

## **CHAPTER I**

### **Introduction**

#### **1.1 Background of Study**

Entrepreneurship has been acknowledged to not only contribute positively towards the growth of economy, but also towards occupational opportunity and innovation (Subrahmanian et al., 2017). As entrepreneurial activity has the ability to reduce negative effects of global economic crisis (Urbano, Aparicio, & Audretsch, 2019), government has been supporting entrepreneurs to create jobs. European countries, for instance, are prioritizing entrepreneurship by stimulating entrepreneurial activity and focusing on the young graduates as the main target (Draksler & Sirec, 2021).

According to the 2019/2020 Global Entrepreneurship Monitor (GEM) report (Bosma et al., 2020), Indonesia has the ranking of 73 out of 190 countries in its Ease of Doing Business score, which can be considered a relatively low score for starting business. Indonesian government has taken action and shown their awareness of the importance of entrepreneurial activity by establishing law in regard to job creation known as law of the Republic of Indonesia No.11 of 2020. The following year, several regulations were also introduced. Government regulation No. 7 of 2021 for instance, was established to ease the protection and empowerment of cooperative micro, small and medium enterprises. Knowing there is protection for start-ups, entrepreneurs may be more encouraged to start their entrepreneurial journey, which will result in more job creation.

Finding ways to maximize the stimulation of entrepreneurial activity should be focused on considering the importance of it for the economy and how the government has shown effort to support it. According to Draksler and Sirec (2021), the vital point to entrepreneurial activity is entrepreneurial intentions and equipping people with the appropriate entrepreneurial competencies. Nonetheless, the result of 2019/2020 Global Entrepreneurship Monitor (GEM) National Expert Survey showed lack of entrepreneurship education globally. National experts from 54 countries assessed the national entrepreneurship environment to study it based on a framework consisting of 12 conditions and found that entrepreneurship education at school level has the weakest development globally out of all the condition in the designed framework (Bosma et al., 2020).

With that being said, researching the entrepreneurship education in Indonesia with the goal of improving it will positively impact Indonesia. Therefore, a university in Indonesia that provides entrepreneurship education as one of their concentration in the major of management will be chosen to be studied in this research. University X is in its 28<sup>th</sup> year of running and currently offers the choice of entrepreneurship concentration under the study program of management. University X established a business incubator that accommodate the business ideas of their current students and alumni and turn it into a sustainable business. Students that have entrepreneurial intention towards technology-based business that will bring a social impact, will be facilitated by mentors and help to secure funding from investors, venture capital and seed capital. Recognizing University X's effort in supporting entrepreneurial activity, it can be considered suitable for University X to be the subject as an institution that provides entrepreneurial competencies is

At the end of the year 2019, early cases of Corona Virus disease, also called Covid-19, were reported and in March 2020, World Health Organization

(WHO) declared it to be a global pandemic (WHO, 2020). WHO (2021) states that as of this November, there have been over 240 million confirmed cases that caused more than 5 million deaths. Indonesia is also greatly affected with over 4 million confirmed Covid-19 cases recorded since the end of January 2020 (BNPB, 2021). To face this rapid widespread virus, Indonesia's government had to issue rules and regulations, the circular letter of Ministry of Education and Culture Number 4 of 2020 (Kemdikbud, 2020) concerning the implementation of education policy states that learning from home should be done in certain areas. University X is one of the universities amongst many that are required to implement online learning system.

The global pandemic has created challenges to the higher education landscape at a level which have not been tackled before. Although online learning provided an alternative to face-to-face learning with the aim of decreasing the spread of Covid-19, unavoidable challenges also comes with it. The implementation of online learning faces obstacles which includes the readiness of human resources, limited facilities and infrastructure, the lack of appropriate curriculum and clarity on the direction of local governments (Arifa, 2020).

Although students are the subject who is learning online, other parties that includes parents, educators, and staffs are also impacted. The problem goes beyond students not having enough access to technology, internet quota, and stable internet connection needed to join the online learning. Adding to the new online learning system, curriculum that previously involved practical activities and exams were altered, causing sudden unprepared changes for all the educators and staffs. The result of a survey distributed to 3353 students that goes through online learning showed that 33.1% of the respondent fail to understand the lecture material well (Arifa, 2020).

## 1.2 Problem Statement

The minister of Cooperatives and SMEs, Teten Masduki, informed the level of entrepreneurship in Indonesia has not met its target. While the target ratio of Indonesia's entrepreneurship for year 2021 was 3.55% and the new target for the upcoming year of 2024 is 4%, Indonesia's current percentage is 3.47%, which is still lower compared to other countries located in Southeast Asia such as Singapore, Malaysia, and Thailand (Safitri, 2021). Teten continued his statement by saying that choosing to be entrepreneurs is not only a strategic choice for millennials, but also may boost Indonesia's economy. Even though Indonesia did not meet its target ratio for the year 2021, great effort should still be made to reach the next target. Moreover, with the recent establishment of law regarding job creation, young entrepreneurs are faced with better and more opportunities of innovation, technology sustainability and job variety.

An OECD report (Lackéus, 2015) stated that entrepreneurial education is relevant and important to the outcome entrepreneurship can produce, namely job creation, economic success, globalization, and innovation. Moreover, more rarely stated outcomes entrepreneurial education supports are engagement, joy, creativity, and the ability to overcome societal challenges. Teten Masduki also mentioned his hope for Indonesia's higher education institutions that with the accompany of government's effort to establish presidential regulations, institutions will also show effort in supporting entrepreneurship (Catriana, 2021).

Practice of entrepreneurship in education in Indonesian higher education still has been ineffective in spite of the growing demand (Amalia & Korflesch, 2021). The ineffectivity that Amalia and Korflesch (2021) referred to was based on the lack of entrepreneurship education programs' provision across Indonesia and the lack of understanding in the appropriate method to teach and produce graduate entrepreneurs. Furthermore, Amalia and Korflesch (2021) stated that

results of studies argued that general education in Indonesia not only fail to encourage entrepreneurship growth but becomes a hindrance.

Acknowledging how important education institutions that provides entrepreneurial education, such as University X, is towards entrepreneurship in Indonesia and how common the obstacle in entrepreneurship education is, especially in the currently implemented online learning, the problem this research would like to answer is:

How effective is the entrepreneurship education that is delivered through online learning in University X?

### **1.3 Purpose of Study**

The purpose of this study is to analyze the factors that contributes towards the effectiveness of entrepreneurship education and study the effectiveness of entrepreneurship education of University X during Covid-19 pandemic.

Another purpose of this study is to study other factors that may contribute positively towards the effectiveness of entrepreneurship education in University X.

### **1.4 Significance of Study**

#### **1.4.1 Theoretical Significance**

The theoretical significance this study has is to know the level of effectiveness of entrepreneurship education in University X and to know which factors should be focused on to be improved, so that the online learning can be enhanced.

#### **1.4.2 Practical Significance**

This study has practical significance that would like to be provided. Being well aware of what needs to be focused on and how much attention to put to the factor(s) that affects the effectiveness of entrepreneurship education may result in a better deliverance of entrepreneurial study and improving entrepreneurial

environment. Thus, helping Indonesia boost entrepreneurial activity and driving up the economy by improving the study of young potential entrepreneurs. Studying University X's effectiveness may support future improvement for the program and system, which may attract more students to enroll.

### **1.5 Limitation of Study**

The limitation of this study is that it has University X as a subject that acts as an entrepreneurship educator. A single university may not be generalizable to other institutions in Indonesia.

### **1.6 Structure of Study**

This study, with the title of "Effectiveness of Entrepreneurship Education Through Online Learning", will be written in the structure of:

#### **CHAPTER 1: INTRODUCTION**

The background of study will be written in this chapter which will support the reason behind the problem statement that is also included in this chapter. This chapter also includes the purpose of study and the significance of the study, accompanied with the limitation of study. The structure of study will close chapter 1.

#### **CHAPTER 2: LITERATURE REVIEW**

Chapter 2 will include a review of literatures that are relevant with the topic of this study. Theories that are correlated with effectiveness of entrepreneurship education during a required online learning system will be discussed to identify gaps and refine the problem statement.

#### **CHAPTER 3: RESEARCH METHOD**

This chapter will provide insights regarding this study as a qualitative research which includes the subject and instrument of study. The process of data collection and how the data will be validated to present a neutral and applicable data will also be included.

#### CHAPTER 4: PRESENTATION, ANALYSIS, AND INTERPRETATION OF DATA

The findings that were found from the data collected is written in this chapter. The result of the analysis will also be included along with the discussion.

#### CHAPTER 5: CONCLUSION

In this chapter, a conclusion of the result and recommendation from the study that has been done will be presented.

