

## THE ROLE OF ENTREPRENEURSHIP EDUCATION IN IMPROVING STUDENT COMPETENCY

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**Abstract:** Entrepreneurship is currently seen as an important activity because it is able to create jobs, creativity and economic strength for a country. Entrepreneurship delivered through education aims to foster entrepreneurial interests, skills, and competencies. This study aims to analyze the extent to which entrepreneurship education at universities plays a role in improving students' entrepreneurial competence. From a sample of 97 students, this study has found that entrepreneurship education has a significant influence in fostering student competence.

**Keywords:** entrepreneurship education, entrepreneurial competence

### INTRODUCTION

The wealth and economic dynamics of a country depend on the competitiveness of its companies. Meanwhile, the competitiveness of the company depends on the ability of entrepreneurs and their managers. Most economists agree that an entrepreneur is the most important actor in the economy (Tülüce & Yurtkur, 2015). Entrepreneurship has become a powerful tool for creating jobs and increasing economic strength in the labor market and the economy as a whole (Byun et al., 2018). Entrepreneurship is a process of shaping a dynamic vision, change, and creation (Ramkissoon-babwah, 2012). Entrepreneurship is related not only to business success, as measured by profit, but also to subjective well-being and non-economic well-being. At the macro level entrepreneurship affects the size of the development economy, such as GDP, productivity, and employment. At the micro level, the focus of entrepreneurship studies is still on why and

how entrepreneurship should be done and not on the impact on development (Naudé, 2013).

Entrepreneurship education is narrowly defined as the preparation of students to enter the world of business. Entrepreneurship, on the other hand, is a process of obtaining a number of characteristics that provide benefits to individuals, socially and economically (Deveci & Cepni, 2017). The traditional education system does not promote the attributes and skills to produce entrepreneurs (Mani, 2015). The traditional education system only imparts knowledge to students, namely, to make students know. The discussion of the basic concepts of entrepreneurship is only made to equip students with basic knowledge of entrepreneurship.

Several universities have declared entrepreneurship as a competency for their graduates. However, the universities were prevented from encouraging academics to immediately enter entrepreneurship. This is because they do not feel confident enough, lack of experience and lack of funds (Mani, 2015). Entrepreneur-

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ship education in universities has not been able to produce entrepreneurs. This study intends to analyze the extent to which entrepreneurship education at universities can improve students' entrepreneurial competence. This is very important to do so that the establishment of new businesses can be carried out and develop existing ones.

The economy of a country depends on the competitiveness of existing companies. Meanwhile, the competitiveness of the company depends on the ability of entrepreneurs and their managers. This shows that entrepreneurs are the most important actors in the economy (Tülüce & Yurtkur, 2015). Entrepreneurship has become a powerful tool for creating jobs and increasing economic strength in the labor market and the economy as a whole (Byun et al., 2018). Entrepreneurship is also an engine for growing and developing an economy and a source of innovation and creativity (Kaya, 2015). For this reason, it is very important to build an entrepreneurial education system that is able to encourage the growth of new entrepreneurs. Traditional business education has failed to meet the needs of a changing environment. Meanwhile, entrepreneurship education that is oriented towards entrepreneurial attitudes and abilities has increased in universities (Byun et al., 2018). There has been a paradigm shift from business education to entrepreneurship education. In this context, entrepreneurship education considers aspects of entrepreneurial competence and skills. Along with the emergence of entrepreneurship as a scientific discipline, entrepreneurship education has received the attention of a number of researchers and achieved significant growth worldwide (Byun et al., 2018).

The problem in entrepreneurship education is curriculum design: adjusting curricula and training programs (Azila-gbettor &

Harrison, 2013). The need and demand for entrepreneurship education and training continues to grow even though the results of behavioral evaluations across these programs often cannot be monitored. New entrepreneurs are challenged to develop hard skills (including knowledge related to marketing, finance, law, operations, and other functional disciplines) as well as soft skills (such as attitude, communication, and interaction) (Kerrick et al., 2016).

Entrepreneurship education, narrowly defined, is an effort to prepare students for work-ready in the business world. Entrepreneurship education, on the other hand, is a process of acquiring a number of characteristics that provide individual, social and economic benefits (Deveci & Cepni, 2017), providing knowledge, skills and motivation to students to drive entrepreneurial success and have a big role in revolutionizing the way of education. in building learners. Entrepreneurship education is designed to complement experiences and practices so that young people are inspired to become entrepreneurs (Prianto et al., 2018). Entrepreneurship education aims to develop students' awareness that the entrepreneurial profession is an alternative career, teaching and learning activities about entrepreneurship which includes the development of knowledge, skills, attitudes, and personal qualities (Kusmintarti et al., 2016). Entrepreneurship education is a process that includes all series of educational and training activities in the education system. It aims to change entrepreneurial behavior, entrepreneurial knowledge, and business feasibility (Byun et al., 2018). Three thematic areas and suggested fundamental actions for the entrepreneurial education model include the need to set objectives to guide the program, development of appropriate and relevant curriculum and approaches and evaluation of methods for im-

proving variety and assessing program achievement (Ramkissoon-babwah, 2012).

The curriculum in entrepreneurship education includes entrepreneurship, small business management, consulting, writing business plans, and business financing. The most important courses in building the basic concepts of entrepreneurship and getting started are to find entrepreneurial opportunities, analyze business feasibility, business plan writing, practical accounting, finance and marketing (Byun et al., 2018). Some things to keep in mind when designing educational programs for entrepreneurs is to understand the special needs of students; teaching according to student needs; carry out didactic methods such as lectures, readings, textbooks and seminars and provide new information; provide active case studies, group discussions, brainstorm and create learning activities that trigger skills development; solving problems in real-world situations, conducting consultations with small companies so that students get hands-on experience (Mani, 2015).

Effective entrepreneurial learning approaches which are designed to improve entrepreneurial competence and student entrepreneurial interests are (1) learning entrepreneurship theoretically and encouraging direct student involvement in business activities, (2) learning entrepreneurship theoretically and followed by business practice (Prianto et al., 2018). Business schools need a new pedagogical model that combines practice and academics with an entrepreneurial-centered approach. To strengthen entrepreneurial learning, it is necessary to involve more students in business practices and involve them in business activities (Prianto et al., 2018). According to the Solomon Entrepreneurship Pedagogy Model, entrepreneurship education must have the following criteria: skills and courses in entrepreneurship education must

involve creativity, new business creation, business idea development, business planning, leadership, entrepreneurial marketing, entrepreneurial finance, and growth management as well as soft skills such as competence, negotiation or presentation (Ramkissoon-babwah, 2012)

Through two learning approaches by Prianto et al. (2018), competency aspects related to skills aspects are looking for opportunities, resource skills, interpersonal skills, learning skills, and strategic skills. In the entrepreneurial attitude variable, there was a significant increase in entrepreneurial passion, self-confidence and self-efficacy, and innovation. Students' entrepreneurial intentions increase significantly: they are driven to run entrepreneurship, and manifest a desire for entrepreneurship after graduation, have entrepreneurial endeavors, set the entrepreneurial profession as the first choice, are interested in becoming entrepreneurs, hope for entrepreneurship, and desire to be entrepreneurial (Prianto et al., 2018).

Entrepreneurship education will lead to increasing competencies and skills as well as entrepreneurial characteristics (Kusmintarti et al., 2016). Entrepreneurial success is certainly associated with high business operation skills, skills to get a market share that is appropriate to the size and ability, as well as the skills offered for more specialized services (Yahya et al., 2011; Bismala & Handayani, 2017).

Some important skills in entrepreneurship include decision-making skills, risk-taking capacity, creativity, communication skills, and the ability to prepare business plans (Mani, 2015; Deveci & Cepni, 2017), the ability to manage time effectively, communication, human resource management, business ethics, social responsibility, developing effective leadership qualities, decision-making skills, marketing and financial management (Bayrón, 2013; Deveci & Cepni,

2017). Entrepreneurs are risk bearers, coordinators and organizers, gap fillers, leaders, and creative innovators or imitators (Bula, 2012), innovative behavior, risk-taking, and proactive (Tülüce & Yurtkur, 2015).

The challenge in entrepreneurship programs is how to provide meaningful entrepreneurial experiences to students, how to develop the entrepreneurial network needed to start a new business (Erickson & Laing, 2016). Educating to be better entrepreneurship, focusing on teaching skills and competencies that will help someone who is already interested in an entrepreneurial career. This includes creating a marketing plan, developing a budget, and refining elevator pitches. Equally important is to improve entrepreneurial attitudes by focusing on individuals without entrepreneurial interest. If educators can attract students' interest in entrepreneurship in college, they are more likely to take advantage of both curricular and co-curricular opportunities to learn about entrepreneurship. Consequently, empowering them not only to consider more deeply starting their own business, but also to support future local businesses (Claire & Perryman, 2016).

The research question in this study: is there an effect of entrepreneurship education on entrepreneurial competence?

Hypothesis: There is an effect of entrepreneurship education on entrepreneurial competence

## METHOD

The subjects of this study were students of the Management Study Program, Faculty of Economics at the Muhammadiyah University of North Sumatra who had received entrepreneurship education. The total population is 2,522

students, ranging in age from 17–23 years. Meanwhile, the number of samples in this study was determined by the Slovin formula, namely  $n = N / (1 + (N \times e^2))$ , with a set margin of error of 10%, so the total sample size was 97 respondents.

Based on demographic characteristics, the dominant gender of students is female, as many as 64 people (66%) compared to men, which amounted to 33 people (34%). Meanwhile, the most respondents were 20 years old, 25 people (26%), followed by 19 years (24 people, 25%), 21 years (20 people, 21%), 18 years (16 people, 16%), and 22 years old. years (12 people, 12%).

The indicators of variables in this study include: (1) entrepreneurship education: lecturers, materials, teaching materials, learning methods, assignments, and evaluations, and (2) entrepreneurial competence: creativity, risk taking, self-confidence, independence, management skills. Measurements are made using a Likert scale with a value of 1 (strongly disagree), 2 (agree), 3 (neutral), 4 (agree) and 5 (strongly agree). All research instruments are declared valid and reliable, so that the next process can be carried out, namely regression analysis.

## RESULTS

Respondent demographics consisting of gender and age can be seen in Table 1.

The results obtained are  $t$  is 13,908 with a  $p$  value of 0.000, which means that there is a positive and significant influence between the variables of entrepreneurship education and entrepreneurial competence. Meanwhile, the value of  $R$  square is 0.671 which shows the percentage of the variance in entrepreneurial competence that explained by entrepreneurial education is 67.1 percent.

Table 1 Profile of Respondents (n = 97)

Age	Frequency	Percentage (%)
18	16	16
19	24	25
20	25	25
21	20	21
22	12	12
Gender	Frequency	Percentage (%)
Male	33	34
Female	64	66

Table 2 The Result of Regression on Entrepreneurial Competence

	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
(Constant)	0.479	5.066	-	0.095	0.925
entrepreneurship education	0.530	0.038	0.819	13.908	0.000

## DISCUSSION

The results of this study support the results of previous research (Byun et al., 2018; Ramkissoon-babwah, 2012; Prianto et al., 2018), namely that entrepreneurship education has a role in increasing students' entrepreneurial competence. Entrepreneurship education designed to complement experience and practice is proven to be able to inspire young people to become entrepreneurs (Prianto et al., 2018). Entrepreneurship education aims to develop students' awareness. The entrepreneurial profession is an alternative career, teaching and learning activities about entrepreneurship. This includes the development of knowledge, skills, attitudes, and personal qualities (Kusmintarti et al., 2016). In addition, the process includes all series of educational and training activities in the education system to change entrepreneurial behavior, entrepreneurial knowledge, and business feasibility (Byun et al., 2018).

The curriculum in entrepreneurship education includes entrepreneurship, small business management, consulting, writing business plans, and business financing. The most important courses in building the basic concepts of entrepreneurship and starting a business are finding entrepreneurial opportunities, analyzing business feasibility, writing business plans, practical accounting, finance and marketing (Byun et al., 2018). Some things to keep in mind when designing educational programs for the entrepreneurship to understand the special needs of students; teaching is more specific to student needs; perform didactic methods such as lectures, readings, text books and seminars, providing new information; encouraging learning activities through active case studies, group discussions, brainstorming and skills development oriented; solving problems in real-world situations, conducting consultations with small companies to encourage hands-on experience (Mani, 2015).

Effective entrepreneurship learning approaches that can improve students' entrepreneurial competence and entrepreneurial interest are (1) theoretically learning entrepreneurship followed by direct student involvement in business activities, (2) learning entrepreneurship theoretically and followed by business practice (Prianto et al., 2018). Solomon's Entrepreneurial Pedagogy Model states that entrepreneurship education should be skills-based and courses in entrepreneurship education should involve creativity, new venture creation, business idea development, business planning, leadership, entrepreneurial marketing, entrepreneurial finance, and growth management as well as soft skills such as negotiation or presentation competence (Ramkissoon-babwah, 2012). Prianto et al. (2018) states two learning approaches, namely, competency aspects which include aspects of opportunity-seeking skills, resource skills, interpersonal skills, learning skills, and strategic skills. Whereas in the entrepreneurial attitude variable, there was a significant increase in entrepreneurial passion, self-confidence and self-efficacy, and innovation. Students' entrepreneurial intentions increased significantly for the aspects of encouraging entrepreneurship, manifested immediately after graduation, entrepreneurial efforts, establishing the entrepreneurial profession as the first choice, being interested in becoming entrepreneurs, hopes for entrepreneurship, and the desire to be entrepreneurial (Prianto et al., 2018).

Theories are transformed into knowledge. While skills can be assessed directly changing attitudes is more difficult to assess. Knowledge and skills are assessed through various modes of assessment. However, their values are more complex and difficult to assess. The challenge is to create experiences that are meaningful and useful to students in a separate amount of time (McGuigan, 2016). Thus, it is very important for higher education providers to design how entrepreneurship education is able to increase entrepreneurial competence. In the end, they are able to create new entrepreneurs and be able to strengthen the economy.

Entrepreneurship education plays a role in improving student entrepreneurial competence, with several indicators in entrepreneurship education: lecturers, materials, teaching materials, learning methods, assignments, and evaluations. Meanwhile, indicators of entrepreneurial competence include creativity, risk taking, self-confidence, independence, management skills. Entrepreneurial competencies that need to be possessed are how entrepreneurs are able to manage effectively in the business they are running, so that they can compete with competitors. Increasingly fierce competition requires competence to be able to make correct decisions and to be brave in facing risks that arise. In future research, it is necessary to study the extent to which entrepreneurial competence can increase business competitiveness.

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