Enabling Creative Entrepreneurship Education

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June 11, 2012

Hangzhou, People’s Republic of China
Context

Knowledge Bank

Financing

What is known

What is financed
Stepping up Skills

Step 1  Getting children off to the right start
Step 2  Ensuring that all students learn
Step 3  Building job-relevant skills
Step 4  Encouraging entrepreneurship and innovation
Step 5  Facilitating labor mobility and job matching
Skills Survey

- Comprehensive assessment of Labor Market
- To help identify policies and programs that will spur job creation
- Recommendations on improving infrastructure, investment climate, education quality.
In Indonesia, for those who stay in school, learning is low...

Source: OECD, PISA (2009)
And the types of skills provided need to be reassessed…

Types of skills identified as “very important” and “gaps” by employers

Youth unemployment is high and persistently higher than the population average until 30.

Youth enter employment mostly through unpaid jobs.

Unpaid jobs for young generation translate into self-employment in older generations.

Only 30 percent of employees force is in salaried jobs.

Self-employment is prevalent: 51 percent of labor force are self-employed.

Susenas (2007)
What explains these poor employment indicators?

- Increase in educational attainment has not been matched by employment growth for educated workers.
- Despite increased importance of non-agricultural sectors, which are more skill-intensive, skilled employment has not kept up with growth in these sectors in the last decade.
- Employment growth for educated employees is slow.

Source: Sakernas, various years
Skilled employment is not growing as expected
Yet...formal self-employment in Indonesia is no simple feat

<table>
<thead>
<tr>
<th>Item</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of doing Business rank</td>
<td>121 (/183)</td>
</tr>
<tr>
<td>Time to start a business (days)</td>
<td>47</td>
</tr>
<tr>
<td>Cost of starting a business (% of income per capita)</td>
<td>22.3%</td>
</tr>
<tr>
<td>Number of procedures (to start a business)</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country / City</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>1</td>
</tr>
<tr>
<td>Hong Kong, SAR, China</td>
<td>2</td>
</tr>
<tr>
<td>Thailand</td>
<td>19</td>
</tr>
<tr>
<td>Malaysia</td>
<td>21</td>
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</tbody>
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What kind of world do would-be entrepreneurs face?
Environmental Forces: Perception and Performance

Foundation Stage
Awakening Stage
Specialization Stage
Creation Stage
Restraining Forces
Maturing Stage

Barriers to ‘Entry’

Challenges and Issues

- Perceived high risk
- Lack of stable income
- Lack of social status
- Too different from the ‘norm’
- Fear of failure
- Lack of seed capital
- Cumbersome legal environment

Barriers to ‘Entry’

Challenges and Issues

• ‘Poor’ and ‘unemployed’ are accepted by society as entrepreneurs. (e.g. street vendors)
• Lack of experience
• Perception that Gov. is ‘responsible’ for doling out jobs
• No market network

What can be done?

Change perceptions…

Educate.
Education is targeted at the “normalization” of students.

Creativity Barrier

Risk-taking is discouraged

Failure is not an option

Early specialization limits choices

‘Sage’ and ‘Apprentice’ relationship at school.

Advantages of entrepreneurship are not well-known
The Role of Schools

- Curiosity and inquiry should be promoted
- Greater ICT and Digital Media use
- Flexibility and originality should be encouraged
- Professional development for teachers
- Creativity can be nurtured
The Role of Universities

Research - products with commercial potential

Economic Development - seedbed for new ventures

Teaching - what goes into being an entrepreneur
How can research lead to new businesses?

Objectives obtained:
- More ideas
- Better ideas
- Better training
- Establishment of successful firms
The World Bank and Entrepreneurship in Indonesia

Research and Innovation in Science and Technology Project

- Create enabling policy environment for R&D in science and tech
- Improve public R&D institutes through Human Resource Development
Inotek
Combining business knowledge with good ideas

- Technological Incubation
  - Technology development
  - Proven prototype
  - Patent registration

- Business incubation
  - Business unit
  - Seed capital
  - Business imitation
  - Production
  - Marketing
  - Networking
Successful Entrepreneurship
References

