

Entrepreneurial Mindset, Orientation, and Performance of University Students in Indonesia

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ABSTRACT

Entrepreneurship plays a vital role in determining the level of economic growth of a country. This study aims to explore the effect of entrepreneurial mindset on innovativeness, risk-taking, competitive aggressiveness, autonomy, and proactiveness on entrepreneurial performance. Besides that, it also analyses the impact of these five factors on entrepreneurial performance. This research uses Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the data. The data were collected from 364 respondents, consisting of undergraduate students of management program from public universities in Surabaya, Indonesia. The results show that entrepreneurial mindset has a significant effect on innovativeness, risk-taking, competitive aggressiveness, autonomy, and proactiveness. All of these factors, in turn, affect or enhance a positive and significant impact on the students' entrepreneurial performance. It implies that the entrepreneurship education of public universities in Surabaya, Indonesia has succeeded in changing the students' mindset and orientation. The government needs to increase entrepreneurship education centers and business incubator centers at the universities.

ABSTRAK

Kewirausahaan memegang peranan penting dalam menentukan tingkat pertumbuhan ekonomi suatu negara. Penelitian ini bertujuan untuk mengetahui pengaruh pola pikir wirausaha terhadap inovasi, pengambilan risiko, agresifitas bersaing, otonomi, dan proaktif terhadap kinerja wirausaha. Selain itu juga menganalisis pengaruh kelima faktor tersebut terhadap kinerja kewirausahaan. Penelitian ini menggunakan Partial Least Squares Structural Equation Modeling (PLS-SEM) untuk menganalisis data. Data dikumpulkan dari 364 responden, yang terdiri dari mahasiswa program sarjana dari program manajemen pada perguruan tinggi negeri di Surabaya, Indonesia. Hasil penelitian menunjukkan bahwa pola pikir entrepreneurial berpengaruh signifikan terhadap inovasi, pengambilan risiko, daya saing, otonomi, dan proaktif. Dan, semua faktor ini, pada gilirannya, mempengaruhi atau meningkatkan efek positif dan signifikan pada kinerja kewirausahaan siswa. Hal ini menyiratkan bahwa pendidikan kewirausahaan perguruan tinggi negeri di Surabaya, Indonesia telah berhasil mengubah pola pikir dan orientasi mahasiswa. Pemerintah perlu menambah pusat pendidikan kewirausahaan dan pusat inkubator bisnis di perguruan tinggi. Pemerintah perlu memperbanyak sentra pendidikan kewirasusahaan dan pusat inkubator bisnis di berbagai perguruan tinggi.

1. INTRODUCTION

Entrepreneurship, as a career, is interesting. World Economic Forum concludes that over a third of Indonesian young people want to be entrepreneurs (Wood, 2019). On the contrary, the choice for an entrepreneur as a career posits the level at 26% from 20% in 2009 (GMAC, 2014). It can be a reflection as shown by the survey against 37,000 students from 14

countries by the International Survey of Collegiate Entrepreneurship in 2006. It is stated that 15.4% of students choose entrepreneur as a career within the first five years after graduation, and for the next five years, the number increased to 50.1% (Szerb & Imreh, 2007). This study refers to some lessons from Indonesia's experience with the focus of the public university students. It offers an interesting case

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study because the growth of entrepreneurship in the country in general and university students, in particular, has not yet reached the entrepreneurial performance. Yet, this entrepreneurship is encouraged in university-level education by various countries globally, and, in Indonesia, it has not been followed by an increase in entrepreneurial performance of Indonesia's students.

Gustiawan et al. (2014) indicated that the number of entrepreneurs in Indonesia was still small, and its development is critical to the country. They stated that 2% was an ideal figure for entrepreneurs in any country from the total population. In the case of Indonesia, 400,000 entrepreneurs were identified, or less than 2% of the total population. It is very low compared to that in America (12%), Singapore (7%), and Malaysia (6%). From the policy perspectives, entrepreneurship can help to reduce unemployment. However, the entrepreneurs' competency needs to be developed for enhancing the young people's entrepreneurship particularly.

This study was motivated by the importance of entrepreneurial performance. Therefore, the researchers try exploring the effect of an entrepreneurial mindset, innovativeness, risk-taking, competitive aggressiveness, autonomy, and proactiveness on entrepreneurial performance of undergraduate management students of public universities. The concept of entrepreneurial orientation embraces some variables such as innovativeness, risk-taking, competitive aggressiveness, autonomy, and proactiveness are adopted from Miller (1983), Lumpkin and Dess (2001), and Rauch et al. (2009). They found that these variables have a positive and significant relationship towards entrepreneurial performance. Therefore, the primary purpose of this research is to comprehensively examine the various aspects of entrepreneurial orientation towards entrepreneurial performance. Besides that, it also attempts to see the university students of Indonesia who have been studying entrepreneurship. It also explores whether entrepreneurship education in Indonesian universities has succeeded in changing their mindset and orientation. University students are the potential generation in the future of a country. It requires some efforts to create a better generation need seriously and consistently, and entrepreneurship is one of the best solutions. This study aims and benefits to improve entrepreneurship education in Indonesian universities.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Entrepreneurship begins from the mindset. Dhliwayo and Van Vuuren (2011) stated that the entrepreneurial mindset is a way of thinking about business and the opportunity to benefit from the uncertain circumstances. Furthermore, according to Valerio et al. (2014), entrepreneurial mindset referred to socio-emotional abilities and overall awareness towards entrepreneurship, related to entrepreneurial motivation and the success that would come as an entrepreneur. This study uses indicators to describe the entrepreneurial mindset, such as the ability to identify business opportunities and the degree of thinking of entrepreneurship (Solesvik et al., 2013). One possible outcome of entrepreneurship education is a change in students' entrepreneurial mindset (Jung & Lee, 2020). Kouakou et al. (2019) highlighted the importance of an entrepreneurial mindset of students at their youngest age. By doing so, they develop entrepreneurial experiences, skills, and abilities to overcome entrepreneurial challenges. This research provides a clear insight into the topic of an entrepreneurial mindset to ease individuals and organizations involved in interactive entrepreneurial activities continuously.

Innovativeness

There are several definitions of innovativeness. According to Baregheh et al. (2009), innovativeness is defined as the ability to create effective implementation of new processes and products for the organization, and it is designed to provide an advantage for the organization and stakeholders. In this case, Quintane et al. (2011) claim that innovativeness is the ability to produce continuous innovation. Yildiz, Baştürk, and Boz (2014) also define innovativeness as how fast a person or organization in adopting innovations compared against another person or organization.

There are three indicators of Innovativeness: openness towards new things, level of creativity, and ability to innovate. Goldsmith and Foxall (2003) describes innovativeness as a willingness to try new things. Lee (2008) declares that innovative people would search for and combine various information, examines problems they experienced, and produces a thought or idea that is unconventional. The power to innovate is a further phase of creativity. It is a comparison between the studies in quickly manner with the embodiment of innovation practices, particularly socio-organized practices. The power of innovation is an ability to understand socially,