

The Influence of Business Plan Competition and Loan Provision on Nurturing the Spirit of Entrepreneurship Among Students

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ABSTRACT

Increasing unemployment in high school graduates becomes a special problem. For this reason, a solution is needed to improve the entrepreneurial spirit of students, as a provision for students when they graduate from high school. This research aims at examining the influence of business plan competition and loan provision on the spirit of entrepreneurship among students of Universitas PGRI Madiun. This observational study adopted a cross-sectional approach and regression analysis. The results of the study indicated that business plan competition and loan provision significantly influence the spirit of entrepreneurship among students. , the implementation of the business plan in the future should be improved to nurture the spirit of entrepreneurship among students with business competence and training. They suggested that the roles of lecturers remain important in providing support and help to these young entrepreneurs to help them develop and become independent.

Keywords: *Business Plan, Loan Provision, Entrepreneurship*

1. INTRODUCTION

The globalization era and the advance of technology have helped ease lives and businesses. In this globalized era, the wider targeted market and consumers have grown business opportunities bigger. However, it is undeniable that unemployment and welfare issues remain two big challenges in Indonesia. The unemployment rate among higher education graduates in Indonesia has been rising. This is due to the low interest in entrepreneurship and limited job opportunities. According to the Central Bureau of Statistics, the unemployment rate among higher education graduates rose by February 2019. presented in Table. 1 below.

Table 1. Unemployment Rate

Education	2017	2019	
elementary School	3.5 %	2.7%	Fell by 25%
junior high school	5.4%	5.0%	Fell by 6%
senior high school	7.0%	6.8%	Fell by 3.6%
vocational high School	9.3%	8.3%	Fell by 6.9%
Diploma	6.4%	6.9%	Increased by 8.5%
University	5.0%	6.2%	Increased by 25%

Source Central Bureau of Statistics

The above figure depicts that the unemployment rate among diploma graduates rose 8.5% while that among

university graduates increased by 25%. It suggests that universities should not only focus on potential and qualified graduates but also create qualified entrepreneurs to create more job opportunities and reduce unemployment. In such circumstances, higher education institutions should actively participate in creating human resources who are excellent at both theory and practices in society. Universitas PGRI Madiun aspires to become an excellent national university and create intelligent, competitive graduates with entrepreneurship skills. Strive to provide education that focuses on entrepreneurship.

Entrepreneurship is built upon courage, problem-solving skills, creativity in making solutions and handling problems, as well as independence. However, creating independent and competitive entrepreneurs is a challenge. It is because being an entrepreneur requires skills, pieces of training, and experiences. An entrepreneur needs to be not only brave but also able to create a great business plan. To create a business plan, one should get used to it, practice regularly, and be knowledgeable about business. A great business plan will benefit the future of the businesses.

As a place for education, the university provided students with a business loan to start their businesses as part of the process of joining in business plan

competition. Business plan competition is conducted to expose students to entrepreneurship training. Competing in business competitions will not only enable students to focus on the entrepreneurship world but also increase their interests in entrepreneurship. The provision of loans for students, on the other hand, will help students tackle capital issue, one of the most common problems in business settings among students.

Referring to the above background, this research was conducted to examine the influence of business plan competition and loan providers on the nurture of entrepreneurship spirit among students of Universitas PGRI Madiun. Does business plan competition influence the spirit of entrepreneurship among students of Universitas PGRI Madiun? Does loan provision influence the spirit of entrepreneurship among students of Universitas PGRI Madiun?

2. LITERATURE REVIEW

2.1. Spirit of Entrepreneurship

According to Kasmir [1], an entrepreneur is someone willing to take risks to create business in every given opportunity. Kirkwood [2], stated that an entrepreneur is someone working for himself, initiating, organizing, managing, and taking responsibilities for every success or failure of his own business. The spirit of entrepreneurship is significantly influenced by both internal and external factors. Internal factors include interests and business capital. Meanwhile, external factors mainly comprise of business opportunities and network built with colleagues and others who support business. A successful entrepreneur usually demonstrates four main characteristics which include skills, courage, persistence, and creativity to find inspirations as the basis for ideas so that one can always use intuitions to find opportunities [3]

2.2. Business Plan Competition

One of the ways to build skills, behaviors, and entrepreneurship skills is to hold a competition of business plan making among students regularly. According to Bygrave [4], "a business plan is a selling document that conveys the excitement and promise of your business to any potential backers or stakeholders". On the other hand, Hisrich and Peters [5] stated that "The business plan is a written document prepared by the entrepreneur that describes all the relevant external and internal elements involves in starting a new venture." A great business plan, according to Suryana [6], should include management, marketing, finance, human resource, and other technical aspects. Competition is expected to be effective in providing benefits for individuals[7]. With the existence of business plan competition capable of developing new ideas and complex skills through sharing opinions and experiences

[8], from the reviews, the researchers hypothesized. H1. Business Plan Competition affects the spirit of entrepreneurship.

2.3. Loan Provision

In an entrepreneur business, working capital is a significant part of developing businesses. Working capital is the fuel that feeds the fire of businesses. Therefore, business needs some amount of capital as the foundation for business. According to [9] working capital is used to keep business operating smoothly on a day-to-day basis. Capital loan provided by the university aims at nurturing the spirit of entrepreneurship among students. The capital was provided in the form of a 5-million fund at a maximum which was due in two months and was interest-free. this is to make it easier for students to get venture capital. because financial capital is a major barrier for entrepreneurs[10] some research shows that the problem of access to funding occurs in the US but also prevalent Europe Sepulveda et al. [11], with the assistance provided by the campus, the researchers hypothesized H2. Loan Provision affects the spirit of entrepreneurship.

3. METHODS

This research adopted an observation method using a cross-sectional approach. The study was conducted at Universitas PGRI Madiun from March to April 2019. The population of the study included 67 students joining in Entrepreneurship Club (UKM Kewirausahaan). Data were collected using questionnaires distributed to respondents. Questions in the questionnaire were close-ended which enabled respondents to choose the best responses.

After being handed directly to the respondents, questionnaires were filled out using a researcher-administered survey technique in which the researcher was present during the survey to make sure respondents understand the survey questions and answer them all.

To measure a good questionnaire will be tested for validity and reliability. the questionnaire said validity if the value of $r_{count} > 0.3$ and said reliability if the contact value of $\alpha > 0,6$.

Data were analyzed using a multiple regression method which aimed at examining the Impact of Business Plan and Loan Provision on Nurturing Entrepreneurship Spirit among Students. To obtain the optimal regression model, it requires a classic assumption test, namely: normality test, multicollinearity test, and heteroscedasticity test.

4. RESULTS AND DISCUSSION

Table 2 provides the coefficients of correlation and Cronbach Alpha. From Table 2, it can be seen that r value > 0.3 and Cronbach's alpha value > 0.6 so it can be said that the questionnaire is valid and reliable.

Table 2. Questionnaire Measurements

Variable	R - Value	Cronbach's alpha
<i>Spirit of Entrepreneurship</i>		
I am ready for entrepreneurship	0.432	0.658
I will succeed with entrepreneurship	0.459	0.650
I like to find information about entrepreneurship	0.501	0.638
I like work that has risks	0.491	0.639
being an entrepreneur is more profitable than an employee	0.378	0.679
learning entrepreneurship increased my motivation	0.368	0.679
<i>Business Plan Competition</i>		
business competence plan increases my ability	0.618	0.762
business plan competency to actualize my potential	0.340	0.839
business plan competencies train me to work systematically	0.607	0.766
the business plan competition adds to my knowledge	0.660	0.750
business plan competencies add to my experience	0.758	0.713
<i>Loan Provision</i>		
capital loans take my problem	0.608	0.709
capital loans help run the business	0.583	0.718
capital loans don't burden me	0.634	0.694
capital loans support my business	0.593	0.717

I have no trouble returning the capital	0.337	0.789
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The normality test result is drawn in Figure 1. It is seen from the graph that the points spread around the line this shows that the data is normally distributed.

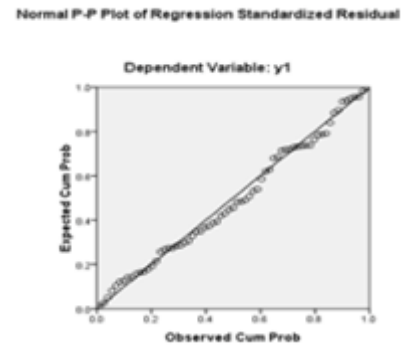


Figure 1. Normality Test

The heteroscedasticity test result is portrayed in Figure 2. From the test results obtained scatterplot images do not form certain patterns and spread both above and below the 0-axis y. This result fulfills the research model free from Heteroscedasticity.

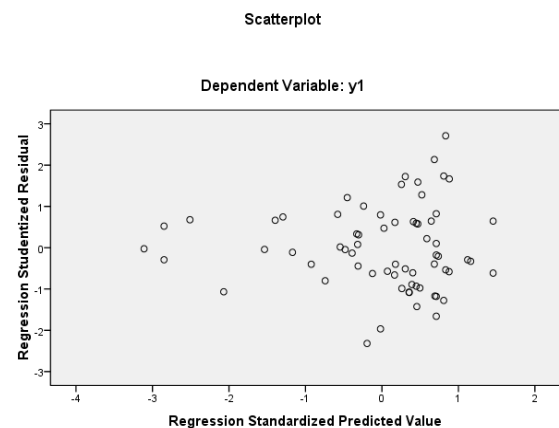


Figure 2. Heteroscedasticity Test

The multicollinearity test results are provided in Table 3. From Table 3, it is known that there is no independent variable that has a Tolerance value of less than 0.100, which means there is no correlation between the independent variables and the VIF (Variance Inflation Factor) value is smaller than 5, so it can be said that there is no multicollinearity.

Table 3. Multicollinearity Test

Variable	Tolerance	VIF
Business plan competition	0.627	1.726
<i>Loan Provision</i>	0.518	1.617

a. Dependent Variable: y1

The results of the study are presented in Table 4. Results of F test are presented in Table 4. They indicate that $F_{test} = 29.232$ with significance level of $0.000 < 0.05$.

This result suggests that business plan competition and capital loan provision simultaneously influence the spirit of entrepreneurship among students. Meanwhile, Table 5 presents the partial correlation of the variables.

Table 4. ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	3.734	2	1.867	29.232	0.000 ^a
Residual	4.088	64	0.064		
Total	7.822	66			

Table 5. Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	1.925	0.266		7.225	0.00
BP	0.366	0.088	0.478	4.158	0.00
PM	0.179	0.072	0.285	2.478	0.016

The following equation has resulted from the regression analysis presented in Table 5:

$$Y = 0.478 X_1 + 0.285 X_2$$

The regression equation indicates that the spirit of entrepreneurship is influenced by both business plan competition and loan provision. The business plan competition's coefficient of 0.478 suggests that, as a business plan competition variable increased, the spirit of entrepreneurship increased as much as 0.478. In the meantime, the loan provider's coefficient of 0.285 indicates that, as loan provision variable increased, the spirit of entrepreneurship increased as much as 0.285.

A. The Influence of Business Plan on the Spirit of Entrepreneurship

Results of the t-test presented in Table 5 suggest that $t_{test} = 4.158$ with a significance level of $0.000 < 0.05$. This indicates that business plan competition statistically influences the spirit of entrepreneurship among students. A business plan is a written document containing all plans crafted for running a business and reaching goals. A business plan is closely related to an entrepreneur as it is believed that crafting a better business plan will result in better business outcomes.

Business plan competition was held to promote students' interest in entrepreneurial practices (mainly among students of Universitas PGRI Madiun) by arising the feeling of competitiveness among students. During competition, students were also given theories related to entrepreneurship before implementing the given theories into the practice of business plan making. This has been proven to benefit students in generating ideas to develop their entrepreneurial spirit and to provide students with an understanding of management, marketing, competitors, finance, human resource, and other technical aspects.

This action was expected to help students and graduates in facing rapid changes in the world of business. The learning of the business plan has had significant impacts on students of Universitas PGRI Madiun particularly in the nurture of entrepreneurship spirit. As can be seen, students showed more confidence and courage in decision making. Most importantly, they were more capable of finding out business opportunities.

B. The Influence of Capital Loan Provision on the Spirit of Entrepreneurship

Results of the t-test displayed in Table 3 indicate at $t_{test} = 2.478$ and significance level of $0.016 < 0.05$ for capital loan provision variable. In other words, loan provision statistically influences the spirit of entrepreneurship among students. This proved that providing loan for students has been in line with the goals of the university. Most students of Universitas PGRI Madiun have not earned any money yet, making it difficult for them to fund their businesses. The capital provided by the university could help to nurture both the spirit of entrepreneurship and the business itself.

In promoting students' entrepreneurship spirit, the roles of the university and lecturers remained important. As young entrepreneurs were mostly inexperienced and often scared to make a move and take risks, the lack of capital problems remained a challenge to tackle. Consequently, mentoring, orientation, and understanding were required to motivate and promote the spirit of entrepreneurship among students and create independent and strong entrepreneurs.

5. CONCLUSION

The results of the study indicate that business plan competition influences the spirit of entrepreneurship among students positively. Similarly, capital loan provision also influences the spirit of entrepreneurship among students positively. Therefore, the implementation of a business plan in the future should be improved to nurture the spirit of entrepreneurship among students with business competence and training. And modal capital problems can be overcome with loans provided by the campus.

This study was conducted among students joining Entrepreneurship Club at Universitas PGRI Madiun. Consequently, it cannot generalize other settings and variables influencing the spirit of entrepreneurship and is limited to business plan and loan provision only.

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