

STRENGTHENING ENTREPRENEURSHIP IN MILLENNIALS FOR INDONESIAN COMPETITIVENESS IN THE ASIA REGION

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Abstract. Various obstacles hindering the movement of various resources and economic activities such as tariff and non-tariff policies have begun to be eliminated. Consequently, the level of competition in the ASEAN region will get more intense. The question is whether Indonesia is ready to face the millennial era. Indonesia's entrepreneurial culture that is not yet strong is feared to affect the country's ability to tap into the enormous potential of its domestic market. This is a reminder that in the millennial era, the penetration of foreign products into the domestic market will be even more massive. To strengthen the nation's competitiveness, the Indonesian government must encourage entrepreneurship to grow into a new culture in the lives of the people. This can be done by involving educational institutions ranging from the basic level to higher education, increasing the research and development budget, and promoting entrepreneurship training.

Keywords: Competitiveness, ASIA Economic Community, Entrepreneurial Culture

I. INTRODUCTION

Many difficulties hampering the movement of various resources and economic activities in the ASEAN region, such as tariff and non-tariff policies have begun to be abolished. Thus, all countries in the region have the same opportunity to become the basis for activities in the production of goods and services, which, according to economic calculation, is considered beneficial (www.asean.org). Various infrastructures such as roads, railroads, ports, and telecommunications are continuously constructed.

Indonesia has a competitive advantage when compared to other ASEAN countries. This is mainly related to the fact that the country is among the most populous ASEAN countries. Indonesia is also rich in natural resources, culture, and beautiful and exotic places, which, if packaged appropriately, can be offered for tourism consumption. Moreover, the country has a very strategic location, i.e. between two oceans and two continents, which places it as a trade center in the ASEAN region. The question is whether business actors and human resources in Indonesia are ready to compete "head to head" with other competitors in the ASEAN region. To analyze the readiness of Indonesia to face the current globalization, this paper presents various data, especially those relating to the performance of Indonesia's economy. These data are then compared head to head with similar data from several ASEAN countries. The results of the data comparison are used as a basis to comprehend Indonesia's readiness for facing the millennial era.

II. DISCUSSION

A. Overview of Indonesia's Economic Strength

Table 1. Global Competitive Report 4.0 for ASEAN Region

No	Country	Score1	Score	World Rank	Previous Rank
1	Singapore	85.6	(+0.8)	2	2
2	Malaysia	74.4	(+1.1)	25	26

3	Thailand	67.5	(+1.3)	38	40
4	Indonesia	64.9	(+1.4)	45	47
5	Philippines	62.1	(+2.3)	56	68
	Brunei				
6	Darussalam	61.4	(+1)	62	64
7	Vietnam	58.1	(-3)	77	74
8	Cambodia	50.2	(+0.8)	110	109
9	Laos	49.3	(+0.7)	112	110

Myanmar excludes from index 4.0

**Score1: Score*

in index 4.0

***Score: Score change in the previous index*

The competitiveness of the Indonesian economy has increased, according to the Global Competitiveness Report as released by the World Economic Forum (WEF). Under the newly introduced Global Competitiveness Index 4.0, Indonesia ranks 45th overall with 64.9 points, gaining two places compared to the previous index.

Neighboring Singapore, Malaysia, and Thailand are in better positions, i.e. 2th (83.5 points), 25th (74.4 points), and 38th (67.5 points), respectively. This report indicates that Indonesia benefits from its large geographical size and interrelationships combined with its dynamic entrepreneurial culture. Its overall business dynamism can be said to be "a good sign for the future". Unfortunately, Indonesia still lacks the ability to innovate, especially in research and development activities. Its R&D expenditure is less than 0.1 percent of GDP, ranking 112th out of 140 countries recorded in the index. The countries with the highest expenditure for R&D include Israel (4.3% of GDP), South Korea (4.2%), Japan, Sweden (3.3%), and Taiwan (3.2%).

Another concern is the infrastructure. Among the G20 countries, Indonesia is the worst actor in terms of physical infrastructure with 66.8 points, or almost 25 points behind Japan as the best (91.5 points). The Global Competitiveness

Report, an annual publication by the WEF, assesses both micro and macro-economic foundations by using 98 indicators. The methodology of the 2018 report includes some relatively new parameters, including idea generation, entrepreneurial culture, openness, and agility.

B. Millennial Generation in the Face of Entrepreneurship

The Joko Widodo administration has anticipated the coming demographic bonus by planning particular programs to be performed in the Medium-Term National Development Plan (RPJMN) 2015-2019. In this case, the government plays a considerable role in making policies on improving the skills and quality of human resources by providing stimulus aimed at strengthening the quality of human resources, especially for the younger generation. These include improving the quality of education, health facilities and services, and youth services, increasing employment opportunities, strengthening workforce skills, and supporting entrepreneurial reinforcement.

Table 2. Percentage of Indonesian Population By Main Employment Status and Generation Group in 2017

Main Employment Status	Generation Group		
	Gen Y (Millennial)	Gen X	Baby Boomers and Veterans
Own account worker	14.51	21.65	27.31
Employer assisted by temporary worker/unpaid worker	7.73	17.57	31.44
Employer assisted by permanent worker/paid worker	2.09	4.09	4.72
Employee	52.70	34.48	13.13
Casual Agricultural Worker	3.59	5.38	7.30
Casual Non-Agricultural Worker	6.15	6.21	4.07
Unpaid/Contributing Family Worker	13.22	10.62	12.03

Source: National Labor Force Survey (Sakernas) 2017, BPS

Millennials are young people aged 18-38 years. The age group of millennials belongs to the working age group. According to the National Labor Force Survey (Sakernas) 2017, in term of the employment status, more than 50 percent, or exactly 52.70 percent of the millennial generation group choose to be employees. This condition occurs since the millennial generation is born and growing in the age of highly developed technology, digitalization, and informatics. Moreover, the development of social media such as Friendster, Facebook, MySpace, and Twitter began to be popular, thus making them have extensive insight and able to access continuously growing information. They are also better at utilizing technology than the previous generation. This capability makes the millennial generation more creative and innovative and easier to find information

by using the internet. Besides that, the millennial generation also earns relatively high educational levels. With that educational capital, they choose to work in a field or sector following their level of education and skills. On the other hand, the number of Generation X whose jobs are employees in 2017 is 34.48 percent. This percentage is lower than the millennial generation. Meanwhile, the generation of baby boomers & veterans who become employees is recorded to be even smaller, i.e. only 13.13 percent.

C. The Importance of Strengthening the Entrepreneurial Culture

The following data can also be taken into consideration for encouraging the middle-class group to have a new lifestyle in the area of entrepreneurship. Although more than 50% of Indonesia's population currently belongs to the middle-class group and, in 2015, Indonesia was predicted by the IMF to be one of the world's top 10 GDP countries, until 2011 the quality of Indonesia's economic growth still lagged behind some ASEAN countries. Table 6 illustrates the comparison of the quality of Indonesia's economic growth with several ASEAN countries. Table 2 shows the linkage between the ranking of entrepreneurial activities and the opening of employment opportunities, the quality of growth, and the quality of the economic activity. The spirit of entrepreneurship in Indonesia still lags behind some other ASEAN countries. Currently, the number of entrepreneurs in Indonesia is considered low compared to the country's overall population.

Ideally, at least 2% of the 247 million people of Indonesia are entrepreneurs. If this minimum ratio can be realized, then there will be around 5 million entrepreneurs in Indonesia. Data as of January 2012 shows that the number of entrepreneurs in Indonesia is only 1.56% of the total population. As a comparison, the ratios of entrepreneurs to the population in Singapore, Malaysia, and Thailand are 7.2%, 4%, and 4.1%, respectively (www.pikiran-rakyat.com). In spite of the expansion of its economy, which is marked by the increase in its average IPC and GDP, Indonesia still has to work hard to foster the spirit of entrepreneurship.

Increasing the spirit of entrepreneurship is needed to boost the quality of Indonesia's economic growth. The increase in economic growth, IPC, and GDP will be more meaningful if it is followed by the creation of employment opportunities in the country. Until now, there is still a paradoxical situation from which the increasing economic growth, IPC, and GDP are still followed by a large amount of unemployment. Referring to data published by the Indonesian Central Bureau of Statistics (BPS), the number of open unemployment in the country as of August 2013 is 7.39 million people (www.tribunnews.com).

To overcome labor issues in the long run and to strengthen Indonesia's economy in the face of the ASEAN Economic Community (AEC), the national entrepreneurship movement must be a top priority, performed massively, and served as a headline in the development of the national economy. For this reason, it is necessary to strengthen the synergy between the government (from the central government to the village level), educational institutions (ranging from basic education to higher education), and

various non-governmental organizations in the framework of building a strong perception in the society concerning the importance of a new lifestyle: becoming entrepreneurs. Due to the entrepreneurial coefficient score in Indonesia reaching only 1.56% of the total population (250 million), it can be assumed that the number of entrepreneurs in the country is only 3.9 million.

With a total workforce of 118.2 million, it is assumed that each entrepreneur must bear 30 labor costs. The burden of entrepreneurs in Indonesia to accommodate workers is very heavy. The issue of unemployment and poverty in Indonesia actually can be deciphered if the entrepreneurial coefficient can be increased at least up to 2.5% of the total population. The higher the number of entrepreneurs, the greater the number of created jobs. As a result, the unemployment rate can be reduced and social welfare can be improved. In the millennial era, the existence of entrepreneurs will be the main buffer driving the economy and supporting the nation's competitiveness. Indonesia is required to work hard to make entrepreneurship a new lifestyle to deal with the millennial era. Hence, the running development of entrepreneurship within the scope of government institutions, society, and higher education institutions needs to be intensified.

Table 3. Entrepreneurial Capability of Indonesia and Some Neighboring ASEAN Countries

Variable	Country				
	Indonesia	Malaysia	Thailand	Philippines	Singapore
Rank and GEDI Coefficient	75-79 (0.21)	55-57 (0.27)	64-65 (0.24)	91-92 (0.17)	11-13 (0.53)
Entrepreneurial Attitudes	95-96 (0.18)	58-59 (0.32)	83-84 (0.24)	64-66 (0.29)	27-29 (0.43)
Entrepreneurial Ability	46-55 (0.30)	38-39 (0.35)	44-45 (0.31)	92-99 (0.17)	12-14 (0.58)
Entrepreneurial Aspirations	66-72 (0.15)	73-79 (0.14)	61-64 (0.18)	110-114 (0.06)	3 (0.56)

Source: Global Entrepreneurship and Development Index 2013

What is the portrait of Indonesian entrepreneurship compared to some ASEAN countries? The data in Table 3 illustrates Indonesia's entrepreneurial capabilities compared to other countries which potentially become the country's main competitors in the ASEAN level. The data is taken from the Global Entrepreneurship and Development Index 2013. Indonesia's entrepreneurial ranking excels compared to the Philippines but is below Singapore, Malaysia, and Thailand. In the entrepreneurship performance, Indonesia is weak in terms of process innovation, quality of human resources, cultural support, entrepreneurship development program, educational qualification, business risk, utilization of internet technology, corruption, readiness to face the millennial era, business skill, risk acceptance, networking, availability of resources, productivity capability, and global orientation.

Five variables which include the process of innovation, quality of human resources, cultural factors, entrepreneurship development programs, and educational qualifications are the main weak points that make the spirit of entrepreneurship not yet deeply rooted in Indonesia. The country is considered to have the opportunity for the development of entrepreneurial activities in relation to its large market potential and the development of new technologies. The advantages of several neighboring countries (e.g. Malaysia and Thailand) compared to Indonesia lie in their abilities to compete, build networks, and start businesses, market dominance, availability of skilled and trained human resources, quality of human resources, innovation capabilities, and lower business risks (GEDI, 2013). Thus, it can be identified that in the head to head comparison, Indonesia's entrepreneurial index is relatively superior to the Philippines, relatively equal to Thailand, but inferior to Malaysia and Singapore.

Entrepreneurship is an important factor to determine whether a country can compete in the global market. Concerning Indonesia's entrepreneurship index compared to selected ASEAN countries, the country needs to fight hard to face Singapore, Malaysia, and Thailand in the ASEAN Economic Community (AEC) arena. To strengthen Indonesia's position in the AEC, the country has to improve its capabilities in the field of entrepreneurship. In the hands of entrepreneurs, innovation and economic activity will continue to grow.

D. Strengthening Innovations to Support Entrepreneurship

National competitiveness is also determined by the ability to innovate. The low amount of funds allocated for research and development programs is a factor that causes low innovation capability. Entrepreneurs in Indonesia have not been able to move in the field of businesses loaded with technology and innovation. So far, the Indonesian entrepreneurs still cultivate the sectors of retail business, food and processed industries, fisheries, agriculture, and mining services. In 2012, as much as 57% of Indonesia's GDP was contributed by entrepreneurs' business activities in these sectors (The EY G20 Entrepreneurship Barometer 2013). In addition, education in Indonesia is considered not able to create a strong culture of innovation, whereas it is a condition needed for the growth of an entrepreneurial culture.

There is still a paradoxical situation in the Indonesian economy. At a time when Indonesia's economic growth is growing rapidly, but at the same time, the role of education in giving birth to new entrepreneurs is still very weak. Most secondary and tertiary education graduates do not have a strong spirit to become entrepreneurs. After graduating, they generally enter the job market to find jobs, but not create ones (www.worldbank.org). As reported by the EY G20 Entrepreneurship Barometer 2013, education and training activities, especially those aimed at fostering the spirit of entrepreneurship, are still considered very weak in Indonesia. The weak educational and training activities eventually result in the weak entrepreneurial culture in the social life of the country (www.ey.com).

To see the extent to which a government strengthens entrepreneurial culture as a new lifestyle, especially for the youths, the World Bank employs two measures, i.e. research and development (R&D) spending and articles in the fields of science and technology that are published in journals. As an illustration, Indonesia's R&D spending is only 0.1% of its total GDP, which is below the average expenditure of other G20 member countries (1.6%). In the case of scientific and technical journal articles, Indonesia only publishes 0.0% articles per 10,000 people, whereas the G20 average is 3.3 articles per 10,000 people (www.ey.com).

III. CONCLUSIONS

Based on various data presented on the performance of Indonesia's economy and various variables that affect the competitiveness of countries in the ASEAN region, it can be concluded as follows:

1. So far, Indonesia is a country that has the largest market size in the ASEAN region. Its national proportion of the population and GDP reaching 40% of the total population and GDP from ASEAN countries and its average per capita income of more than \$3,500 (middle-income country group) make Indonesia a huge market. The positive economic growth over the past few years has made Indonesia a potential business center in the ASEAN region.
2. The increase in the average per capita income of the Indonesian population has increased the people's purchasing power. The national consumption is, therefore, increasing very rapidly. This is one of the factors driving the national economy. The increasing national consumption also opens up enormous business opportunities. Other ASEAN countries have taken advantage of this market opportunity by penetrating their goods and services into the Indonesian market. This indicates that there is an issue of competitiveness faced by domestic businesses.
3. Indonesia has to strive for strengthening its entrepreneurial culture. The increased productivity and the ability to create quality products will be driven by entrepreneurs. The level of productivity is closely related to research and development (R&D) activities. The R&D is the main pillar of innovation and the ability to innovate will influence the creation of an entrepreneurial culture (Urgensi Penguatan Budaya.... Agus Prianto, 103). In the ASEAN region, Indonesia's entrepreneurial culture is still far behind compared to Singapore, Malaysia, and Thailand. This is a challenge for Indonesia to strengthen its entrepreneurial culture. To face the ASEAN Economic Community (AEC), Indonesia is required to have a strong entrepreneurial culture. A strong entrepreneurial culture is one of the main factors forming the nation's competitiveness.
4. The quality of entrepreneurship in a country is closely linked to its ability to use information technology to build business networks and increase productivity. IT facilities can make various business activities running quickly, effectively, and efficiently. The optimal mastery of IT by entrepreneurs will enable them to capture business opportunities. Indonesia must encourage its people to use IT to improve work productivity, effectiveness, and efficiency to create a competitive advantage.
5. Indonesia's ability to take part in the AEC era can be captured from its current competitiveness compared to other ASEAN countries. The country's competitiveness is currently inferior to Singapore and Malaysia, relatively equal to Thailand, and relatively superior to other ASEAN countries.

Lastly, this paper offers the following suggestions:

1. Domestic business actors must identify and comprehend the consequences of the presence of the AEC era. In this case, the Indonesian government needs to communicate more intensively with business people about all matters relating to the AEC. The country's huge market potential along with its increased GDP and IPC will not provide optimal benefits for the national economy when the domestic businesses lose the competition with other countries' businesses. Therefore, all parties, including the government and business people, must keep striving for improving the nation's competitiveness.
2. The entrepreneurial culture must be strengthened and serve as a new lifestyle in the lives of the Indonesian people. The government together with all components of society, especially higher education institutions, must issue real programs to strengthen the entrepreneurial culture. Strengthening the entrepreneurial culture must be done massively to become a national program that penetrates the village level just as the family planning program initiated in the past.
3. Higher education institutions in Indonesia also have to play a real role in improving the nation's competitiveness, participate in the promotion of students' entrepreneurial culture, and increase research and development activities to create innovations in supporting the entrepreneurial culture.
4. The Indonesian government must have a strong commitment to creating conditions that enable the development of an entrepreneurial culture. This can be done by expanding and strengthening IT networks and providing adequate funds for improving innovation activities through research and development programs.

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