

Entrepreneurship for the Nation, Ciputra Way Case Study in Indonesia

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Abstract

Entrepreneurship is a world trend. From developing to developed country, entrepreneurship is encouraged and flourished. In society, there is a growing need for entrepreneurship, particularly as economic growth has become a necessity in many countries. When large corporations downsize and reduce staff, the small- and medium-sized enterprise sector (SMEs) becomes more important. Entrepreneurship is a driving engine of Indonesian economy in the last decade, accounting for the vast majority of new job creation and the development of new innovative individuals who receive entrepreneurship training---at all ages--- are more likely to start a business, and, most importantly, to sustain and grow a business. And, there are the cornerstone of future economic growth, job creation, and wealth generation. Ciputra Way is an entrepreneurship education method which was created by the founder of Ciputra Group, Mr Ciputra with emphasis at Entrepreneurship-Based Learning Model. Theories alone are not sufficient to help wannabe entrepreneurs learn, they also need to taste the real entrepreneurial life in order to really understand entrepreneurship. The purpose of this research is to discuss the roles of entrepreneurship education in order to make Indonesia leaps forward from developing to developed country.

Keywords: Entrepreneurship, Entrepreneurship Education, Ciputra Way

Introduction

In the classical paradigm it is stated that development of economy depends on two main important factors namely labor and capital (with advanced technology embodied). Later, after looked at the miracle development in some Asian countries, then they called the newly industrialized countries (NICs), such as Taiwan, Hong Kong and South Korea in the 1980s and the widening gap in development between developed/industrialized nations and less developed countries (LDCs), a new though emerged in the 1990s on the nature of economic development and factors determining it. In this new paradigm, it is stated that in addition to the above two classical production factors, there is another also crucial factor, namely entrepreneurship.

Nowadays, development of entrepreneurship together with human skills improvement have become two crucial factors for a country to become a world leader in all aspects of live, e.g. economy, trade, military, technology, etc. and for a sustainable economic and social development. Entrepreneurship development is also a current

important issue related to economic development in Indonesia. It is often said that the lack of entrepreneurship has been the main important cause of relatively low process of economic development in the country as compared to other Asian countries such as Taiwan, South Korea and now China. Realizing this, training in entrepreneurship has become an important part of development government supported programs for the development of small and medium enterprises (SMEs) in Indonesia.

Universitas Ciputra Entrepreneurship Center (UCEC) is created to carry on a certain vision that emanated from Dr. Ir. Ciputra (the Chairman of Ciputra Group). Their mission is to improve life through creating and sustaining economic growth via entrepreneurship education and entrepreneurial economy in the country.

Research Problem, Objectives and Plan

Indonesian Economic History: A Brief Review

In the beginning of the New Order (NO) government in 1966 led by the former President Soeharto, the average Indonesian earned only roughly US\$50 a year; about 60% of adult Indonesian could not read or write; and close to 65% of the country's population lived in absolute poverty. Facing this condition, the NO government launched five-year economic development plans, with the first plan started in 1969, and made several crucial economic policies in the 1970s and 1980s, including liberalization in investment, capital account, banking and external trade.

During that era, industry and agriculture were two most priority sectors. To support development of national industry, the government adopted two subsequent strategies. Started first with an import-substitution strategy in the 1970s up to early 1980s, focusing on labor-intensive industries such as textile and garments, footwear, wood products, and food and beverages, followed latter by development of assembling industries of automotive. Then the strategy gradually shifted to an export promotion strategy by reducing some import tariffs and export restrictions, also focusing on labor-intensive industries. To support agriculture, the government adopted modernization or intensification of agriculture, known as the 'green revolution', as the main strategy. The main aim of this strategy was twofold: to boost agricultural productivity and thus to achieve the goal of rice self-sufficiency, and to increase real income per capita in rural areas, and thus to reduce rural poverty and hence national poverty.

These strategies had generated a rapid and sustained economic growth in the 1980s up to 1997, just before the Asian financial crisis occurred in 1997/98. The rapid and sustained growth has not only led the real income per capita to increase, but also the poverty incidence (people living under current official poverty line as percentage of total population) to fall substantially.

Before the crisis, because of its sustained high economic growth coupled with declining rates of poverty, Indonesia was once one of the high performing East Asian economies that created the "East Asian economic miracle." Even among this group of economies including Hong Kong, Republic of Korea, Taiwan and Singapore, the Indonesian economy was emerged as particularly impressive for its small current account deficit and low amount of short-term debt. Indonesia was also different among oil-producing countries for its strong development of agricultural and manufacturing sectors. During the 1980s and 1990s, the country became a leading player in a wide variety of industries, from palm oil to apparel to electronics.

From mid 1997 to 1998, the Indonesian economy came to an abrupt halt with the advent of the Asian economic crisis. This crisis began with the collapse of the Thai Baht and ultimately impacted several other countries in the region including Indonesia, Thailand and the Republic of Korea. From mid 1997 when the Indonesian currency, rupiah, started to depreciate, to mid 1998 the value of rupiah fell to more than 500%. Consequently, many companies, especially large-scale enterprises/conglomerates, which heavily depended on imported materials and components and foreign loans stopped their production, and as a result, the Indonesian economy grew at minus 13% in 1998. In 1999 the country's economy started to recover, and in recent years, Indonesia has reached a healthy degree of macroeconomic stability.

Entrepreneurship development has become a current important issue related to economic development in Indonesia. The Indonesian government has realized that entrepreneurial activities increase economy efficiency. Small and medium enterprises (SME) play a dynamic role in Indonesian economy. The number of Indonesian SMEs was 42.4 millions and they contribute to 56.7% of GDP, account 19,4% of total export, and employ 79 millions of work force in 2010.

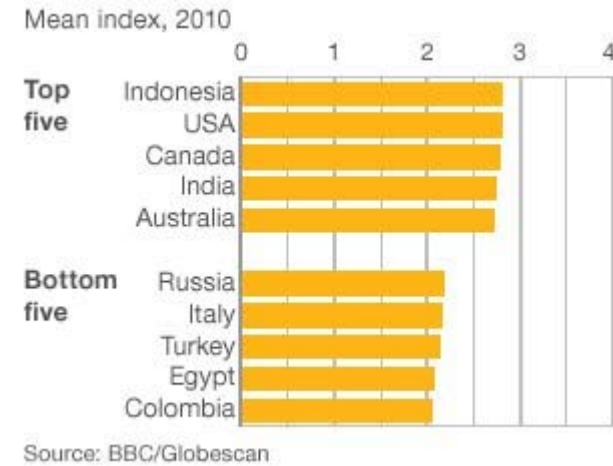
Literature review

Indonesia and Entrepreneurship

A survey conducted by BBC WorldService through GlobeScan released in May 2011 states that Indonesia is the highest ranked as country with the best culture in the world for entrepreneurs to start business. The US, Canada, India and Australia are seen as among the next best countries at supporting new businesses. Indonesia is also considered to have highly values for innovation and creativity, which is among the qualities required for entrepreneurship to grow. Also the Indonesians have positive mind-set that could likely outperform other cultures and impact the country's economic growth performance in the future. (<http://www.bbc.co.uk/news/business-13547505>)

At the other extreme, Colombia, Egypt, Turkey, Italy and Russia are among the least entrepreneur-friendly (figure 1). The survey for the BBC's Extreme World series found wide variations in perceptions of the support different cultures offer to start-ups, and the results come from a survey of more than 24,000 people across 24 countries. They were asked whether innovation was highly valued in their country; whether it was hard for people like them to start a business; whether people who do were highly valued; and whether people with good ideas could usually put them into practice. Taking all the answers together as a single index, Indonesia came out as the most favourable place for entrepreneurs.

Figure 1



Index derived from the mean scores (on a scale from 1 to 4) of four questions:

- valuation of creativity/innovation in own country
- difficulty to start own business in country
- valuation of people who start own business
- ease of putting ideas into practice

Discussions and Conclusion

The Ciputra Way; Entrepreneurship for the Nation

Ciputra is a founder of Ciputra Group, a national real estate development company. He is “2007 Ernst & Young Entrepreneur of the Year” and represented Indonesia at the World Entrepreneur Conference in Monte Carlo, Monaco in 2008. He is an architect and received his Doctorate Degree (Honoris Causa) of Entrepreneurship from Tarumanegara University in Jakarta, Indonesia.

Ciputra is a visionary entrepreneur. He has lived every painful chapter of Indonesian history from colonial times to Soeharto and finally to what the country hopes is a stable democracy. And that ride has taken him from obscurity to success to bankruptcy and back to success again. He has a dream of creating thousands of entrepreneurs in the country. Recently, his team which called University of Ciputra Entrepreneurship Center (UCEC) has estimated that Indonesia—a country of nearly 250 million people—has just 400,000 entrepreneurs who build scalable, innovative companies. That’s less than 1% of the population. Compare that to 13% for the United States and 7% for nearby Singapore. According to American sociologist David McClelland, if a country having at least 2% entrepreneurs of their population, it will be prospering.

In 2006, he started his dream by opening up a university for entrepreneurship in Surabaya, Indonesia called Universitas Ciputra. The university follows the national accreditation guidelines, but the curriculum is all about how to start high-growth, innovative companies. He achieves his ambition not with venture capital, but by changing the country’s mindset to be an entrepreneurial frame of mind through entrepreneurship education.

The Ciputra Way

Knowledge accumulation from five decades of Ciputra Group development experience strongly suggests that creativity, innovation and entrepreneurship are important keys to transform dirt and scrap to gold. It is the essence of entrepreneurship the Ciputra way, a spirit that can be applied into government, academics, business and society. Creativity is believed to be inherent in every born child, however, it is not nurtured well at home and school. It is therefore education that cherishes, trains and celebrates creativity must be encouraged for the sake of the future of Indonesia. Innovating and entrepreneurial process must come after creativity. All of these processes must be systematically done as early as possible. Greater impact for the implementation of entrepreneurship can be created only when necessary support from the government with its political will, wide welcome from the society and well trained teachers are received.

The vision is entrepreneurship for the holistic and integrated improvement of the quality of life and the betterment of humanity with global impact. To improve life through creating and sustaining economic growth via entrepreneurial economy is their mission. University of Ciputra Entrepreneurship Center is a vehicle to achieve such grand vision and to accomplish the noble mission by aiming at the worldwide spread of the idea of entrepreneurship and of the entrepreneurial spirit. And the goals are making everlasting positive contribution to the national economy through entrepreneurship education.

The educational process are planned according to the learning model we call Entrepreneurship-Based Learning Ciputra Way. What makes this Entrepreneurship-Based Learning (EBL) unique is the integration and employment of five different emphases: Creative Critical Imagination, Entrepreneurial Real-Life Experience, Educative disequilibrium Conditioning, Coaching and Mentoring with Collaboration and Competition, and Community Impact and Involvement.

At the heart of this learning model is the Creative Critical Imagination. This first emphasis seeks to integrate both the right and the left hemispheres. Both the creative and critical sides are to be stimulated and trained accordingly. Moreover, imagination is being employed here so learners can relate, construct, create, and thus learn in a critical and creative way. The second emphasis is on the use of Entrepreneurial Real-Life Experience. Theories alone are not sufficient to help wannabe entrepreneurs learn. They also need to taste the real entrepreneurial life in order to really understand entrepreneurship.

Educative Disequilibrium Conditioning is crucial in the EBL. The program is designed and conditioned carefully to help learners truly learn through purposeful and meaningful disequilibrium. It is imperative that we avoid creating mis-educative experience as much as possible. Coaching and Mentoring with Collaboration and Competition cannot be forgotten in the program. It is as important as the other three mentioned above. Coaching and mentoring are employed tactfully during the educational process. Coaching is a must in the program since they are letting learners learn through experience. Their trainers serve as the coach of the learners and provide guidance for them to achieve the stated goals. Since they are using a delicate process of disequilibrium, it is of great importance for them to provide mentorship to help learners go through the disequilibrium state and enter the re-equilibrium state in order to reach

again equilibrium. Here, competition and collaboration are used as powerful educational instruments. Through collaboration and competition, learners are taught to learn to collaborate well and boost their excellence through meaningful competition.

Last but not least, Community Impact and Involvement is the guard for the program and also their learners to set their hearts and minds to contribute for the improvement of life and the betterment of humanity through their success.

All five emphases combined make up for the Entrepreneurship-Based Learning Ciputra Way. As faithful as they can be and as creative as they strive to be, they work together to make sure the educational process described above enjoyable, meaningful, and purposeful for all the learners and trainers alike. Their hope is that through the effort in the University of Ciputra Entrepreneurship Center, a better future can be ensured.

Entrepreneurship Movement in The Country

ASEAN Regional Entrepreneurship Summit (RES) was held on July 21, 2011 in Bali. It has been a big week for entrepreneurship in Indonesia. U.S. Secretary of State Hillary Clinton took part in the event which held by the Ministry of Trade of the Republic of Indonesia and the Global Entrepreneurship Program Indonesia (GEPI). The theme of the event was: “Emerging Entrepreneurs: The Next Big Chapter.”

The Summit was an efforts to catalyze Indonesia’s entrepreneurship strategies. Formally, it started in by a group of 13 prominent business leaders in Indonesia, including Mr Ciputra. Indonesian Trade Minister Mari Pangestu hopes entrepreneurs and their investors will allow Indonesia to “leapfrog” development from developing to developed country. At the summit, Mrs. Clinton said that almost 75 million Indonesians are under the age of 18, and then jobs and opportunities that they need and deserve cannot and will not be created by governments alone no matter how large a public sector grows. And while traditional corporations and established industries are very important, the fact is they too are unlikely to create all the jobs needed for the future. Clinton called for government action to unleash entrepreneurship: to tackle the obstacles that entrepreneurs face – cumbersome government regulations, corrupt officials who demand a bribe before issuing a business permit, and a cultural norms that might prevent people to be an entrepreneurs rather than government officials. And while Clinton encouraged “small businesses” in general, she paid special attention to young businesses that have growth potential, announcing that Indonesia is one of the five countries around the world in which the U.S. will actively work to foster angel investor groups and connect them with startups and entrepreneurs.

Mr Ciputra is one among the prominent local and international speakers in the event besides Eric Schmidt of Google, Jim Turley of Ernst & Young, and Tony Fernandes of Air Asia. Google’s Schmidt stated that Indonesia can be the next Brazil. He is not alone because many economists are predicting the same. With abundant of natural resources and big market, Indonesia can be an emerging economy like Brazil, Russia, India and China (BRIC countries).

Global Innovation Through Science and Technology (GIST) Startup Boot Camp for Indonesian entrepreneurs was launched by The U.S. Government on April 17, 2012 in Ciputra World, Jakarta. The keynote speakers are Dr. Ir Ciputra, and Dr. Joseph Hadzima from the Massachusetts Institute of Technology (MIT). Dr. Ciputra explained growing the number of Indonesian entrepreneurs would be "the key to building economic

prosperity in Indonesia." The Indonesian Minister for Cooperatives and Small and Medium Enterprises also attended the launch, and he announced his ministry's plans to build a new entrepreneurship center in the country.

During the three-day Startup Boot Camp, Dr. Joseph Hadzima, Senior Lecturer in the Trust Center for Massachusetts Institute of Technology Entrepreneurship, will discuss entrepreneurial ecosystem building and business plan preparation. Some of the sessions he will lead include elements of a successful pitch to investors, the nuts and bolts of business plans, and business models and financial projections for startups.

Conclusion

Entrepreneurship is a key to develop the skills, attitudes, and behaviors necessary to create jobs, generate economy growth, advance human welfare, and stimulate innovation to address global challenge. Entrepreneurship education seeks to prepare people, especially youth, to be responsible, enterprising individuals who become entrepreneurs or entrepreneurial thinkers and who contribute to economic development and sustainable communities. Through entrepreneurship education, students learn how to create a business, acquired entrepreneurial mindset and having sensitivity of business opportunity. Indonesia as the largest economy in Southeast Asia and member of G-20 major economies realizes the importance of entrepreneurship for their economic growth and country development sustainability, and finally to generate national economic in order to leap forward from developing to develop world.

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