

# IDENTIFICATION AND EVALUATION OF THE INTEREST OF COLLEGE STUDENTS IN BECOMING ENTREPRENEURS

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## ABSTRACT

*We see that there are many more fresh graduates looking for jobs when they finish their study than there are graduates creating new jobs. The aim of the study is to identify and evaluate the entrepreneurial interests of Indonesian college students by using the Focus Group Discussion method (FGD) on accounting students in Lampung Province. Five FGD groups, each consisting of five to seven participants, provided data which we examined using Nvivo analysis qualitative software. We found an overall reluctance of students to be entrepreneurs, based on both intrinsic and extrinsic factors. This study implies that encouraging students to be entrepreneurs should be done by all parties, to stimulate them to create jobs, increase economic activity, open new markets, and hire more employees*

**Keywords:** Entrepreneur, Business Students, Focus Group Discussion, Qualitative study, Nvivo.

## INTRODUCTION

Entrepreneurship is the key factor in sustainable economic growth (Aloulou, 2016; Anderson, 2011; Hafer, 2013). The role of higher education is very important in supporting the economy by fostering the entrepreneurial spirit of young people (Anderson, 2011; Charisse, 2016; Ismail & Ahmad, 2013). Almost all study programs in higher education encourage college students to practice entrepreneurship. However, in reality, the number of entrepreneurs in Indonesia is worryingly low. According to the Indonesian Ministry of Cooperatives and Small and Medium Enterprises, entrepreneurs in the last three years make up around 2.5% of the Indonesian population, that is, barely six million people out of about 250 million. Indonesia lags behind other countries in Asia such as Singapore and Malaysia. Nevertheless, Indonesia has extraordinary potential, because of its abundant natural resources and human resources.

The National Entrepreneurship Movement, launched in 2010, shows how serious the government is about increasing the spirit of entrepreneurship. According to Prakoso Budi Setio, the Deputy Director of Human Resources in the Department of Ministry Cooperatives and Small and Medium Enterprises, Indonesia needs 800,000 entrepreneurs. Therefore the government, through higher education, tries to develop lateral thinking, and to change the mind-set of students from laborer to entrepreneur.

Along with the development of study programs and colleges in Indonesia, the number of graduates increases. As graduate numbers increase, so does a competition for jobs, which eventually will increase the number of people who are educated but unemployed. Li & Liu (2011) point out that this unemployment not only becomes the main economic problem but also causes serious social unrest (Ismail & Ahmad, 2013; Li & Liu,

2011). Likewise, Qunlian (2011) says that graduate unemployment is not only dangerous for the individual, but also for the community and the country. High unemployment disturbs social safety systems, increases social polarisation, and will generate other negative social effects.

One way to reduce unemployment is by promoting an entrepreneurial spirit. As mentioned above, colleges try to develop the spirit by including entrepreneurship in the curriculum. Li & Liu (2011: 196) say the main goal of entrepreneurship education is “*to train individuals in entrepreneurship, which is also important for salaried people*”; relatively, “entrepreneurship education is a narrow concept of increased income education”. Moreover, the Directorate of Higher Education also puts effort into increasing the motivation of students through training, practice, and free provision of capital. Yet the interest of students in entrepreneurialism after graduation is very low. Our preliminary survey of accounting students in six universities in Lampung Province (the University of Lampung, University of Bandar Lampung, University of Malahayati, University of Mitra Lampung, IBI Darmajaya, and STIE Lampung) shows that only two people out of 512 want to be entrepreneurs after graduating. Our present study investigates students’ reluctance. Thus, we have a research question:

*“What a causes the students’ low interest?”*

To find qualitative answers, we use FGD on accounting students in Bandar Lampung. As explained by Li & Liu, this study contributes a theoretical framework to the concept of ‘*Encouraging entrepreneurship to drive employment*’. Another academic advantage of this study is described by Anderson et al., which is to fill the information gap on how the university uses its resources in order to do encourage and increase entrepreneurial ability.

## LITERATURE REVIEW

Recent work shows that entrepreneurship education in university is the incubator of future business (Lili, 2011). The individual improves their knowledge and skills, in order to seize business opportunities. Moreover, the individual gains insight and confidence in facing business risks (Li & Liu, 2011). Of course, students must be equipped with basic corporate management knowledge such as marketing, capital development, cash flow analysis, and how to draught a business plan (Li & Liu, 2011).

Universities have a unique place as institutions that create and disseminate higher knowledge. This knowledge is not just daily practical knowledge to be assimilated. “*Higher*” knowledge can be described as theoretical knowledge and the most important thing is critical ability obtained through study and teaching (Anderson, 2011). Anderson (2011) explains that the university role is not to teach management ability in building new businesses. Such basic knowledge can be taught by other institutions. The focus of university entrepreneurship education is high-level analysis, not mass-production of low-value SMEs. The university is expected to be able to develop individuals who innovate (Anderson, 2011). Ismail & Ahmad (2013) see entrepreneurship education as a process that can be useful for all students to see business potential, and to be confident in their knowledge and ability to act to make the most of a business opportunity. Besides, universities can encourage and inform students about opportunities as well as be creating new jobs (Anderson, 2011; Lili, 2011).

Ideally, the goal is to interest students in being young entrepreneurs who can help the government to reduce unemployment (Ismail & Ahmad, 2013; Lili, 2011). In line with the goal, the entrepreneurship course will help students to behave well, to have and to

increase student ability in business (Anderson, 2011). Moreover, entrepreneurship courses can help students by increasing knowledge, capacity and quality needed in business, and by helping and giving consultation in the process of opening new businesses (Lili, 2011).

Although it has been mentioned above that the main objective of an entrepreneurship course is to encourage young people to be entrepreneurs, the effectiveness of the course itself should be examined. McKeown et al. (2006) saw at least three areas that must be considered in evaluating teaching systems: program content, teaching method, and types of courses offered. Ismail & Ahmad (2013) found that the main problem at Polytechnics in Malaysia is the inability to motivate students. Two important points are the curriculum and the lecturer.

## METHODOLOGY

### Research Sample

This study uses purposive sampling in which samples are selected based on certain criteria. The population of this study is Lampung Province accounting students in their fifth semester and above at the University of Lampung, University of Bandar Lampung, University of Malahayati, University of Mitra Lampung, University of Saburai, University of Tulang Bawang, STIE Darmajaya, STIE Lampung, Teknokrat, and Polinela. Accounting students are selected because they have more business content courses, and therefore have more academic knowledge about entrepreneurship.

Our study is a qualitative method by conducting an interview in Focus Group Discussion (FGD) Form. The interview allows us to identify further factors causing low motivation. Although there is no ideal number of respondents in the interview, the qualitative study tends to use a smaller sample (See: Moll & Hoque, 2011; Yuliansyah, 2015; Yuliansyah, Bui, & Mohamed, 2016). Based on the result of the interview, we look at existing phenomena based on the theme. The thematic result is then made into a draft to be used in the study survey (Table 1).

### Data Analysis

Data analysis software Nvivo 10 simplifies the task of managing data, browsing, coding, and making data links (Flick, 2002; Johnston, 2006). Analysis has four stages, which are: “1) *developing a coding schedule for the thematic interviews*; 2) *organizing the coded text as themes*; 3) *establishing common themes*; and 4) *analyzing the themes provided by the coded material*. In analyzing data, the process was begun with identified free nodes, and the selective nodes were categorized as tree nodes.” (Kyriakidou & Gore, 2005).

## QUALITATIVE RESULTS

			<b>Total</b>
Sex	Male	12	26
	Female	14	
University	State	11	26
	Private	15	

Based on FGD conducted on several state universities and private universities in Lampung, there are some reasons why accounting students are not interested in becoming entrepreneurs. Factors may be intrinsic or extrinsic.

### **Intrinsic Factors**

Intrinsic factors causing students not to want to be entrepreneurs include limited business ideas, limited capital, an inability to socialize, no fixed income, fear of failure, being *“happy to be in the safe zone”*, not having an entrepreneurial spirit, and lack of experience.

### **Business Idea Limitation**

Each respondent, when asked, expects to be able to be a successful entrepreneur. However, because of limited business ideas, they eventually doubt themselves and do not become entrepreneurs. One said *“Many students still doubt and are confused as to what entrepreneurs do. They are confused about how to start their business, so they decide to retain employees”*

An entrepreneur must be a person who has creativity and innovation so that they can compete in the business world. Many students think that they do not have enough creativity to start a business. Eventually, as above, they choose to be employees or civil servants. A student put it this way: *“Other factors that make students lose willingness to be entrepreneurs are that they feel that they are not creative in developing business ideas so that they do not want to commit to being entrepreneurs and prefer to be employees”*

Innovation becomes the most important aspect of success. Innovation keeps consumers from being bored and keeps a business running continuously. Conducting innovation is not an easy matter. Students say that they do not want to be entrepreneurs because innovation is difficult.

### **Capital Limitation**

A basic and classic reason why students do not want to be entrepreneurs is inadequate capital. Capital is one thing anyone must have to start their business. *“Most people are not interested in becoming entrepreneurs because they are constrained by not having capital.”* Borrowing capital for new businesses is not an easy matter. *“We need capital. To get it is difficult.”*

### **Less Sociable**

Each person has different character traits. An introverted personality and a fear of being rejected are good reasons not to want to be entrepreneurs. Lobbying is a skill needed in entrepreneurship. Therefore, those who are less sociable feel that they do not have the ability to be successful. *“People who are introverted and less sociable have less interest in being entrepreneurs after graduating because, in order to be entrepreneurs, they need to build wide networks”*

### **Not Fixed Income**

Uncertainty in income makes people reluctant to be entrepreneurs. If they become employees of a company or become civil servants, they will get a fixed monthly income, so they will not have to worry about not having income. *“If we are employees, we are able to*

*live comfortably with a fixed monthly salary and without complications*". The income of an entrepreneur cannot be ensured. It depends on their business and its position in the business cycle, at the top or the bottom. This uncertainty is not desirable for some people.

*"Income earned if we are entrepreneurs is not fixed"*

### **Fear of Failure**

The risk is always found in entrepreneurship. Students say they are not interested in becoming entrepreneurs because they are not ready to face failure. *"Why students do not want to be entrepreneurs after graduating is because of fear of failure in running their business? Most of them are not brave enough to take risks. They are afraid because they do not have experience."* The risk cannot be separated from entrepreneurship: *"If we become entrepreneurs, there will be many risks that we face. And why people are not interested in becoming entrepreneurs is because they are afraid to take risks"*

### **The Mind-set to Be Happy in the Safe Zone**

As explained previously, individuals that do not like a challenge are happy in the safe zone. It makes them not interested in becoming entrepreneurs because they live comfortably as employees. *"They are in the safe zone as employees."*

### **Having No Spirit of Leadership**

An entrepreneur must lead employees in the business to achieve their shared goals. *"An entrepreneur must be a person who has high leadership skills because besides leading themselves, they also will lead others. Most students are not leaders."*

### **Having No Entrepreneurial Mind-set**

Some respondents stated that they do not have the mental attitude needed to become entrepreneurs, as the following, *"The next thing that makes a person not want to be an entrepreneur is that we do not have an entrepreneurial mind."* Most students do not want to be entrepreneurs because they are individuals who do not like a challenge. *"Students who do not want to be entrepreneurs most likely have personal characteristics that do not like a challenge."*

### **Having No Experience**

Becoming a successful entrepreneur is not easy and people need time to initiate the business from the beginning. Therefore, most students step back from running a business. They do not have adequate experience, so they do not intend to be entrepreneurs. *"Many of them do not want to be entrepreneurs because beginners must start the struggle from zero, and they do not have experience."* Impatience sometimes becomes an obstacle to lazy people: *"If we are entrepreneurs, we must initiate our business from zero. Many students are impatient and do not want to start the business from zero."*

### **Extrinsic Factors**

In addition to the intrinsic factors above, un-interest of students in becoming entrepreneurs is also caused by extrinsic factors like society's low purchasing capacity, family and environmental constraints, networking that is not wide, difficulty in getting

customers, lack of information on funding programs, inadequacies in the education system, lack of opportunity, and lack of social prestige.

### **Low Purchasing Capacity of Society**

If the public has a low purchasing capacity, it is difficult for entrepreneurs to set a selling price. High production costs require a selling price that is relatively high to cover their cost and to make a business profitable, but on the other hand, products may not sell because society cannot afford them.

*“Obtaining targeted customers is also difficult. It is caused by society purchasing capacity that is not too high.”*

### **Family and Environment Factor**

One respondent stated that students are not interested in becoming entrepreneurs because family and environment factors do not support them. *“There are two other reasons why students are not directly interested in becoming entrepreneurs; the first is because of family or environmental factors.”* Parents indicate that they will be more proud of their children become civil servants or employees of a company compared to becoming entrepreneurs. *“Most parents hope that when their children graduate from university they work as civil servants or employees. When we want to be entrepreneurs after graduating, there will be no trust from parents, who think ‘what is the point of the expense of going to university if eventually; they will only sell things in the market?’. The parents will be more proud of their children work in an office. To be an entrepreneur, a person does not have to have an education.”*

### **Relation Network that is Not Wide**

As explained previously, the intrinsic factor of socializing difficulty affects these extrinsic factor students do not want to be entrepreneurs because they do not have extended networks. *“Why students are not interested in becoming entrepreneurs is because they find difficulty in finding business partners who have similar visions.”*

### **Difficulty in Getting Customers**

Because the purchasing capacity of society is low, it eventually causes difficulty in getting potential customers, and discourages entrepreneurs, *“Entrepreneurs have difficulty in getting potential customers.”*

### **Lack Information of Dikti Funding Program**

Lack of capital, an internal obstacle, triggered the Dikti entrepreneurship program, creating a fund as initial capital for students who are willing to be entrepreneurs. However, Dikti has a problem, the lack of information about it. The Dikti program, unfortunately, does not run effectively. *“Information about funding for entrepreneurs by Dikti is not enough. Many students get no information at all.”*

### **Small Opportunity**

As explained previously, if the purchasing capacity of society is not high, producers have difficulty in finding customers. *“Market opportunity in entrepreneurship is also very small.”*

## Prestige in the Eye of Society

The mind-set of society as a whole affects the decision of an individual to be an entrepreneur. Most people think that to become an entrepreneur is not a high-status choice. *“The attitude of society also affects the desire of students to be entrepreneurs. Becoming an entrepreneur does not require study at university level. Simply to graduate from high school also allows anyone to be an entrepreneur, trading directly. Why bother going to university if in the future they only want to be entrepreneurs? Entrepreneurship is not considered prestigious as a job while becoming an employee is considered more prestigious.”*

## CONCLUSION AND RECOMMENDATION

Entrepreneurship is an important aspect of increasing economic activity in a country. To support the spirit of entrepreneurship, universities play a central role in creating a dynamic economy. However, at the moment only a few students are interested in becoming entrepreneurs. To answer the question "Why?", we conduct a qualitative study in universities in Lampung Province by using FGD with five to seven participants for each group. Six FGD groups provided data for analysis. Using Nvivo software for thematic analysis, we show that the reluctance of the students to become young entrepreneurs is driven by both intrinsic and extrinsic factors.

Intrinsic factors can be limited business idea, limited capital, inability to socialize, not fixed income, fear of failure, happy to be in the safe zone, do not have entrepreneurial spirit, and do not have experience, while extrinsic factors can be low purchasing capacity of society, family and environmental factor, networking that is not wide, difficulty in getting customers, lack information on funding program, mind-set that is formed from education system, small opportunity, and also prestige in society.

This study has limitations related to the research sample. This study is done only on students of accounting, and only on students in Lampung. Therefore, a generalization of this study toward all students in Indonesia needs a strong justification. We suggest that the next study needs to expand the sample, not only in Lampung Province but also in all provinces in Indonesia to strengthen external validity on the existing findings.

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