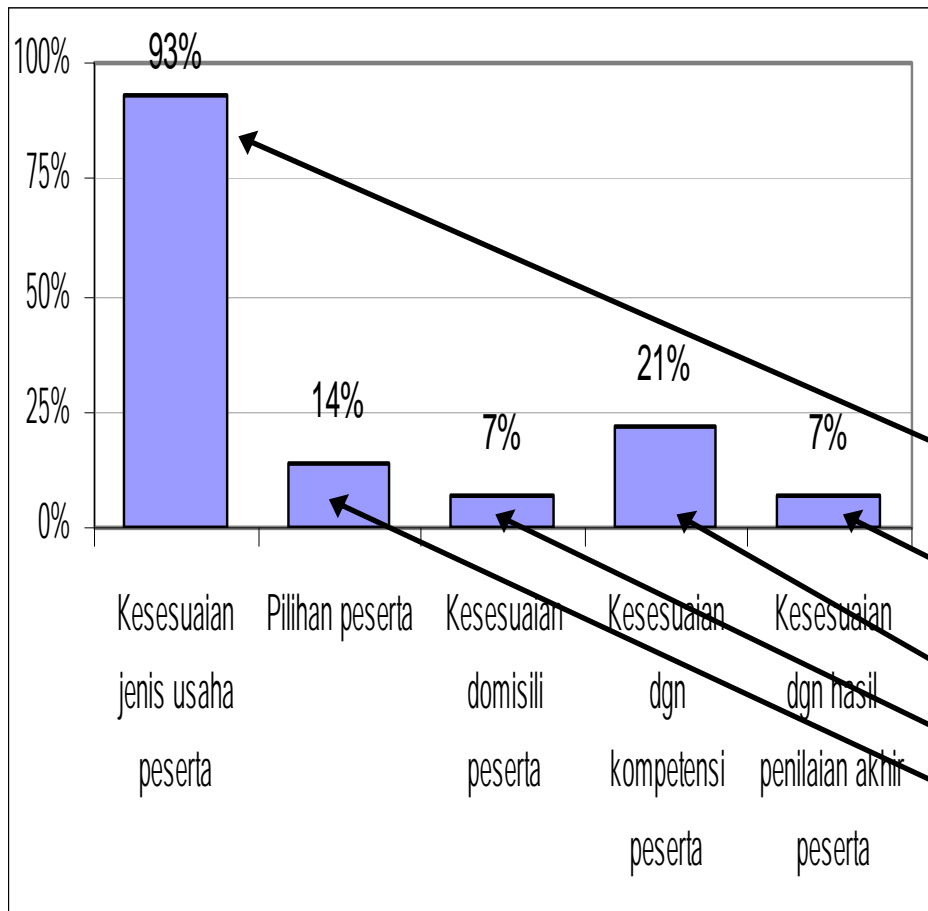
Modern-methods of business & management teaching learning methods are employed, but old-methods of teaching learning remains popular



Lecturing (face to face) with hand-outs
Lecturing w/o hand-outs
Problem solving
Case study

internship

Insternship: purpose & venue



Purpose: (i) to acquire hands-on skills for small & medium business operation; (ii) memberi inspirasi penyusunan rencana usaha

Venue: small & medium businesses

Criteria of venue selection:

Relevancy with type of business (selected by organizer)

Relevance with training achievement results

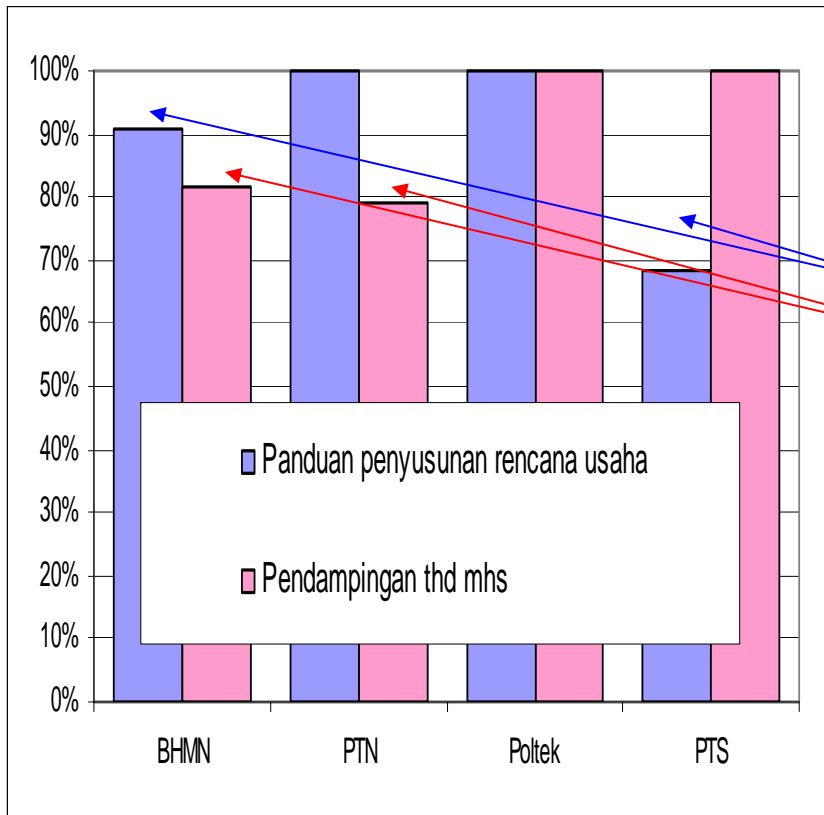
Relevance with students' competence

Near place of life

Selected by students

Business plan development

Business plan development



Mostly done with

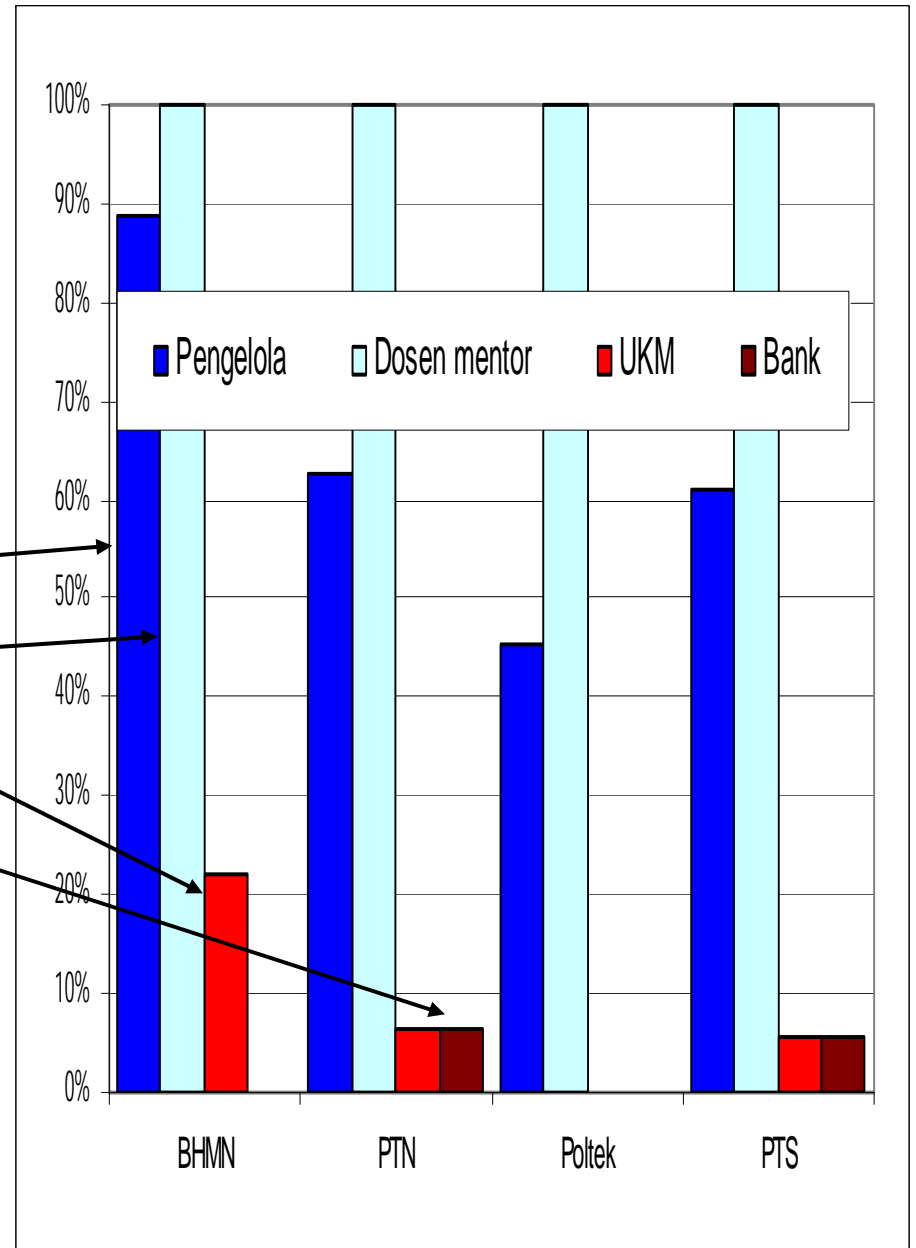
- manual
- guidance

However, some

- without manual
- no guidance

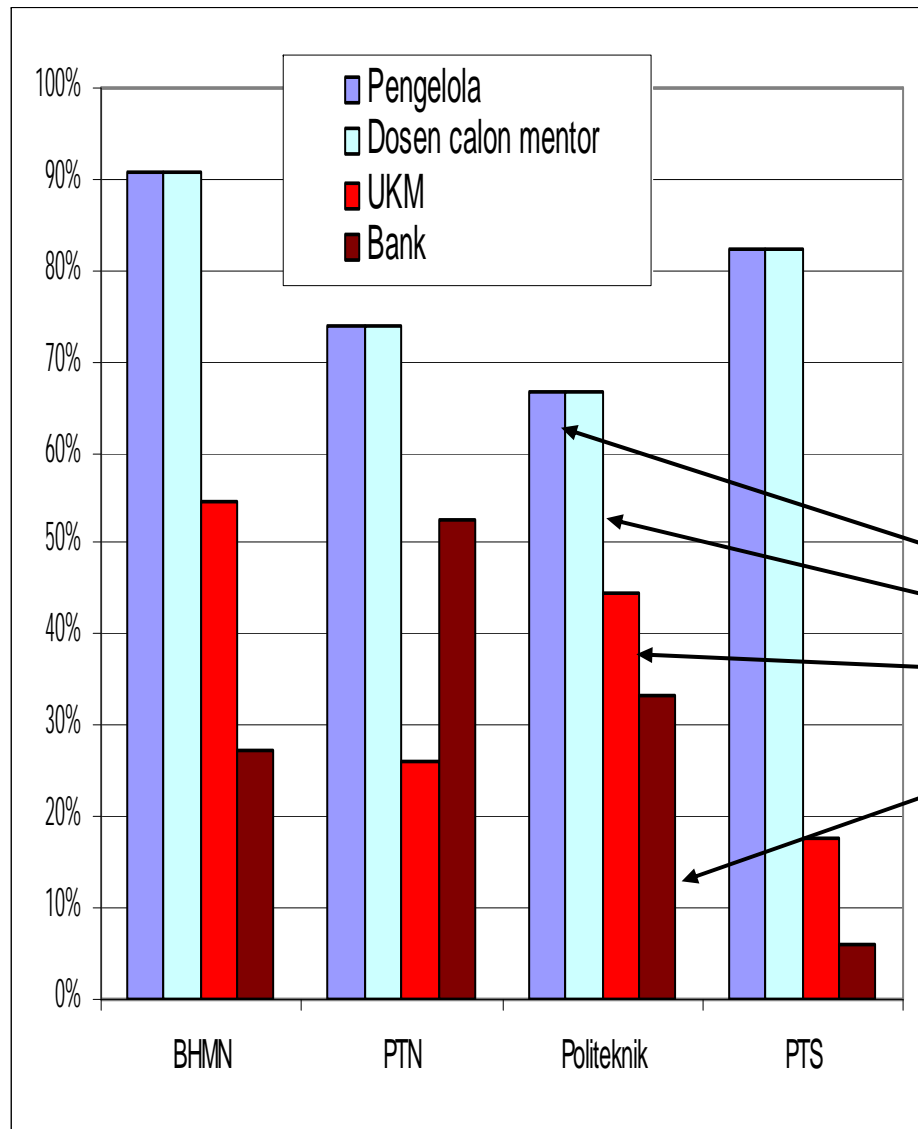
Who provide guidance?

program organizer →
Lecturer →
Small & medium business owners →
Bank →



Business plan feasibility evaluation

business plan feasibility evaluation



Assumption: bank representatives are the most credible ones in business plan evaluation.

Reality: mostly conducted by those from inside the university

Program organizers
Lecturers
Small & medium business owners
Bank representatives

Rate of bank's representatives and small & medium business owner involvement are very low

business plan feasibility evaluation

Business plan was **developed with university staffs supervision** (program organizer & lecturer)

Business plan developed was **evaluated by** university staffs (program organizer & lecturer)

**evaluation
fairness
at
several
institutions
is under
question**

4. recommendation

#1: improvement of the overall process ...1

- **Student recruitment:** (i) the use of more cost-effective mass-media including social media rather than expensive face-to-face socialization, (ii) all participants should be selected based to find the potential candidate
- **Short-training & internship:** (i) specific types of competence to start & run new business and best way to cultivate them should be identified, (ii) internship should be limited to students who are ready (acquired minimum level of theoretical competence), (iii) specific skills to be cultivated through internship should be identified, and (iv) small & medium enterprises (SME) should be carefully limited to those that actually may provide students with needed skills.
- **Business plan development:** (i) students should be carefully supervised, and to make it possible (ii) **lecturer/tutor should be well prepared in the field of entrepreneurship and business niche identification.**

#1: improvement of the overall process ...2

- **Business plan feasibility evaluation:** provision of public funds to students should be based on unbiased evaluation of the plan, involvement of outside-experts is a must
- **Close supervision to students in starting the business** should be improved and provided by the experts or those who are well prepared

#2: involvement of outside experts

- Assuming the limited number of entrepreneurship experts inside universities who have hand-on experience in doing the business and starting new business, a network of experts including those from small, medium, and big business at the regional level should be established.
- Together with the program organizers and lecturers, they are involved right from the start, i.e. from the preparation up to the evaluation stages.

#3: establishment of entrepreneurship center at the university level

- Entrepreneurship is a complicated process. Efforts to prepare students with necessary knowledge, skills, attitude, and funds need a serious coordination.
- Many parties should be included in these complicated process, therefore strong network should be established with relevant parties, from government and private sectors as well.

#4: management of public funds

- In reality, funds for establishing new business do not come from charity or a gift from grand parents, they are loans. So, business start-up funds for students should not be treated as a grant.
- If 38% of students who are successful in opening new business returned the funds → every Rp 1 Billion provided may become approx Rp 7 Billion in 5-years.
- A new regulation of this kind of funds should be established in cooperation with Ministry of Finance and various accountability enforcement offices.

• *Thank you*