The Implementation Model for Creating Young Entrepreneurs Based on Bengkalis Local Business Potentials Through Industrial Incubator Based Learning

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Abstract. This research aims to analyze a model to create young entrepreneurs in Bengkalis. This study analyzed the role of business incubator and the potential of local businesses in Bengkalis to develop a model for creating young entrepreneurs. The analysis method used a mix method, which combines descriptive qualitative analysis and quantitative analysis. Descriptive qualitative analysis is used to explain the perceptions of respondents through questionnaires. Quantitative analysis uses Structural Equation Modelling - Partial Least Square (SEM-PLS) to identify the roles of Industrial Incubator Based Learning and Local Business Potentials to Create Young Entrepreneurs. The research results suggest that there is potential for further development of prospective local businesses, even though the number of young entrepreneurs relatively small. The development of local businesses with greater support and resources potentially foster greater entrepreneurial interest among young people. This research also found that The efforts by local governments and higher education institutions to advance MSMEs have yet to reach their full potential. In addition, collaborative industrial incubator based learning has been introduced as an integrated learning framework to create young entrepreneurs in Bengkalis**.**

Keywords: Young entrepreneurs, Local Business Potential, Industrial Incubator Based Learning, SEM-PLS.

INTRODUCTION

As one of the world's most populous nations, Indonesia has undertaken various education and training programs to enhance the quality of its workforce. Despite these efforts, the industrial sector has faced challenges in absorbing young educated individuals due to gaps in skills or misalignment with labor market demands. As a result, it's vital for the youth to focus on creating their own employment opportunities by fostering creativity and entrepreneurial abilities. Empowering youth to boost the local economy is critical for sustaining regional economic growth, especially given the demographic bonus.

Bengkalis Regency is one of the areas with a population density of 82.22 people/km² (BPS Bengkalis Regency, 2021), which presents a significant potential for business development, particularly in creating young entrepreneurs. As a coastal area, Bengkalis Regency has great potential in the fisheries sector. In addition to agricultural products, the food industry, especially culinary businesses among the youth, is one of the business sectors that can be developed.

The Bengkalis Regency Government, especially Dinas Pariwisata, Kebudayaan, Pemuda, dan Olahraga (DISPARBUDPORA) of Bengkalis Regency, has implemented several youth empowerment programs, one of which is in collaboration with various parties, including Bengkalis State Polytechnic. Collaboration with Bengkalis State

Polytechnic is crucial because students fall under the youth category. One such initiative is the establishment of the Inkubator Bisnis Kepemudaan, a business incubator which was inaugurated by the the Head of Bengkalis Regency in late 2023.

Business incubators play an important role in the local economy by adding value and facilitating entrepreneurs to develop business ideas. Incubators help entrepreneurs develop business strategies aligned with market growth. Business incubators conduct business incubation processes to help startups survive and grow in a competitive business environment, ultimately contributing to regional economic growth.

Business incubators are crucial to the local economy, providing value and enabling entrepreneurs to refine and grow their business ideas. They assist entrepreneurs in developing strategies that align with market trends and growth opportunities. Through their incubation processes, these incubators help startups not only survive but thrive in a competitive market, ultimately supporting regional economic development.

Business incubators engage in activities such as fostering entrepreneurial mindsets, offering management and business skills training, providing consulting services, and supporting new entrepreneurs. In Indonesia, business incubators, especially those that involve students, have emerged as a growing trend. University students are anticipated to play a key role in driving the creation of new startups with their innovative ideas.

The development of business incubators in universities requires active involvement from lecturers and students. The Student Business Incubator is based on the Decree of the Indonesian Minister, Keputusan Menteri Negara Koperasi dan Usaha Kecil dan Menengah Republik Indonesia No. 81.2/kep/M.KUKM/VIII/2002. Business incubators can increase entrepreneurial interest and the competitive advantage of young entrepreneurs.

Entrepreneurship education at universities contributes to students' desire to become entrepreneurs. Students can become business tenants in business incubators, allowing them to learn and develop entrepreneurial skills with support from lecturers and business incubators. With the inauguration of the Youth Business Incubator at Bengkalis State Polytechnic, it is hoped that it can help address challenges young people face related to entrepreneurial soft and hard skills.

According to Sarjono (2012) in [1], entrepreneurship education has become a highly discussed topic, especially at the university level. This is due to several problems in entrepreneurship education, including an imbalance between theoretical and practical material, lecturers not fully realizing the importance of entrepreneurial practice, students being unable to generate ideas and identify business opportunities in their environment due to a lack of understanding of entrepreneurial practices and the learning process not fully utilizing the role of stakeholders.

[1] stated that Entrepreneurship based on Industrial Incubator Based Learning is a new paradigm in the country's business world. This type of entrepreneurship develops speed and flexibility. It aims to raise awareness of the importance of entrepreneurship from a young age, supported by business knowledge and insights obtained in business incubators and their application in the business environment.

Based on the background outlined above, this research will explore in depth: THE IMPLEMENTATION MODEL FOR CREATING YOUNG ENTREPRENEURS BASED ON BENGKALIS LOCAL BUSINESS POTENTIAL THROUGH INDUSTRIAL INCUBATOR BASED LEARNING.

METHODS

The analysis method used is a mix method, combining descriptive qualitative analysis and quantitative analysis. Descriptive qualitative analysis is used to explain respondents' perceptions through questionnaires, while quantitative analysis employs SEM-PLS to measure the influence between the variables of the Industrial Incubator Based Learning, Local Business Potential and Young Entrepreneurs Creation.

This research is conducted in Bengkalis. The distribution of research questionnaires is done both directly and online. The population for this research consists of students categorized into young entrepreneurs living in Bengkalis District and Bantan District. The sampling method used is quota sampling, which involves determining samples from a specific population until the desired quota is reached. Based on this determination, the researcher set a sample size of 100 respondents from Bengkalis. The primary data and secondary are source of this research. Statistical analysis is used to test the strength of each indicator to show dominant indicator and to indicate the influence on independent variable and dependent variables using SEM-PLS (Structural Equatioan Modelling-Partial Least Square).

RESULTS AND DISCUSSION

Reliable measuring scales provide stable measures. reliability can be defined as the degree to which the measurements of a particular instrument are free at different times under different conditions. Thus, reliability can bedefined as the degree to which the measurements of a particular instrument are freefrom errors and as a result produce consistent results [2].

[1] stated that the reliability level of a variable can be seen from the Cronbach's alpha (α) statistical result. [3] suggested If the Cronbach's alpha is above 0.60, the variable is considered as reliable. This in accordance to [4] that said cronbach's alpha also addresses the question of whether the indicators for latent variables exhibit convergent validity which indicate reliability. typically, the following cutoffs such that, greater or equal to 0.80 for a good scale, 0.70 for an acceptable scale, and 0.60 for a scale for exploratory purposes.

Validity and reliability can be seen from the Cronbach Alpha test, Composite reliability, and Average Variance Extracted (AVE). The value suggested by [3] for AVE is >0.5, Composite reliability is >0.6, and Cronbach Alpha is >0.7.

The reliability and validity test calculation results of this can be seen from the value of Cronbach Alpha, Composite reliability, and Average Variance Extracted (AVE) in the following table:

Table 1. Realibility and validity test

Construct reliability and validity - Overview

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	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Y	0.865	0.865	0.903	0.650
Z.	0.889	0.895	0.919	0.694

Source:Processed data, 2024

Based on the croanbach's alpha and composite realibility all of the variable greater than 0,8 which means that all of the questions in this research are reliable. Validity test results as seen from the AVE output that shows all the AVE results are above 0.60. means that the test results in this research shows a good construct of convergent validity.

Table2. Cross Loading-Discriminant Validity

Discriminant validity - Fornell-Larcker criterion

	X1.1	Y	Z.
X1.1	1.000		
Y	0.581	0.806	
Z.	0.573	0.727	0.833

Source: Processed data, 2024

According to [5] Discriminant validity assesses whether a test intended to measure a specific construct is not correlated with tests that measure different constructs. It is established to ensure the uniqueness of constructs in research. It indicates that each construct within the study possesses its own identity and does not correlate significantly with other constructs in the research.

[3] mentioned that Cross-loadings are used as an alternative to AVE as a method of assessing discriminant validity for reflective models. Moreover, According to Hartono (2011) in [1], a cross loading value greater than 0.7. Thus, the cross loading table in this research shows that all of the indicators that construct based on the Cross Loading table shows that all indicators that make up each variable in this study meet discriminant validity, namely with a cross loading value greater than 0.7.

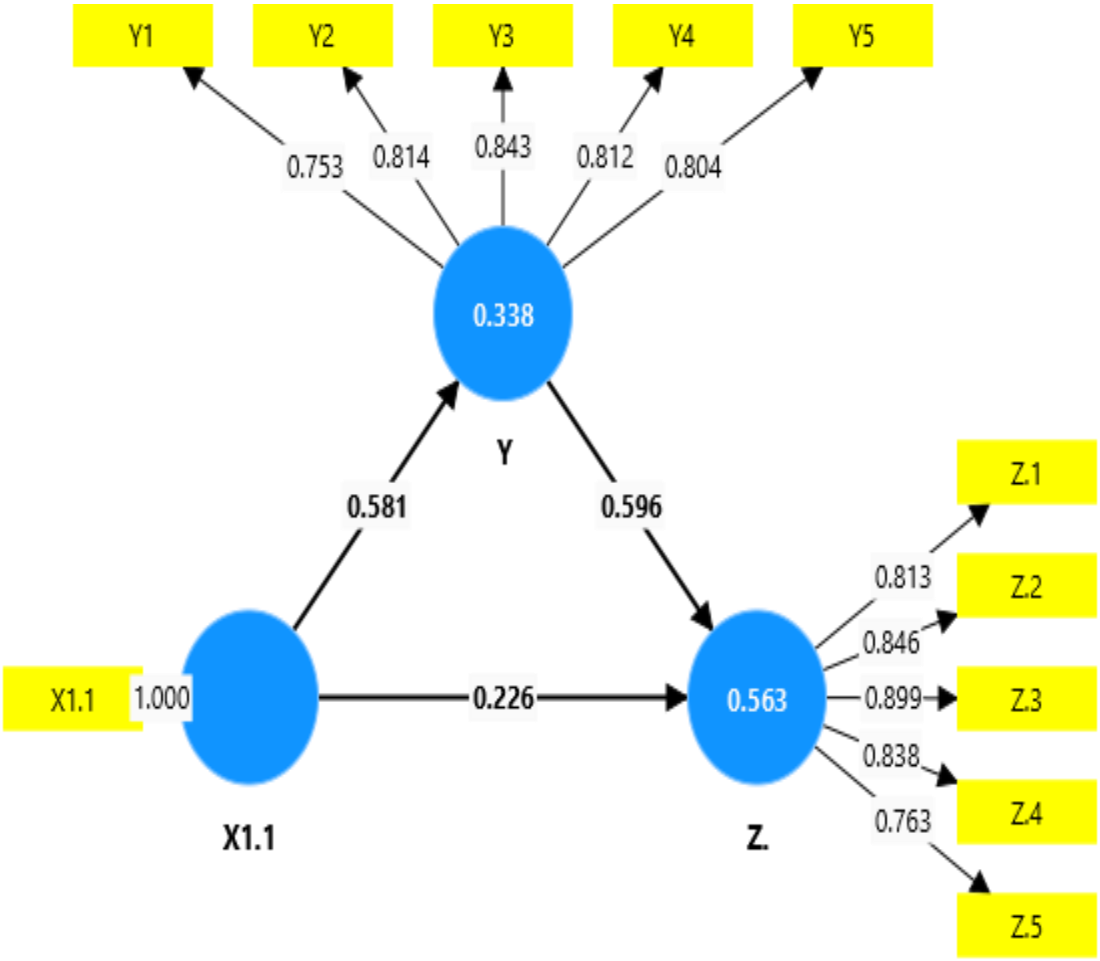

Figure 1: Structural Model
Source: Processed data, 2024

Figure 1 shows the structural model of this research. While based on the outer loadings score in Table 3, it can be seen that all indicators can be declared valid and statistically significant in measuring their respective constructs. This is because the outer loading value of all indicators has been more than 0.70.

Table 3. Outer Loadings

Outer loadings – Matrix			
	X1.1	Y	Z.
X1.1	1.000		
Y1		0.753	
Y2		0.814	
Y3		0.843	
Y4		0.812	
Y5		0.804	
Z.1			0.813
Z.2			0.846
Z.3			0.899
Z.4			0.838
Z.5			0.763

Source: Processed data, 2024

[1} in his research stated that according to [6] (1998) in [3] stated that, the R2 value is considered weak, moderate, and strong if it shows sequentially around 0.19, 0.33, and 0.67. In this research model the terms used are X1.1 for Local Business Potential (LBP), Y for Industrial Incubator based learning (IIBL) and Z for Create Young Entrepreneur (CYE). From the result, there is one variable that is classified as moderate (IIBL) because it approaches the value of 0.338 and one variable is considerate strong (CYE) because it is approaching 0.563. This determination coefficient states that the R^2 value of the endogenous latent variables IIBL and Create Young Entrepreneur (CYE) have R^2 values of 0.338 and 0.563, which indicates that 33.8% of the variation in Industrial Incubator based learning (IIBL) data and 56.3% of the variation in Create Young Entrepreneur (CYE) data are influenced by Local Business Potential (LBP).

Table 4. R-Square

R-square - Overview		
	R-square	R-square adjusted
Y	0.338	0.331
Z.	0.563	0.554

Source: Processed data, 2024

In the results of data analysis using SmartPLS it can be seen that from table 5 Path analysis table and Figure 1 structural model, the path coefficient of Local Business Potential (LBP) to Create Young Entrepreneur (CYE) is 0.226, Local Business Potential (LBP) to Industrial Incubator based learning (IIBL) is 0.581, and Industrial Incubator based learning (IIBL) to Create Young Entrepreneur (CYE) is 0.596. Thus, the indirect effect has a greater path coefficient of 0.346 (0.581 x 0.596) compared to direct path. This shows that Local Business Potential has greater indirect effect to Create Young Entrepreneurs through Industrial Incubator Based Learning compared to direct Local Business Potential on Creating Young Entrepreneurs.

Table 5. Path Analysis

Path coefficients - Mean, STDEV, T values, p values — Copy to Excel | Copy to R

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
X1.1 -> Y	0.581	0.583	0.063	9.158	0.000
X1.1 -> Z.	0.226	0.222	0.077	2.939	0.003
Y -> Z.	0.596	0.600	0.071	8.432	0.000

Source: Processed data, 2024

This study involved 100 respondents consisting Politeknik Negeri Bengkalis students and young entrepreneurs in Bengkalis who involves in activities conducted by the Inkubator Kepemudaan Politeknik Negeri Bengkalis and those who are interested in becoming entrepreneurs. This study further conducted by hold a Focus Group Discussion (FGD) and the results of the FGD showed that Entrepreneurial Creation with indicators of innovation, independence, creativity and leadership is also an element that influences the success of entrepreneurs in various fields. Based on these characteristics, there are young entrepreneurs that have the potential to motivate fellow students to pursue entrepreneurship, cultivating creativity, initiate an innovative mindset that embraces significant changes and advancements in starting a business. Furthermore, students can gain insights by studying successful entrepreneurs and replicating their business models.

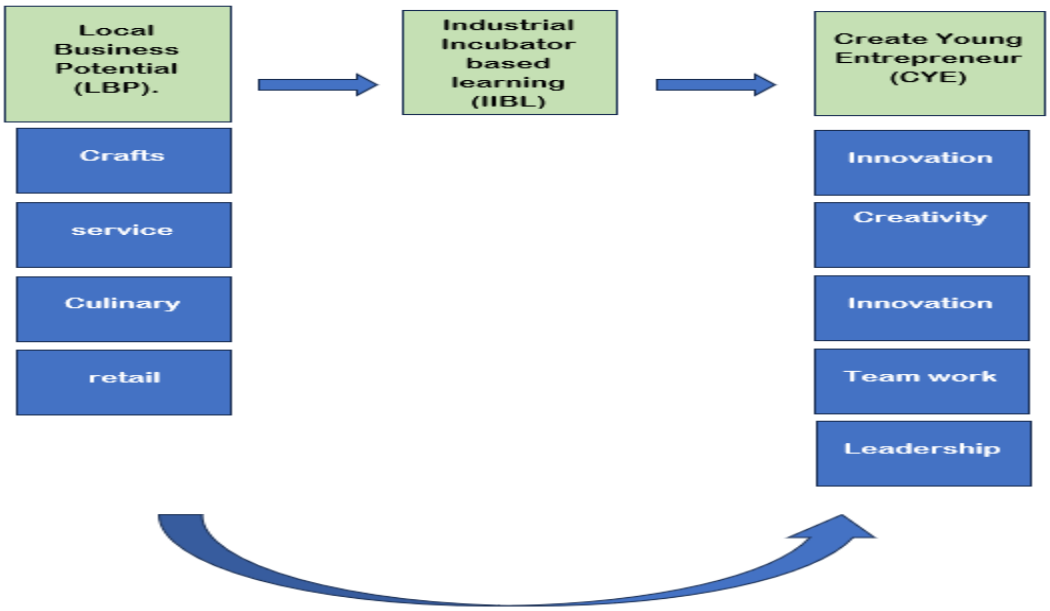

Figure 2: Creation of Young Entrepreneurs Model
Source: Processed data, 2024

Creating young entrepreneurs among students involves nurturing an entrepreneurial mindset, which can be achieved through early entrepreneurship education or dedicated classes. Business plan competitions can also spark creativity in generating business ideas. Both the government, Badan Usaha Milik Negara (BUMN) or government owned companies and other private sectors can support this initiative by offering subsidies or scholarships to individuals pursuing business related classes and formal study in business related education. As the desire to become an entrepreneur develops, it's crucial to reinforce participants' knowledge through classes focused on business fundamentals like finance, marketing, and human resource management, along with strategies and ethical practices.

Internships play a vital role in this process, providing practical experience that helps aspiring entrepreneurs understand real business operations. It's essential for the government or private sectors to offer internship opportunities, and there should be policies formulated to encourage businesses, including state-owned enterprises, to accept interns. The goal is for these companies to effectively share their business knowledge with interns, fostering a transfer of skills and insights. In the long run, the companies providing internships could become mentors or partners for the new entrepreneurs they help cultivate. If this mentorship is successful, it will prepare interns to start their own business ventures after completing their internships.

However, capital remains a significant barrier. The government can assist by offering grants or funds for young entrepreneurs along with Corporate Social Responsibility (CSR) initiates by both government and private sectors. Interest-free loans might be offered to new entrepreneurs producing goods with high added value. This stage is critical, as it they will need support during this challenging beginning of entering the market. Higher education institution can assist with business consulting and mentorship, while internship companies can provide guidance on the hands on skills. CSR funds can be directed toward this support to be fully effective to create young entrepreneurs.

Additionally, banks and other financial institutions can play a role to help the young entrepreneur to get funds such as through low interest loans and management assistance. The government can facilitate this process by implementing policies that support the growth of young entrepreneurs to be independent. With sustained community and government support, a significant number of young entrepreneurs can emerge from student populations.

CONCLUSIONS

The development of young entrepreneurs can be achieved by creating a structured creation of young entrepreneurial model. For this model to be effective, various stakeholders should involve in nurturing young entrepreneurs. The efforts of various parties should be directed to focus on instilling an entrepreneurial mindset, providing internships, and supporting individuals until they significantly emmerge as new young entrepreneurs. These potentially reducing unemployment and poverty as they create vacancies for others.

The success of cultivating young entrepreneurs among students largely depends on the local resources and potential of the area where they study. In the Bengkalis, for instance, the industrial Incubator Learning can be leveraged in crafts, services, retails, culinary. To foster young entrepreneurs effectively, collaboration between the government and private sector is essential. This partnership can enhance the support for higher education institutions initiatives, ensuring that programs aimed at developing young entrepreneurs are implemented effectively.

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