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## **Factors that Influence the Business Performance of Graduate Ventures in the Period of the New Normal**

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**Abstract:** Graduate-led ventures have been shown to contribute positively to the economy. Some of these ventures can even survive and grow in restraining conditions. Learning from these successful entrepreneurs is an ever-important avenue for organizations and firms alike, considering the unprecedented times in the New Normal. In this research, we strove to uncover factors that influence the business performance of graduate ventures through literature review first and then followed by qualitative grounded research. Based on literature review can be built the proposed model, while the result of grounded research validated research model. In-depth interviews were conducted with 31 graduate co-founders who survived the Covid-19 Pandemic. This research was conducted through direct observations at West Java Province, Indonesia. several main factors were found to influence resiliency: Entrepreneurial Experience (EEX), Entrepreneurial Mindset and Characteristic (EM), Collaborative Ecosystem (CE), Digital Marketing Capabilities (DMC), Inspirational Entrepreneurial Figure (IEF), and Adaptive Capabilities (AC). Understanding the factors is essential in helping academicians and other stakeholders determine the strategy to support graduates and students during various academic entrepreneurship stages.

**Keywords:** Business performance, Entrepreneurship, Graduate ventures, Resiliency, New normal

### **Introduction**

During unprecedented times such as Covid-19, entrepreneurship has been recognized as one of the major instigators of resiliency and development. Many researchers have even suggested that pursuing entrepreneurship is one of the best ways to minimize the Pandemic impact on the economy (Maritz et al., 2020; Ying & Nill, 2020). Through entrepreneurship, firms and organizations can harness innovative solutions and initiate adaptive options. One often overlooked form of entrepreneurship is academic entrepreneurship or ventures initiated by students, graduates, or academicians alike.

Compared with non-graduate-led ventures, research has shown that graduate-led enterprises perform better (Holden et al., 2007; Pickernell et al., 2011). Evidence from these studies showed that graduate-owned enterprises have a more remarkable ability to access knowledge from a range of resources and access benefits

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and resources from informal networks, associations, and government. Graduate entrepreneur-owned firms were also more likely to sell to a broader range of customers and even internationally located customers. This signals the possibility of graduate-owned start-ups being more successful than non-graduate start-ups.

Nevertheless, while the student and graduate start-ups occur more frequently and provide more economic impact (Bergmann et al., 2016) than start-ups founded by the faculty, there is noticeably less research on the former. This presents a significant gap to address, as stimulating their business performance could positively impact society. From our review of the graduate entrepreneurship literature, most scholars are primarily concerned about the intentions of graduate entrepreneurs or determinants of graduates' start-up creation. Factors that lead to the creation of graduate start-ups include environmental support (Nabi et al., 2015), the field of study, social background, parental occupation, and nationality (Birch, 2017). Of recurring evidence is that exposure to entrepreneurship education can enhance the creation of graduate entrepreneurship (Botha & Ras, 2016), signaling the importance of higher education in creating graduates' ventures. Nevertheless, while many have uncovered the determinants of graduate creation, little inquiry has been made towards determinants of their business performance.

Several primary indicators of a venture's business performance are revenue or employee growth, equity valuation, going public, return on invested capital, or venture survival (Eisenmann, 2020). These indications have been used by venture capital firms and entrepreneurs alike when considering investment candidates or as cues to develop business strategies. In this research, we will focus on venture survival or resiliency as an indicator of graduate venture performance in the New Normal.

To grasp the various ways academia could support students and graduate start-ups, additional research is needed into the determinants of business performance of young graduate entrepreneurs and their ventures, which constitutes an emerging source of innovations (Siegel & Wright, 2015). Assessing the impact of individual-level and university-level determinants in supporting and developing these budding new entrepreneurs would positively influence the development of a region's innovation and economy. Through this research, we aim to uncover factors that lead to the business performance of graduate start-ups in the New Normal.

## **Literature Review**

The concepts of graduate entrepreneurship and graduate ventures are part of an evolving academic or university entrepreneurship field, which has been becoming an increasingly popular topic in the past years (Marzocchi et al., 2017). This has been especially so since the transformation trend of higher education institutions towards entrepreneurial universities. Scientifically, academic entrepreneurship (AE) refers to research that revolves around new business creation at the individual or group levels as part of the university systems. Academic entrepreneurship is a significant contributor to innovations. They are also instigators of new economic value (Kruss et al., 2016) and contribute to the development of regions (Galan-Muros et al., 2017; Marzocchi et al., 2017).

Several paradigmatic shifts in academic entrepreneurship concern the focal actors of academic entrepreneurship and new modes to facilitate them (Skute, 2019). For the former, the traditional view of academic entrepreneurs was strictly related to academicians who had previously worked in laboratories or departments where the technology originated (Roberts, 1991). While recently, scholars have grown to appreciate students and graduate entrepreneurs as actors involved in the process of academic entrepreneurial creation (Siegel & Wright, 2015). At the institutional level, many scholars have also addressed the increasing importance of universities, especially that of entrepreneurial universities, to support these types of entrepreneurs (Marzocchi et al., 2017).

In general, academic entrepreneurship can be addressed from three levels of perspectives: individual-level, university-level, and systems-level (i.e., government or local context.) (Guo et al., 2019). In light of the latter, the extant scholarly literature on graduate entrepreneurship has mainly been focused on the individual-level determinants and has put little focus on the context of the university (Marzocchi et al., 2017). Nevertheless, we argue that the environment plays a significant role in fostering students' and graduates' entrepreneurial activities and their first venture formation. Recent studies also suggest that contextual activities influence new venture creation and business performance (Bergnabb et al., 2016). Aside from the importance of entrepreneurial curricula in the university, Nelson and Monsen (2014), found that it is not a sufficient determinant for academic entrepreneurs' successful performance. Instead, success could be achieved if the complete university entrepreneurial ecosystem, such as incubators and accelerator programs, is mobilized to support these entrepreneurs (Jansen et al., 2015).

## **Research Methodology**

### **Research Approach**

Due to the nascent topic of graduate entrepreneurship in the Covid-19 Pandemic (Modgil et al., 2022), we proceed with our research using an explorative approach to pinpoint factors related to their business performance. The grounded theory is mainly chosen to discover relevant aspects that might be overlooked if used on previously defined frameworks (Bryman, 2012). This methodology was initiated in the late 1960s by Glaser and Strauss (1969), who proposed an alternative strategy in theory development aside from the then-dominance of deductive theories. Charmaz (2006) notably points out several distinctive features of the grounded theory methodology, including conducting a literature review after collecting and analyzing data. However, here we argue that while many grounded researchers advocate entering the field without predisposition to earlier works, we side with Dune (2011), who argues that a reflective approach is needed to review relevant literature pertaining to our field of work. Furthermore, a literature review is also essential to identify gaps concerning our research intention and avoid 'reinventing the wheel.' Nevertheless, we took extra precautions to maintain our neutral stance by employing an experienced graduate entrepreneur to discuss and verify our results.

### **Data Collection**

In grounded theory, sampling is done for theory development and not to achieve representativeness of the population (Glaser & Strauss, 1976). We, therefore, employed the purposive sampling technique and snowball sampling technique by which a small group of relevant respondents was identified and asked to propose others who have the same characteristics relevant to the research (Bryman, 2012). Our main criteria include graduate entrepreneurs who are currently succeeding in surviving their ventures in the Covid-19 Pandemic. The pool of graduate entrepreneurs we selected amounts to 11 individuals and had graduated from reputable universities in Bandung. In turn, these graduate entrepreneurs recommended another contact who fits into our main criteria. In total, 31 graduate entrepreneurs were willing to participate in our study from September to December 2022.

Table 1 presents details of the respondents and the length of the interviews. The earliest graduate venture was initiated in 2015, while the most recent was in 2020 during the Covid- 19 Pandemic. While this demography provides business development stage differences, it also provides rich insight for our study. The total length of interviews was 1,282 minutes, or an average of 41 minutes. All of these interviews were conducted online through Google Meet. Before the interviews, respondents were provided a briefing of the research, and consent forms were also asked. We inquired them to narrate their experiences facing the Covid-19 Pandemic and how they could perform in the period entering the New Normal. We also encouraged them to provide their background and their business initiation.

### **Data Analysis**

Analyzing the data was done in three steps: 1) data preparation, 2) classifying and categorizing data, and 3) interpreting the data. In data preparation, interview transcripts were translated, and irrelevant statements were carefully removed. This step is essential to help us locate and examine the phenomena of interest (Roulston, 2014). Next, we scrutinized the data line-by-line, providing a provisional coding process in classifying and categorizing data. As Thornberg and Charmaz (2014) recommended, coding was done in two phases: initial or open coding and focused coding. This process was not done linearly but rather iteratively, in which we moved between the phases to compare and refine data with codes. Lastly, we employed theoretical coding Glaser (1978), to interpret the data. The NVivo 12 Plus software was utilized to assist researchers in the data analysis process

## **Results and Discussion**

After analyzing 31 interview transcripts, we came upon several main themes as instigators to graduate ventures resiliency (GVR) in the period entering the New Normal: Entrepreneurial Experience (EEX), Entrepreneurial Mindset and Characteristic (EM), Collaborative Ecosystem (CE), Digital Marketing Capabilities (DMC), Inspirational Entrepreneurial Figure (IEF), and Adaptive Capabilities (AC). This section provides a detailed discussion of the themes from this data.

Table 1. Interviews

Code	Management Level	Subsector	Year of Enhancement	Length of Interview (minutes)
R1	Co-founder	Film, animation, video	2018	43
R2	Co-founder	Interior design	2019	42
R3	Founder	Film, animation, video	2017	47
R4	Founder	Fashion	2018	32
R5	Founder	Fashion	2020	33
R6	Co-founder	Interior design	2018	51
R7	Co-founder	Culinary	2014	33
R8	Founder	Fashion	2018	66
R9	Co-founder	Fashion	2018	55
R10	Co-founder	Publishing	2018	33
R11	Founder	Fashion	2018	23
R12	Co-founder	Culinary	2014	54
R13	Co-founder	Crafts	2018	56
R14	Founder	Fashion	2018	37
R15	Founder	Interior design	2018	56
R16	Founder	Fashion	2018	49
R17	Co-founder	Publishing	2017	26
R18	Founder	Crafts	2020	56
R19	Co-founder	F&B	2017	43
R20	Founder	Fashion	2015	75
R21	Co-founder	Fashion	2017	39
R22	Co-founder	Application	2020	30
R23	Co-founder	Application	2020	33
R24	Founder	Application	2020	29
R25	Co-founder	Application	2020	41
R26	Co-founder	Application	2020	31
R27	Co-founder	Fashion	2015	26
R28	Co-founder	Advertising	2017	43
R29	Co-founder	Fashion	2015	35
R30	Co-founder	Application	2019	33
R31	Founder	Application	2020	32

### Entrepreneurial Experience

One of the most consistent findings from all our samples is entrepreneurial experience. When asked about business initiation, most graduate entrepreneurs have mentioned or narrated their experience in selling or starting a business even as early as middle or high school.

*“This is not my first time in business... I started selling stuff during my middle school years! Mostly snacks or anything that I can sell to my friends. I loved doing business since a young age.” (R21)*

Whereas another respondent told us about their early entrepreneurial experience through a hobby during their early years in college:

*“That was when I was actually in college. At that time, I was selling Flash games websites abroad. One game was valued at around \$300 to \$1,000 at that time... at that time I was still alone (doing business) while studying” (R4)*

Several other participants, such as R11, also recalled helping extensively in the family firm or even attempted an earlier venture:

*“Yes, well I helped establish the family business too at that time... I focused on production. Now, after taking care of the family business, I decided to create a new brand.” (R11)*

Figure 1 provides a graphical representation of the entrepreneurial experience of resilient graduate entrepreneurs. As we can see from the chart, more graduate entrepreneurs (89%) cited previous entrepreneurial

experience than none (11%), which may strongly indicate the significance of the entrepreneurial experience to graduate venture resiliency.

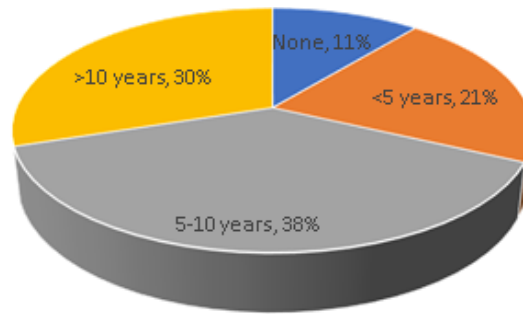


Figure 1. Entrepreneurial experience of resilient graduate entrepreneurs

### Entrepreneurial Mindset and Characteristic

Possessing an entrepreneurial mindset and characteristic (EMC) becomes a prominent attribute of resilient graduate entrepreneurs. We came across several recurring dimensions for this theme: growth mindset, risk-taker, and persistence. Table 2 shows our coding process for the EMC theme.

### Collaborative Ecosystem

We were also able to identify the importance of collaboration through the interview, especially to graduate's new ventures. Graduates who possess strong ties with alumni could find collaborative opportunities to find new clients or fulfill a specific need. For instance, R9 narrates how her company was still able to produce interesting digital marketing content despite limited resources in her company.

*"It is a challenge...but coincidentally, now I'm being helped by... Well, it is like this in Bandung. We do collaborative working... So, coincidentally, I have a friend who is an expert in the field of social media managing. Then I asked whether he wanted to include my venture in his social media portfolio while asking for help to advertise."* (R9)

Through several of these interviews, we noticed that institutions such as universities could support graduate ventures by collaborating with them at the R&D level or even provide opportunities for students to work in a natural business setting to hone their skills.

Table 2. Sample of the EMC coding process

Interview excerpt	Initial coding	Focused Coding
<i>"Before, I was only focused on games and animation, but it turns out that there is a new trend. So the venture is now finally becoming more general as a digital agency. It now actually contains various kinds of services, not only in the field of games or animation"</i> (R22)		
<i>"Then coincidentally, there is also a momentum to reduce plastic waste. So that is why I combined what I am interested in and the momentum of the market. Yes, the market is going that way; again, people are excited"</i>	Openness to New Opportunities	Entrepreneurial Mindset and Characteristic
<i>"I have read that this will be the next trend... but because I do not know how to do it, I just studied it and learned the theories."</i> (R1)	Willingness to learn new things	
<i>"So, keep looking for ways and do not look for reasons not to stop."</i> (R4)	Persistence	

## **Digital Marketing Capabilities**

Many non-management graduate entrepreneurs confessed to encountering difficulties managing their ventures in the Pandemic due to the lack of management knowledge and skills. Digital marketing capabilities are the most named that these graduates wished to have during the Pandemic. As a respondent stated, it is also becoming an essential foundational skill for entrepreneurs.

*“Still, the effort from marketing is also one of the foundational things. Not only conventionally, but digitally it must be strengthened. Moreover, indeed digitally, it is mighty, especially during a pandemic.” (R8)*

Whereas management graduate entrepreneurs similarly voiced the importance of knowing marketing skills that they have acquired during their study.

*“The most influential in its development is social media skills... Instagram ads, Facebook ads, then endorsements, and all kinds of things.” (R10)*

## **Inspirational Entrepreneurial Figure**

Another interesting theme in our interview data was an inspirational entrepreneurial figure. R3 has recalled meeting an inspirational figure who indirectly motivated himself to become a better entrepreneur.

*“There was that one time when I got a chance to meet him (IEF). We sat through a meeting together at the big table to discuss the product; it was also quite motivating even though there was not a direct “you have to do this,” but I... It is motivating me to see how people work for him, and so on, it motivates me to be a better entrepreneur.” (R3)*

This inspirational figure might also be an academician, mentor, or even a family member:

*“I remember having interesting business insights from academicians and mentors who have practical experience in business or management. We can consult them things related to our ventures.” (R5)*

One of our respondents even voiced that she was seeking a business mentor, as it will significantly help her consult during such a challenging time.

## **Adaptive Capabilities**

Adaptive capabilities refer to “an ability or willingness to change to suit different conditions” (Cambridge Dictionary, 2021). Many graduate-led ventures possess adaptive capabilities through their willingness to pivot their business strategies.

*“We can adapt quickly when circumstances change.” (R5)*

They were also able to diversify or innovate to better suit target markets’ needs. This adaptive capability provides better chances for ventures to capture the market despite unprecedented demands in the New Normal:

*“I don’t want to focus too much on one particular solution because of this... because sometimes there is a trend or other types of influence (such as the Pandemic). At that time, the biggest supporting product for our company was from mobile apps... developing mobile apps and websites. For videos, the demand went down, except for animation, animation was still pretty good because some of the lessons went online.” (R22)*

## **Conclusion**

Though constituting a significant role in society for their contribution to the economy, graduate ventures have not received adequate attention, particularly in uncovering factors relating to their resiliency. Through this research, we aim to fill such a gap by employing an inductive qualitative method. From 31 interviews with founders or co-founders of graduate ventures, several main factors were found to influence resiliency: Entrepreneurial Experience (EEX), Entrepreneurial Mindset and Characteristic (EM), Collaborative Ecosystem

(CE), Digital Marketing Capabilities (DMC), Inspirational Entrepreneurial Figure (IEF), and Adaptive Capabilities (AC).

## **Recommendations**

The findings of this research can be used by graduate and non-graduate entrepreneurs alike as factors that can increase the chances of resiliency in the New Normal. We suggest these recommendations also to academic institutions or entrepreneurial programs to provide a practical curriculum to accommodate the needs of ventures, specifically in entrepreneurial mindset training and enhancing digital marketing capabilities. Other stakeholders such as alumni or private companies are also urged to collaborate with graduate ventures to create a wholesome collaborative ecosystem.

Nevertheless, while we have attempted to capture these points through extensive, in-depth interviews, several limitations are evident. First, as with other qualitative research, is the small sample of respondents, which might affect the generalizability of findings. Future researchers interested in extending this study should use a quantitative approach to validate the findings. Second, graduate entrepreneurs in our sample originate from Indonesia, which will need further investigation into the validation in other countries. Lastly, while we have touched upon micro and meso factors contributing to resiliency, macro level determinants should also be investigated to provide a comprehensive picture to support graduate ventures.

## **Scientific Ethics Declaration**

The authors declare that the scientific ethical and legal responsibility of this article published in EPESS Journal belongs to the authors.

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