WHY STUDENT'S START-UP BUSINESS SUCCEED? AN EXPLORATION STUDY ON STUDENT'S START-UP BUSINESS

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ABSTRACT

Entrepreneurship education has grown rapidly. There are more university which are organizing entrepreneurship education as more people realize the importance role of entrepreneurs in Indonesia. One important aspect in the management of entrepreneurial education is to ensure that the education is effective. One of the systems to ensure that the goals of the organization is achieved by implementing Management Control Systems (MCS). Until now research on entrepreneurship education almost all only covers teaching methods and intensity entrepreneur, there were never been a study on the role of control systems in entrepreneurship education.
The purpose of this research is to explore aspects of success of student's start up business. In-depth interviews, observation, and documentation are used in this study. The results found that there are two major aspects considered important for students to see the success of that start- up business, they are interaction aspects and aspects of entrepreneurial character. We also present mapping model of student start-up business based on characters and interaction aspect.

Keyword: Start-up Business, Entrepreneurship Education, interaction, Entrepreneur character

INTRODUCTION

Entrepreneurship education has growing in Indonesia. There are still high levels of unemployment, the difficulty of finding jobs, and the emergence of new young entrepreneurs to make the public better understand the significance of entrepreneurship education is taught in school education. Since 2001 Departemen Pendidikan Nasional through Direktorat Pendidikan Tinggi (DIKTI) has realize the importance of entrepreneurship education. This can be seen from DIKTI program on Entrepreneurship Student Creativity Program (PKMK) which aims to develop entrepreneurship culture among students.

The implementation process of entrepreneurship education differs among educational institutions. This is understandable because each institution has its own characteristics in the

education and background of different organizations. Each university would have a special strategy so that entrepreneurship education to be effective. Apart from these differences there are elements that should never be forgotten which is control system to ensure that entrepreneurship education in accordance with the objectives planned. One of the systems which used to ensure the resources in the organization achieve its intended purpose is a Management Control System (MCS).

MCS is one of the tools to ensure that the objective of the organization's activities successfully relate to the performance of an activity or organization (Merchant, 2007; Flamholtz et al., 1985; Simons, 1995; Birnberg, 1998). An important aspect of MCS is a system which is able to motivate individuals so that the individual has the expected behavior in order to achieve its objectives.

Research on MCS in universities has been done by several researchers. Several studies have found positive impact on the application of MCS. Some of the positive impacts of the implementation of MCS is to encourage the effectiveness of teaching, reducing the turnover of teaching staff as well as improving the performance of research universities (Hallinger, 2010; Grant, 1998; Campbell et al., 2010; Overell, 2004; Schulz and Tanguay, 2006; Turk, 2007 ; Terpstra and honoree, 2009). MCS also give a positive impact on the performance of teaching in higher education (Lindsay et al., 2009; Turk, 2007; Terpstra and honoree, 2009). Meanwhile, another study found that MCS are able to improve university services, reduce lecture's dissatisfaction, and motivating structural leader (Terpstra and honoree, 2009; Irs, 2012; Terpstra and honoree, 2008). From some previous studies it appears that the role of MCS is huge for the sustainability in higher education. However, of all these studies shows that none of it has studied on how the application of MCS in entrepreneurship education. Entrepreneurship education has a different method compare to education in general. There are several methods such as experiential based learning, problem based learning, effectuation, and other methods of entrepreneurship teaching method which are very rarely used for other fields. Therefore, this study will explore and dig deeper into the role of MCS in entrepreneurship education and find MCS model in entrepreneurship education. Specifically this research will explore why student's successful business start-up will be the basis of how to create management control in accordance with entrepreneurship education. The purpose of this research is to obtain what aspects are capable of creating successful business start-up from the student's point of view as a business person.

This study is part of extensive and continuous research on management control in entrepreneurship education. The finding of this research is successful of student's start-up business are very useful for designing management control which is needed so entrepreneurship education to be effective.

LITERATURE REVIEW

MCS is a systematic process used to ensure that the management is able to manage and coordinate the organization resources in order to achieve the goals set namely goal congurence. Merchant and Steede (2007) states that MCS is system that ensure if human resources are managed in accordance with the objectives of the organization. While Anthony and Young (2003) states MCS covers all aspects in the organization operational. Another definition of several researchers (Hongren et al., 2005; Marginson, 2002; Anthony and Govindarajan, 2007) has the same core that MCS related to how to motivate or influence people.

The control systems will coordinate all of the organization's resources and ensure that resources of the organization used to achieve organizational goals that have been set Marginson (2002).

Therefore some type of controls implemented by management to ensure that what is controlled is a valuable resource, important, and strategic so that should be controlled effectively to achieve organizational goals. That definition states that MCS will collect and allocate and ensure that resources are used effectively and efficiently in accordance with the objectives of the organization. Each university has management control function and organizational structure so the concept definition is also the definition of MCS for the university because MCS can be applied throughout the organization for-profit or non-profit.

RESEARCH METHODS

In accordance with the objective research of exploring and describing aspects of the student's successful start-up business, the researchers used a qualitative approach. The sampling method used was purposive sample. The informant criteria which is used is a business that runs over five semesters, students or business group is a business group whose ever received achievement (award), had attended the exhibition outside the university, has outlets or already become a supplier to larger businesses, recommended by facilitators, and agreed to be interviewed.

Data collection using some strategies such as depth interviews, Focus Group Discussions, observation and documentation study. The result of the depth interviews and focus group discussion are then being transcript and analyzed. That fourth strategy of data collection are then compared and categorized to obtain research results.

RESEARCH RESULT

The research found that there are four aspects that support successful student's start-up business are aspects of interaction and aspects of the character.

Interaction Aspect

Interaction is the key to the success of student's start-up business. There are three interactions for student in doing their start-up business they are interaction with the facilitator, interaction with co-workers, and interaction with third parties e.g suppliers and other parties. All of these three interactions play an important role in student's start-up business. Based on the observations and interview will be presented how the three interactions roles in the success of student's start-up business. Below is the pictures describing the relationship of interaction.
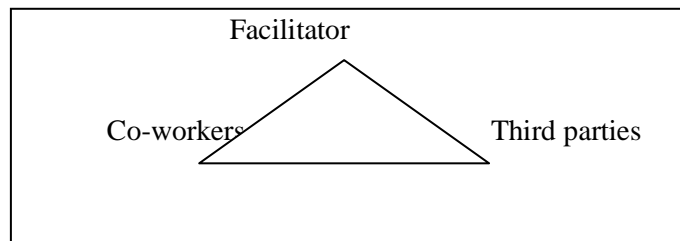
Figure 1. Interaction factors

Interaction with the facilitator is the most important interaction among the three interactions since through that interaction will affetct the other two interactions. Students who have effective interaction with the facilitator usually will be able to interact with colleagues and third parties as well. Some form of interaction with the facilitators is the interaction when they do consultation

for their business projects. This interaction is important to resolve the problem, determine the planning, until define targets and performance evaluation of student business projects. The important thing when having interaction with the fasilitators is when the students get the support from the fasilitator. When students are struggling with their business, these interactions greatly help in enhancing the students, as well as when students are confused in making a business decision, the interaction is very important. Here is an example of one of the informan statement regarding of how to interact with the fasilitator:

> "dari dosen juga pak, dosen itu juga sangat kooperatif waktu itu saya juga setelah pecah itu saya bimbingan EP itu saya juga intensif saya juga benar benar menghargai eh fasilitator saya, saya benar benar nurut dan waktu itu saya memang menganggap wah yah ini eh kesempatan kalau saya bisa bekerja sama dengan fasilitator saya dengan baik bisnis saya ini bisa maju dan memang itu terbukti pak gitu"

One of the interactions which can motivate student is the interaction in the form of rewards for student achievement. However, rewards can be given not only for student achievement but even it is just simple reward is already a very positive interaction.

The second interaction is how students interact with their team. This interaction is more "vulnerable" than the other interactions. Through the interaction with the team will come up with two impacts, it can be negative and positive impacts. The negative impact if through the interaction occured misunderstanding or brings up problems in the group. Usually this can be solved when students interact with the facilitator. On the other hand, positive interaction will occur when students give and receive positive things from their team. As stated by one of the informants:

> "jadi saya kan waktu pecah itu yah pak, saya kan sering curhat ke teman teman kayak cerita kayak gitu yah pak, dan teman teman itu juga kayak merasa kalau saya ini yang benar pak, misalnya yah kan faktor juga teman jadi teman itu tetap motivasi ayo kamu gak boleh turun, kamu gak boleh down, nanti kalau kamu down nanti mereka nanti ketawa lihat kamu jatuh kayak gitu, jadi yah, yah ada, ada bisikan bisikan dari teman teman motivasi itu juga sih pak"

For examples is informant T was concerned of having positive interaction then the result also positive. Postive interaction with the fasiltator and between teamwork will have a positive impact that is always motivate students for positive behavior. Through this interaction, the facilitator is actually doing informal control to students to ensure that students are working on their business project. Positive interactions with their team will bring teamwork. Teamwork is one of the important aspects in the successful of student's start-up business group.

Last interaction is the interaction with third parties. Some informants stated that when they have intense positive interactions with third parties, especially suppliers and customers, then their business will develop well. The more they interact with third parties, the more they can improve relationships which as an important aspect to enhance their business performance. They experience that when they can improve their business relation, their confidency will increase as well. They feel trusted by others who they think will have a positive impact on their business.

> "relasi, semakin banyak relasi selain meningkatkan eksistensi bisnisnya… kemungkinan secara psikologis itu menambah kepercayaan diri mahasiswa dalam melakukan bisnisnya itu"

Interaction with the customer is also an important part for successful start-up business:

> "… calon customer…jadi semakin banyak kita punya relasi …bisnis itu juga bisa berkembang dengan baik kalau dari saya"

> "… salah satu yang berhasil itu kalau dia bisa … berhubungan baik dengan customernya sih pak, menurut saya kalau sebuah bisnis gak bisa punya hubungan yang baik dengan customer … kita bakalan hancur pak…"

One of the important aspects to built interaction is integrity, e.g. the integrity of the students and of the facilitators. Intensive and effective interaction process will not working without the integrity. A reliable facilitator will be able to explore student desires, aspirations, and vision related to start-up business to reveal the "hearts" and "the thoughts" of students through students' integrity. The integrity in discussion will reveal individual problem and group as well as integrity of potential and problem faced by indiviuals and student's business group.
Fasilitator's communication skills determine whether the facilitator can "open" deeply what is the minds and hearts of every student. Communication is an important aspect in the process of effective interaction. Communication occurs not only between the facilitator and the students, but the important thing also is a student with another student or students with their team.

Character Aspect
Character is the "nature" of each individual because it is a combination of family background, the potential of the student concerned, up to the influence of environment in which he grew up. Researchers observed and experienced that entrepreneurial character can be formed with the system requirements, facilitator and curriculum as well as the appropriate methods. This study shows that the character plays an important role in the success of start-up business. Intense interaction is one way to establish entrepreneurial character. The informant said what kind of character which is becoming an important aspect so that they can develop their start-up business. Desire (passion). According to the informants, passion is an important factor in the entrepreneurial character. Strong passion and always smolder will make the students persistent or in other words they will not easily to give up.

> "kalau kuncinya sendiri dari passion sih sebenarnya dari awal"
> "ok, gini kalau misalnya kita gak ada passion dalam bidang tersebut dalam bisnis tersebut otomatis kita akan jadi malas…gak ada semangat untuk menjual produk…gak ada semangat untuk membuat bisnis itu lebih berkembang lagi… kalau kita ada passion di bisnis tersebut… kita pun mengerjakannya bukan karena terpaksa, bukan karena keharusan tapi memang karena kita menyukainya jadi dari situ akan tumbuh ide ide, akan tumbuh cara bagaimana bisnis ini lebih berkembang lagi…"

The informant stated that passion is the key for them to run the business. Without the strong passion, they would feel forcefully in running their business, otherwise with a great passion they will be able to overcome the obstacles. Therefore, in certain phases some start-up business split because they have different desires. Then they will do their business individually according to their passion on certain business. Passion is a key factor for students to be able to develop their business.
Strong passion would certainly encourage every individual to have the "will". Will-power in a broad sense is a willingness to learn, a willingness to want to pay the price for their business, a willingness to open up their mind for new ideas and any other of possitve willingness which

have huge impact for their business. They stated that even they have a lot of ideas but do not have the will then it useless.

"kalau saya sih kunci suksesnya itu yang pertama itu kemauan pak"

"jadi misalnya kita punya ide yah pak tapi gak ada kemauan itu kan sama aja toh"

"kunci keberhasilan selain passion terus habis itu kemauan … misal gak ada kemauan gak bakal jalan juga…"

Some informants actually states that although they had no passion in a particular business, but if they have the will then they can succeed. Likewise, if they have a lot of ideas but if there is no willingness it will be useless. Likewise, if they have a strong passion but if they do not have the willingness to learn and willingness to always look for the opportunity then it is impossible to have a business. One important aspect of willingness is willingness to keep learning. For example, there are two students who both have passion in the field of fashion, but one of them have a great willingness to constantly learn about the types of fabric, sewing, up to promote fashion products have different results with the other one who do not want to learn. It happens in student's start-up business (student who have a successful business is one of the informants in this study). For example, one informant engaged in the container business. Their knowledge at that time was only seeing to container from its function to open culinary business. However, with a willingness to learn a lot of things they find container rental business forms and methods of calculating the lease-purchase container that is profitable. The impact their businesses grow and earn turnover that is high enough. Willingness to work hard is also an important aspect in the context of the will-power. Willingness to keep learning without the willingness to work hard will be useless and the business will not grow. Instead willingness to work hard without willingness to learn led to the concept of their business is a business that "trials". This of course affects the rising cost and time required for start-up business.

Persistency. Persistency is the key to the success of the students in running start-up business startups. Through the persistent character, students will rise as they fell. They do not know the despair and surrender. Consistency is also an important factor in the persistency.

"kunci keberhasilan saya itu persistent pak, dimana saya harus tetep menjalankan bisnis itu ndak boleh loyo jadi kalau misalnya waktunya produksi yah produksi waktunya ke pasar cari, cari market yah kita yah harus mau ndak mau yah harus mau gitu pak, harus persisten ndak ada itu kata kata misalnya ah sudah ah ini kan sudah ndak EP kan mungkin kalau sudah gak ditarget ya sudah kita santai santai, gak ada pak kayak gitu soalnya kalau kayak gitu bakal apa yah pak kayak semangat tuh akan tambah lama tuh tambah turun begitu pak" (informan Ju)

Persistency will kill the lackluster nature and quitter. Informants assumed although they are creative and innovative and have a lot of ideas and a different product or service but if they are not persistent then businesses will not run and even less likely to be success.

Innovation. This research shows that the innovation among the students emerging from two sources, the passion and willingness. Innovation is seen by students as a strategy to differentiate their business with other businesses so that it becomes a force for student's start-up business startups.

> "… kita juga butuh inovasi kalau semacam memang bisnis bisa sustain … dengan inovasi yang walaupun kecil kecil kan tapi ini memang bisa membantu tapi kadang kalau untuk kayak sebuah lompatan atau sebuah lonjakan…"

Some informants stated that the innovation needed for the success of their business eventhough they stated that passion, persistent, and having the willingness is more important than innovation. Innovation follows three previous characters so according to them character to innovate is important for the success of the business, but occupy the next sequence of three characters before. They claimed even a small innovation will affect their businesses because they would have differences. Innovation arises when they have creative character.

The next character is that students are able to always calculate their business risk. An entrepreneur is not a person who dare to take risks naively, but those who are able to calculate the risk of the business and understand the impact that will be faced by the decision taken.

The model

Based on previous analysis we made model regarding start-up business. Below is the preliminary model of successful start-up concerning characters and interraction.
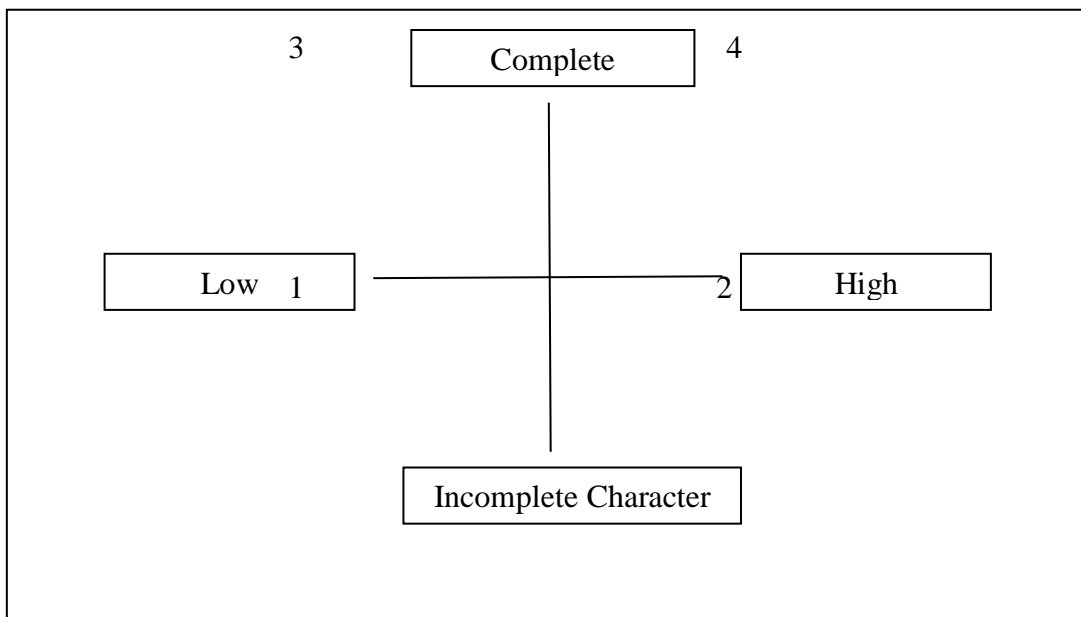
Figure 2. Model of Successful Start-Up

From figure 2 above there are four quadrant namely quadrant 1, quadrant 2, quadrant 3, and quadrant 4.

Student in quadrant 1 (incomplete character-low interaction), we call it baby. Meaning student has incomplete character and have low interaction. In this situation facilitator has to make intensive interaction and give many intervention in order to enhance student characters.

Student in Quadrant 2 (incomplete character-high interaction), we call it child. Meaning student has incomplete character but has high interaction. In this quadrant student has a lot of interaction with facilitator, co-workers, and third parties but he lack of characters. Therefore

facilitators have to give many intervention in order to enhance student characters. Monitoring weekly has to be made to make sure the characters are increasing.

Student in quadrant 3 (complete character-low interaction), we call it teen. Meaning student has all character namely passion, persistence, innovation, and calculating risk taker but he has low low interaction. In this situation facilitator has to make consultation and discussion program to increase interaction. Interaction is very important so that student is able to achieve the goals that have been set forth.

Student in quadrant 4 (complete character-high interaction), we call it adult. This quadrant is a culmination of interaction and character. The business is ready to be increased to higher level. Sustainability program through innovation is very important to gain market share. Therefore in this level facilitators have to make different training in higher level training in order to gain sustainability.

Various Aspects of Successful Start-Up Business

The successful of start-up business is based on the many aspects. This research found out that according to the student, interaction aspects and entrepreneurial character becomes important aspects and interrelated of the successful oft student's start-up business. Individuals can not run the start-up business without interaction with the external started from finding idea up to implementing and evaluation of the business. Start-up business appears from many aspects involved, started from individual external aspects and individual internal aspects such as characters. However, this research shows that the characters can be formed by external aspects through intense interaction between the three interactions, interaction with the facilitator, interaction with peers and interaction with third parties.

Some students experience in doing start-up business shows that entrepreneurial character aspects such as passion, persistency, independency, calculate risk, innovation and creativity are important aspects of running start-up business. However, although not openly declare them, it appears that the interaction with external parties affects their character. Although some of them admitted that previously they had entrepreneurial character due to environmental factors and their parents, but they stated that the role of facilitator supports the formation of entrepreneurial character, including interactions with teams.

CONCLUSION

This research found some important aspects in the successful of student's start-up business according to student point of view. Interviews and observations as well as the findings of the documentation are combined to answer the purposes of this research.

The research found two main aspects of the successful student's start-up business which are interaction and entrepreneurial character. Interactions that support successful start-up business are the interaction between the students and the facilitator, interaction between the student and the team, and student interaction with third parties such as suppliers and customers. Furthermore, entrepreneurial character that appears is the passion, willingness, persistency, and the ability to calculate risk.

This research is part of an extensive study on management control in entrepreneurship education paper which is still ongoing when researcher writing on it. Furthermore, after receiving input from the seminar participants and the results of previous research in this study will be refined is viewed from the perspective of the facilitator as key aspects of entrepreneurship education.

Limitations of this study was the informant that are relatively difficult to be found because the informant that interviewed were student who had already written thesis and they do not always

exist on campus. Furthermore, they are all still working on their business project so they are also busy. Researchers will use more assistant for further research and have more opportunity to do interviews not only in campus but also outside the campus to adjust the occupation of informants.

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