



Small Business Management and Financial Literacy for Young Entrepreneurs

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Abstract

Youth entrepreneurship contributes to the social, cultural, and economic development of society, especially in many developing countries. The idea of encouraging young people to start businesses for a variety of reasons is now widely encouraged. However, there are many challenges and doubts faced in starting a business particularly after the Covid-19 is over. Therefore, the community service was carried out by lecturers at Business School, Universitas Pelita Harapan Medan Campus, providing the onsite seminar and training to 70 high school students at Santo Nicholas School in February 2023. The purpose of the community service was to encourage the students to plan their business projects by presenting data and information on the latest trends and issues in entrepreneurship and finance, as well as conducting one-to-one sessions with the students. Most of the students were enthusiastic throughout the activities resulting in several business plans and proposals being created at the end of the community service. It is implied that young people are indeed motivated to begin their entrepreneurship journey and school is the right place for them to acquire the necessary knowledge and skills. Teachers and parents are suggested to continue to assist the students by providing the commitment and funding required to begin and sustain the business.

Keywords: Business Students, Community Service, Entrepreneurship, High School Students.

A. INTRODUCTION

The proportion of young entrepreneurs is expected to rise from 3.18% to 3.95% by 2024 according to the Cooperatives and Small and Medium Enterprises Minister (MenkopUKM), Mr. Teten Masduki (Tempo, 2022). To achieve this, there should be a change in mindset on how to generate young entrepreneurs. This needs the involvement of universities and the private sector. Universities are no longer preparing graduates to become job seekers, but job creators. The universities and private sector can no longer rely on the old approach, which is the bureaucratic one. Instead, they need to provide incubators for future young entrepreneurs. The incubators are the platform to accommodate and support new entrepreneurs with their start-ups, and business models, and connect them to investors.

To succeed, it is also crucial to understand the characteristics of millennial entrepreneurs who were born between 1981 and 1996. Millennial entrepreneurs have a vivid difference from the ones from the older generation which is the accompaniment of technology from their early age. They were the first consumers who experienced social media in business practices and the first computer and smartphone users. This makes it easy to integrate technology into their business. Other

characteristics such as innovation, creativity, and willpower.

One of the challenges faced by millennial entrepreneurs is how to finance their business from kick-starting to finding the right funding and investors. Despite the pride of owning a business, millennial entrepreneurs experience great anxiety and stress which might lead to doubt in their decision to start a business. Most graduated entrepreneurs aged between 20 and 26 lacked marketing and financial skills. With the data and facts above, the lecturers of Universitas Pelita Harapan Medan are committed to mentoring and equipping the students from Santo Nicholas School (SNS) who have the passion to be young entrepreneurs. The mentoring session began with a seminar about starting and managing a business such as the characteristics of entrepreneurs, the benefits and drawbacks of being an entrepreneur, etc. Then, mentoring sessions will be conducted one-on-one regularly, with more specific topics starting from product development, marketing, and managing the finances of their new businesses.

Entrepreneurship is the process of creating new and valuable things that require devotion of time and effort, associated with financial, psychic, personal, and social risks, intending to receive rewards. This applies to both serial entrepreneurship and small-

business ownership. Entrepreneurship is more than the creation of business. It is a dynamic process of vision, change, creation, and implementation of new ideas and creative solutions (Vania & Kaban, 2022). All these efforts require energy and passion. It requires the characteristics of an entrepreneur such as seeking opportunities, taking risks beyond security, and having the tenacity to make an idea happen.

Some advantages of being a young entrepreneur are they have a greater ability than non-entrepreneurs, especially in recognizing, discovering, and creating opportunities from their surroundings. According to cognitive and behavioral research, this is due to the larger and more diverse social networks owned by entrepreneurs compared to non-entrepreneurs. Entrepreneurship can provide young people with a pathway to financial independence, personal fulfillment, and social impact. By encouraging young people to pursue entrepreneurship, schools can help to create a more dynamic and innovative society.

Financial literacy is a crucial skill for business students, as studies have shown that there is a relatively low level of financial literacy among this group (Yin et al., 2022). Research indicates that financial literacy positively influences financial behavior and knowledge among students. Moreover, financial education and strong networks with lecturers are positively related to the financial literacy of business students (Chung & Park, 2014). Studies have also highlighted the importance of integrating financial literacy into college courses to improve students' understanding of financial concepts (Kuntze et al., 2019). Financial literacy not only impacts financial behavior but also influences consumption behavior among students. Furthermore, financial literacy plays a significant role in decision-making among business start-up students, emphasizing its importance for entrepreneurial success (Adewumi, 2022).

It has been observed that students with non-business majors, women, lower GPAs, and limited work experience tend to have lower levels of financial literacy. Additionally, financial literacy is linked to better management of business capital, indicating its relevance in enhancing business performance. Financial literacy is essential for small and medium enterprises (SMEs) to improve their performance and development. In conclusion, financial literacy is

a critical skill for business students as it positively impacts financial behavior, knowledge, and decision-making. Integrating financial literacy into educational curricula and promoting its importance among students can lead to better financial management practices and improved business performance.

B. METHOD

The community service conducted at Santo Nicholas School, Medan was initiated by the Principal of the school after recognizing that there was increasing interest from students to start their business projects. This study was conducted by examining issues and concerns that the students were experiencing. To understand the present situation on the ground, the first phase involved conducting prior observation and interviewing the Principal of Santo Nicholas School, the teachers, and the students, particularly Level 7 to 11 high school students. Since the participants have already learned about business and entrepreneurship in classes, it is easier for the lecturers to carry out community service by providing a seminar and onsite training. Lecturers also contribute to the development of problem-solving plans, which is expected that the students will be able to handle any further issues in the future on their own and without assistance.

As a strategy to aid the students in starting and developing their business projects, this community service was programmed in the form of an onsite seminar and training. The program covers three main areas: (1) an initial interview with the Principal and teachers; (2) an onsite seminar in the school followed by a Q&A session; and (3) a follow-up on students' business projects. Lecturers at Business School who have expertise and experience in entrepreneurship and finance serve as speakers. In addition to verbal knowledge transfer, the training also involves ongoing supervision for students who have already started their businesses and also for those who are willing to start an entrepreneurship journey. This community service method is implemented through a series of activity processes that have been systematically planned as shown in Figure 1 below.

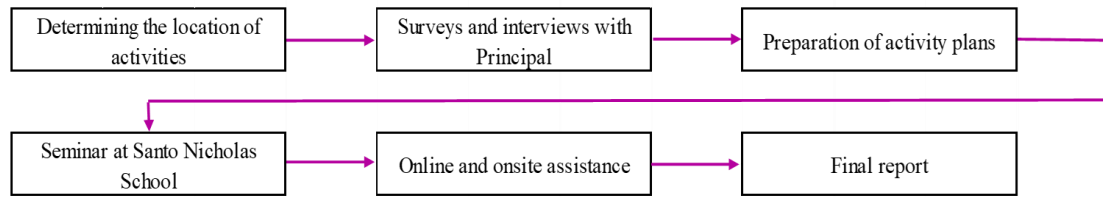


Figure 1. Flow of Activities

For the location of the seminar, the activity organizer determined that it would be carried out onsite at Santo Nicholas School in Medan. Then a survey of activity locations and interviews were carried out with the Principal to identify the problems and challenges being experienced, especially related to the development of products produced by students at Santo Nicholas School. After that, the proposing team prepared an activity plan in the form of a proposal to be implemented as part of the Tri Dharma activities.

Extension activities were carried out on Thursday, February 2, 2023, starting in the morning until evening. The activity continued with a Q&A session and the lecturer team provided direct feedback and input to the participants. In the afternoon, training was continued with some group exercises led by the school teachers. The session was conducted to improve team collaboration among students. Training participants directly apply the information received and fill out a survey to find out how much the participants understand regarding the benefits of entrepreneurship and financial literacy.

Entrepreneurial assistance continued to be provided to the students at Santo Nicholas School, which was carried out onsite and online during community service activities. From the results of interviews with participants, it can be seen that there has been an increase in the interest and motivation to become young entrepreneurs. The participants also became more confident in improving product quality and increasing the number of products produced.

C. RESULT AND DISCUSSION

The success of the community service initiative in motivating the students to plan their business projects can be attributed to various factors. Firstly, by providing onsite seminars and training, those activities will provide students with valuable information on the latest trends and issues in entrepreneurship and finance. This information not only provided the students with a better understanding of the business landscape but also inspired them to develop innovative ideas for their business projects.

Secondly, the ongoing student group discussion sessions provided an opportunity for the students to

receive personalized guidance and feedback on their business plans. This feedback helped the students refine their ideas and identify potential areas for improvement, resulting in more feasible and realistic business proposals.

Thirdly, the enthusiasm and active participation of the students during the community service initiative demonstrates the inherent interest and motivation of young people in starting their entrepreneurship journey. This highlights the importance of creating more opportunities for young people to pursue their entrepreneurial ambitions, particularly in schools.

Schools can play a significant role in equipping young people with the necessary knowledge and skills to start their businesses (Sinaga et al., 2022). Entrepreneurship education can be integrated into the school curriculum to provide students with the foundational knowledge and skills required to plan and start a business. This can include courses in finance, marketing, management, and business planning.



Figure 2. Flyer of the Seminar

There were 70 students have participated in the seminar from Level 7 until Level 11 as shown in Table 1 below.

Table 1. List of Participants

Class	Number of Students
Level 7	23
Level 8	19
Level 9	17
Level 10	8
Level 11	3
Total	70



Figure 6. Photo Session



Figure 3. Team of Lecturers



Figure 4. Presentation



Figure 5. Students at Santo Nicholas School

Providing entrepreneurship and financial literacy education for high school students has shown promising results in enhancing students' competencies and interests in entrepreneurship (Salam et al., 2021). Financial literacy programs have been instrumental in improving financial knowledge and behaviors among high school students (Taylor & Wagland, 2013). These programs have positively impacted students' spending habits and self-efficacy levels. Moreover, financial literacy interventions have been found to increase students' perceived value of schooling, leading to higher educational commitment (Pesando, 2018). Studies have indicated that financial literacy among high school students is generally low, with less than a third of adolescents understanding basic financial concepts (Ridhayani & Johan, 2020). However, integrating financial literacy education into high school curricula has the potential to address this issue and improve students' financial knowledge and decision-making skills (Johnson et al., 2021). Financial literacy education has been linked to increased financial literacy levels among students, emphasizing the importance of such programs in enhancing financial competencies (Akca et al., 2018).

Entrepreneurship education has also been found to positively influence students' entrepreneurial intentions and inspirations (Salam et al., 2021). By providing entrepreneurship education in vocational schools, students have shown a greater inclination towards entrepreneurship, highlighting the impact of such programs on shaping students' career aspirations (Salam et al., 2021). In conclusion, the results of providing entrepreneurship and financial literacy education for high school students have been encouraging, with evidence suggesting improvements in students' financial knowledge, behaviors, entrepreneurial interests, and educational commitments. Integrating these educational initiatives into high school curricula can play a significant role in preparing students for financial decision-making and fostering an entrepreneurial mindset.

D. CONCLUSION

Entrepreneurship can provide young people with a pathway to financial independence, personal fulfillment, and social impact (Edward & Kaban, 2020). By encouraging young people to pursue entrepreneurship, schools can help to create a more dynamic and innovative society. Moreover, entrepreneurship can contribute significantly to economic growth and job creation, particularly in developing countries where unemployment is a significant challenge (Khong et al., 2023). By promoting youth entrepreneurship, schools can help to address the unemployment challenge and foster economic development.

Schools can also play a crucial role in addressing the unique challenges faced by young entrepreneurs, particularly in developing countries. These challenges include limited access to capital, lack of supportive networks, and inadequate regulatory frameworks. By providing entrepreneurship education and creating opportunities for young entrepreneurs to connect with supportive networks and resources, schools can help to address these challenges and increase the chances of success for young entrepreneurs.

In addition to providing entrepreneurship education, schools can also create a culture of entrepreneurship by promoting entrepreneurship as a viable and rewarding career path. This can be done by showcasing successful entrepreneurs as role models, creating opportunities for students to engage with entrepreneurs and industry experts, and providing mentorship and support for young entrepreneurs.

Finally, schools can collaborate with industry partners, government agencies, and non-profit organizations to create more opportunities for young entrepreneurs. This can include partnerships to provide access to capital, incubation services, and business development support. Moreover, the success of the community service initiative in motivating the students to plan their business projects highlights the critical role of schools in encouraging youth entrepreneurship and promoting social, cultural, and economic development. By equipping young people with the necessary knowledge and skills to start their businesses and creating more opportunities for them to pursue their entrepreneurial ambitions, schools can help to create a more dynamic and innovative society and contribute to economic growth and job creation.

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