

Application of Strategic Entrepreneurship Approach in Franchise and Non-franchise Business: A Study in Non-Formal English Education in Indonesia

Respati Wulandari

Bina Nusantara University, Jakarta - Indonesia
Email: respati.wulandari@binus.edu

Maria Grace Herlina

Bina Nusantara University, Jakarta - Indonesia
Email: herlina01@binus.edu

ABSTRACT

This study further examines the influence of entrepreneurship in the innovation of the non-formal English language education industry (English course) that is oriented towards the achievement of competitive advantage. Entrepreneurship is characterized by entrepreneurial leadership, entrepreneurial culture, and an entrepreneurial mindset. This research approach is undertaken with strategic entrepreneurship. The method used is a quantitative method that begins with an explorative study of the English course industry in DKI Jakarta. The results of the discussion of institutional course data using a franchise system in which entrepreneurial mindset has no significant effect on entrepreneurial leadership and innovation strategy, as well as entrepreneurial culture, has no significant impact on innovation strategy. On the other side, institutional course data using a non-franchise system found that entrepreneurial leadership has no significant effect and is inversely proportional to innovation strategy. This research provides a new repertoire of entrepreneurial fusion and its impact on organizational innovation so that competitive advantage can be achieved. The entrepreneurial typology and innovation of the research results are given in managerial implications as the contribution of this study.

Keywords: entrepreneurial mindset, entrepreneurial culture, entrepreneurial leadership, innovation strategy, competitive advantage, strategic entrepreneurship, franchise, non-franchise, non-formal English education industry, Jakarta

Received: 25 March 2021;

Accepted: 4 June 2021 ;

Publish: June 2021

How to Cite:

Wulandari, R., Herlina, M.G. (2021). Application of Strategic Entrepreneurship Approach in Franchise and Non-franchise Business: A Study in Non-Formal English Education in Indonesia. *Journal of Business and Behavioural Entrepreneurship*, 5(1), 127-141. <https://doi.org/10.21009/JOBBE.005.1.08>

INTRODUCTION

To deepen the subjects and improve learning achievement, many students attend non-formal education institute programs, including the English language. Not only students of childhood and adolescence, but even the early age was also already included to learn English. Those interested in learning English are not only students but also college students, adults and groups of workers. The public interest to learn English is so excellent that it encourages the establishment of no formal English institutions in Indonesia in general, as well as in Jakarta in particular.

ASEAN Economic Community 2015 states that English defined as the official language of ASEAN countries (Aring, 2015). English language skills become the demands of educational programs and the world of work of the future. ASEAN Economic Community 2015 also recommends English education to be a basic lesson in primary and secondary education to produce highly competitive skills and expertise.

The governments of ASEAN countries declare the use of English in the fields of science, education, and business as a means of increasing competitive advantage to meet market demands (Hallet, 2005). Education was included in the flow of free trade as a service field that can freely penetrate the national market through the boundaries of the country. For that reason, English should be used throughout education from pre-school to post-graduate levels to be ready to engage in an inevitable free trade flows. It assumed that higher education in Indonesia is still on the long road, good management quality becomes possible to manage the risk of the impact of free trade and create profitable opportunities (Wijatno and Gunadi, 2014).

Free trade flows and the ASEAN Economic Community (AEC) drew the attention of Indonesian workers. The current requires the mastery of English in the market participants to get involved in the arrangement. That's why the Indonesian workers as market participants free trade and the AEC are trying really to master the English language so as not to lose in the free market competition. In the global rankings, the English mastery of Indonesian workers is at a score of 52.74. It is under Malaysia and Singapore, above Thailand and Vietnam, even superior to France (Amirio, 2015).

Non-formal English educational institutions in Indonesia have been going on for more than four decades. In that time span, the numbers are up and down. The survivors until now include LBPP LIA, BBC, Oxford, ILP, and English First (E.F.). These institutions can be categorized into two models, namely, franchise model and non-franchise or independent. They develop themselves and innovate according to the challenges, demands and expectations of market share. The growing market share of English mastery enthusiasts, both among students, as well as workers, is a great opportunity for non-formal English educational institutions. This non-formal educational institution then becomes a lucrative new business field. Thus, these non-formal educational institutions became the business of the English course industry.

The business of English course industry is influenced by several factors, namely macro pointing global economic condition; a social lifestyle that demands mastery of the English language; technology that provides the ease of learning English independently and encouraging innovation; as well as the role of managers or leaders of the institution itself who must dare to innovate. Innovation is a key factor in enhancing competitive advantage in the business of the English course industry. Innovation targets three categories, namely product categories, services, and business models (Deschamp, 2005).

To develop the business of the English course industry, a special study is needed in this business. Indeed, it has been presented a lot of research in various business

fields. However, research on the business of the English course industry in the perspective of strategic entrepreneurship is still very limited. This study is very significant and relevant, given the importance and high demands of mastery of English as well as the magnitude of the role of managers or leaders of institutions to innovate. This strategic entrepreneurial perspective study will make a valuable contribution to the development of the English course industry business. Strategic entrepreneurship focuses on how "the behavior of seeking opportunity and the behavior of seeking advantage" in order to create wealth. It applied in small and big companies. They need to be entrepreneurial and strategic at the same time. This is mandatory for them to learn how to position the integration of strategic entrepreneurship and cooperative innovation to create wealth (Monsen & Boss, 2009 in Dogan, 2015). This approach is crucial for this industry, considering they face fierce competition to survive and grow in a very dynamic environment.

Studies on strategic entrepreneurship show that the entrepreneurial spirit of the manager or agency leader determines the development of an industrial business agency. Entrepreneurship utilization contributes greatly to the creation of innovation and the achievement of competitive advantage. Entrepreneurship has three essential elements, namely entrepreneurial leadership, culture, and mindset (Ireland et al., 2003). The study is about the impact of these 3 essential factors in this industry. This research provides two outcomes from our model, which is the result of a franchise and a non-franchise system. Franchise system in the education business is widespread, particularly English courses institution. Falbe et al. (1998) once said that franchising is an entrepreneurial activity in creating economic development (Salar & Salar, 2014). This situation encourages practitioners to recommend franchise business as a method in entrepreneurship (Michael, S.C, 2003 in Salar & Salar, 2014). However, the non-franchise system for English courses business remains the profitable choice for those who run this business.

Based on the essential elements of entrepreneurship, the following questions are asked for the research: how does the influence of entrepreneurial mindset, culture and leadership towards innovation strategy and competitive advantage for English courses that use the franchise and non-franchise system.

A study conducted by Ireland et al. (2003) describes strategic entrepreneurship as a way to gain a competitive advantage supported by creativity and innovation. Company innovation realized with the ability of managers to manage resources supported by entrepreneurial leadership, entrepreneurial culture, and an entrepreneurial mindset. The strategic entrepreneurial theory is a combination of profit and opportunity seeking. This study of Ireland et al. (2003) is a conceptual study, not a result of empirical studies. Therefore, there is an opportunity to work on empirical research on the non-formal education industry of English. The variables used in this study were inspired by the study of Ireland et al. (2003) with modifications tailored to the industry context under study.

Research in the realm of strategic entrepreneurship rarely discusses the effects of entrepreneurial factors, namely: entrepreneurial leadership, entrepreneurial culture and entrepreneurial leadership, towards the innovation strategy of the franchise and non-franchise businesses. Only a few references can use to answer this research. Here are some recommendations that applied, and there are still many research gaps in this research topic:

Salar & Salar (2014) find the advantages and disadvantages of the franchise business. The benefits are brand recognition, lower risk of failure, ready customer portfolio, easy setup and easy to find financial support. The disadvantages are high

cost, dependency, strict rules, initial and ongoing cost. The researchers examine whether these business characteristics suitable for strategic entrepreneurship approach to creating competitive advantage.

Research by Olav Sorensen and Jesper B. Sørensen (2001) discusses a fast-food chain business strategy in the United States that uses a franchise system and a company-owned unit from the perspective of entrepreneurship owned by franchisees and company-owned unit managers. In this study, English course managers at each institution or centre considered as franchisees. The business owner does not exclusively own the term franchisee, but the manager who manages the business is also considered a franchisee. It is because of the involvement of business management done and known by the manager rather than the owner itself. Research by Jolene Lim and Lorelle Frazer (2004) discusses the franchisor expects attitudes of the franchisee in running the franchise business.

Research by Dianne H.B Welsh et al. (2009) discusses the entrepreneurial traits of the executive franchise and managers, as well as the franchisee and franchisor to determine the different levels of entrepreneurship in each individual. Research by Olufunmilola (Lola) Dada, Anna Watson and David A.Kirby (2011) in-depth the relevance of entrepreneurial phenomena to the franchisee context. It is due to the debate that the franchisee is not an entrepreneur.

All of these references do not address specifically the importance of entrepreneurial factors like entrepreneurial leadership, culture and mindset in the manager's capability in innovation strategy to obtain a competitive advantage. Study in the realm of franchise business rarely discuss the approach of strategic entrepreneurship franchise study tends to discuss entrepreneurship in general.

RESEARCH METHOD

This research use both qualitative and quantitative methods. Exploration studies are used to deepen the state of business in the English language course industry. Interviews with managers were conducted before and after the distribution of questionnaires to answer research questions. Questionnaires were distributed to 61 courses in Jakarta. We select Indonesia capital city, Jakarta due of the fierce competition that have been faced by English courses. Compare to other big cities in Indonesia, Jakarta has the largest amount of English courses. There are 30 institutions that use the franchise system and 31 institutions using non-franchise system. The study uses SmartPLS to process questionnaires that have been filled by managers. The study was conducted from January 2014 to January 2017 started from collecting news articles, articles journal and explorations to several courses. Interviews were also conducted with 100 course participants to deepen the research.

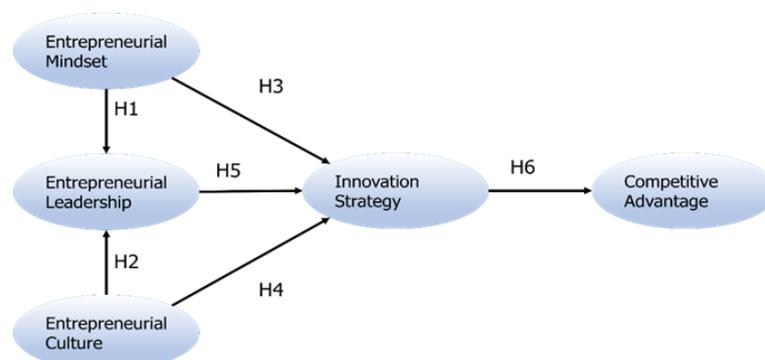


Figure 1: Research Model

Respondents' Profiles.

The study conducted in 61 courses. Based on gender, there were 32 female managers. Thirty-six managers were 36 years old or older. Most of the managers, 37 of them, served their courses for 1 to 5 years. Most of them, 42 managers, had bachelor degrees. Based on this data, they were highly-educated and had sufficient knowledge to become managers. Also, their working experience supported their performance. Before working as managers, most of them had already worked in each of the institutions, so they understood the state of the business industry.

RESULTS AND DISCUSSIONS

The Results of Outer and Inner Models.

The result of the loading factor on each variable has a minimum value of 0.5, so it is considered sufficient to meet the requirement to be a determining loading factor (Hammad et al., 2013). The minimum AVE (Average Variance Extracted) value is 0.5. The AVE value in this study, which is either processed as a franchise and non-franchise data, is above 0.5. Therefore, this value is valid. The value of Composite reliability and Cronbach Alpha is above 0.6. Consequently, it can be concluded that this value is reliable.

The value of R-Squares, which is a result of overall or combined data, is above 0.33. According to Chin's view (1998) in Hammad et al. (2013), this R-Squares value indicates that the research model is moderate. In other words, the influence of exogenous latent variables (entrepreneurial way of thinking and entrepreneurial culture towards entrepreneurial leadership; entrepreneurial thought, entrepreneurial culture and entrepreneurial leadership towards innovation; innovation towards competitive advantages) has a substantial influence on endogenous latent variables.

Table 1.
Results Of Outer And Inner Models Of English Courses
Institute Using Franchise System

Variables	AVE	Composite Reliability	Cronbach's α	R ²
Entrepreneurial Mindset	0,570	0,754	0,788	
Entrepreneurial Culture	0,528	0,824	0,767	
Entrepreneurial Leadership	0,770	0,840	0,805	0,498
Innovation Strategy	0,650	0,857	0,835	0,547
Competitive Advantage	0,543	0,670	0,597	0,511

Table 2. Results of outer and inner models of English Courses Institute using Non-Franchise system

Variables	AVE	Composite Reliability	Cronbach's α	R ²
Entrepreneurial Mindset	0,672	0,838	0,768	
Entrepreneurial Culture	0,681	0,612	0,604	
Entrepreneurial Leadership	0,563	0,921	0,914	0,752
Innovation Strategy	0,780	0,953	0,942	0,763
Competitive Advantage	0,644	0,748	0,679	0,772

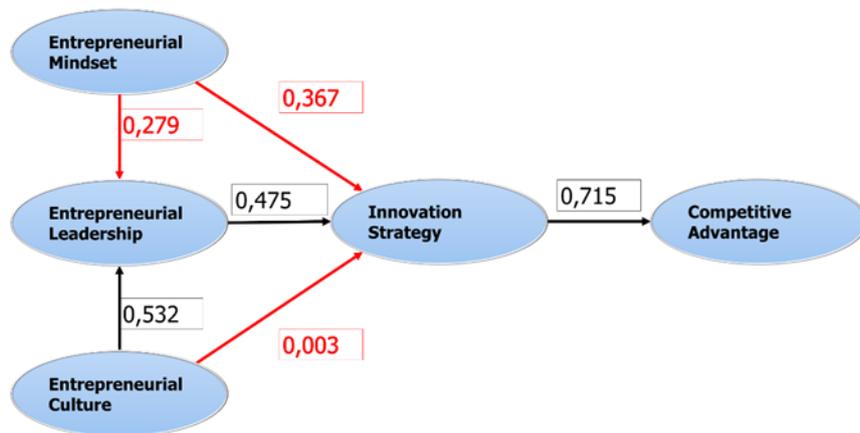


Figure 2. Path Coefficient Result for Franchise System English Course

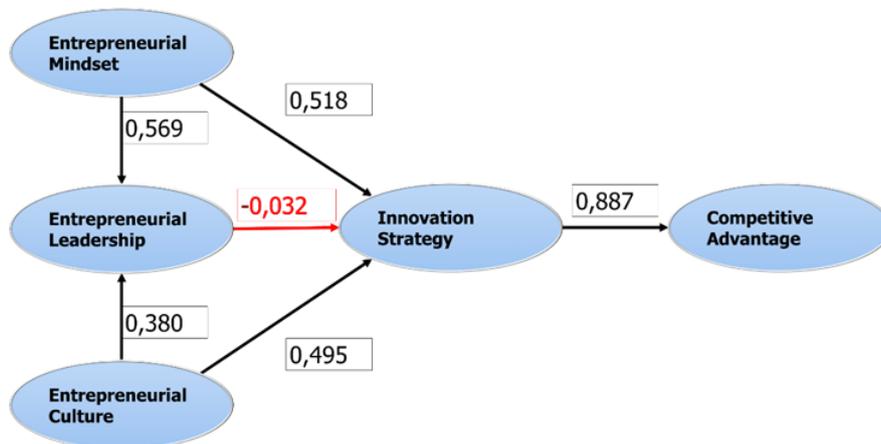


Figure 3. Path Coefficient Result for Non-Franchise System English Course

Interesting findings found in the sample institute course with the franchise system. Entrepreneurship leadership plays an important role to create innovations that ultimately create a competitive advantage. The entrepreneurial culture also requires entrepreneurial leadership mediation and innovation strategies to create competitive advantages of course institutions with franchise systems. In other words, the role of innovation as a mediation of entrepreneurial culture does not mean without intervention

from entrepreneurial leadership.

An analysis of these findings is that the rigid franchise system has created a "box" that limits institutions to develop innovation. For that, it takes entrepreneurial leadership when thinking or applying in the "box". In this study, the so-called franchise is not just a business owner, but also a manager. Because managers are always in the course institutions to operate the business every day and who more often make contact with the head office or franchisor.

On the contrary, findings on non-franchise samples indicate that innovation strategy mediation becomes important for the entrepreneurial mindset and culture to a competitive advantage. What is interesting is that entrepreneurial leadership does not portray itself as a mediation of the entrepreneurial mindset and culture to innovation strategy that ultimately creates a competitive advantage. In this study, non-formal English educational institutions that use non-franchise systems are course institutions that are branches of head offices and independent course institutions that stand under their brand.

The analogy is that these findings further clarify the role of innovation strategy as mediating competitive advantage. When a course institution uses a franchise system, the role of entrepreneurship leadership becomes essential because it negotiates the entrepreneurial mindset and culture in realizing competitive advantage. However, this does not apply to non-franchise courses. As long as managers have an entrepreneurial mindset and culture, innovation strategy will mediate the creation of competitive advantage. What is interesting is that leadership factors are not relevant here. It can interpret that in non-franchise course institutions, the mindset and entrepreneurial culture is spreading within the institution and may be so strong that it does not necessarily require entrepreneurial leadership to create innovation. In contrast, in a franchise system, the rules, SOPs, and guidelines are so rigid it takes an entrepreneurial leadership that drives the company to create a competitive advantage through innovation. In other words, they are too obedient to the rules, so do not dare to get out of the "box" of the franchise system.

The entrepreneurial mindset is positively insignificant to entrepreneurial leadership in the franchise system. However, it is significant in the non-franchise order.

The results of non-formal interviews in exploratory studies conducted by researchers on some managers' show that the head office always does control. Supervision completed periodically to find out how far the development of business in each franchise or course institution. Monitoring by the franchisor tends to discourage managers from giving their opinions about business opportunities. Excessive head office controls make managers less able to analyze the uncertainty of the course business in the future.

The above is in line with the Sorenson and Sørensen (2001) studies which suggest that behavior control by franchisees by means of monitoring leads managers to think inflexibly. Differences or ideas that are released will result in irregularities on how to lead managers' leadership. Research by Dada et al. (2011) citing Hoy (2008) also supports this statement, namely having a franchise is the antithesis of entrepreneurship as the franchisee follows a business model developed by the franchisor and loses his freedom with entrepreneurship due to franchise agreements or contracts. Therefore, the manager's free behavior is judged to inhibit the development of general standards and the transfer of knowledge by the head office. The result is that entrepreneurial mindset behavior has no significant influence on its leadership.

According to research by Lim and Frazer (2004), franchisees choose to join the

franchise business because they see the benefits of service support provided by the franchisor. This is interesting because the entrepreneurial orientation of managers does not have to be honed or highlighted in terms of leadership. This statement becomes argumentation support on the results of this research in which course institution managers on the franchise system does not need to be skilled in the entrepreneurial mindset. It was also stated in this study that managers should be able to work with predetermined rules, just as employees work with organizational rules and policies. This is consistent with the results of interviews saying that everything is governed by the centre of how to think and act.

For the non-franchise system, the entrepreneurial mindset is positively significant to entrepreneurial leadership. According to research by Lim and Frazer (2004), independent managers who run their businesses have more independence in entrepreneurship than managers who run a franchise business. This research is in line with Lim and Frazer research. This research revealed that branch office managers bound by the way business operations from head offices, so that entrepreneurial mindset has formed and influence leadership. Conversely, managers who run independent businesses must have an entrepreneurial spirit and an innovative mind in developing their institutions internally.

Entrepreneurial culture is positively significant to entrepreneurial leadership for both the franchise and non-franchise system.

Interviews with some managers indicate that the entrepreneurial culture contains ideas and creativity devoted to their work as leaders. Managers conduct weekly or regular meetings with teams/staff at the course to discuss products, jobs, events and marketing to get more course participants. Some managers said that they sometimes do things or new activities that have never been done before by the head office. It is in line with Welsh et al. (2009), even though the franchisor exercises strict control, most franchisees still have to commit to several risk-taking and proactive conduct of their business to ensure their business is thriving. Burke and Posselt (2008) in Dada et al. (2011) also said that the franchisee embarked on ideas for innovation as proximity to the customer to provide more benefits to the customer. Therefore, as a leader of a course institution, managers need to create ideas for developing a course institution.

Sorenson and Sørensen (2001) argue that the entrepreneurial culture owned by managers and franchisees emphasizes more on exploration. Trying to do things that are new and never done before is often done to grow the business. Course institution managers also add the role of business owners who provide leeway in administering and managing the management system at the course institution.

Based on interviews with some managers in non-franchise system, the entrepreneurial culture they apply is to listen to new ideas from teams/staff in pursuit of business opportunities; holding training for teachers and employees regularly; capturing the influence of democratic business owners; staff is given space so that the manager does not regulate it; as well as developing a culture of listening and asking for opinions. Besides, business owners and head office provide the freedom to develop their own entrepreneurial culture in each course institution. This situation is supported by the statement of Lim and Frazer (2004), which says that managers managing an independent business should have technical or operational skills or skills.

The entrepreneurial mindset is positively insignificant to innovation strategy. However, it is significant in the non-franchise system.

In interviews, some managers in franchise system say that for product innovation

and business model they are so tied to the rules of the head office. Although they have changes that have been designed, these innovations may not necessarily be implemented as a business strategy because of the control of the head office. As an individual who has an entrepreneurial mindset in a state that is always supervised or controlled by the headquarters, managers will ignore his entrepreneurial mindset if he/she feels his innovation is less critical and takes a long time to implement. This long time is consistent with the Sorenson and Sørensen (2001) research which states that entrepreneurs who run a franchise unit must show greater willingness to invest in innovations that may take a long time to make it happen. It takes a long time.

According to research by Lim and Frazer (2004), the franchisor or head office runs very strict supervision on the franchisee. The manager is always dealing with head office and daily business. This results in a lack of flexibility in innovating. Innovation can be done internally or only within the institution.

Some things are revealed by some managers in non-franchise systems, such as the loss on innovation is not a problem as long as it has tried. The loss is a useful evaluation material for further development. In addition, feedback collection from customers and staff is required. Furthermore, it should be oriented to innovation. Interviews also found innovations by these managers more on exploitation or incremental/sustaining innovation, developing existing and existing innovations. The approval process from head offices is faster because it is not too wordy in its implementation. This situation is in line with Sorenson & Sørensen (2001) remarks that managers in branch offices will direct their attention to improvements from existing activities rather than exploring new resources and discovering new activities. Innovations at branch office courses are more internal to the institution itself, such as regular meetings, improvements to payment services, and off-course activities. As with the independent course institution, this institution can run innovations more flexible and adapted to the circumstances of the business environment to meet the needs of course participants.

Entrepreneurial culture is positively insignificant to innovation strategy. However, it is significant in the non-franchise system.

The results of the questionnaire indicate a lack of risk-boosting impetus for teams/staff in reaching the business opportunities of the course and the lack of tolerance for failure of the decision-making opportunities made by the team/staff within the institution in the franchise system. It is also supported by the influence of business owners who are less supportive of risk-taking to innovate. This helps the statement of Sorenson & Sørensen (2000), managers who run the franchise business have a fear of taking risks because innovation is always synonymous with money capital. Indeed, the risk of decision-making on innovation could be reaping success.

According to Lim and Frazer (2004) research, managers managing franchise businesses are more interested in profitable business activities for their units, and managers can decide to reduce the quantity or quality to increase profits in their business. According to interview results, managers tend to benefit their units by focusing on their groups because other centres of the same brand are considered competitors.

In an interview with branch offices managers in non-franchise system, the entrepreneurial culture applied is to accept innovative ideas from the team/staff within the institution. Before the ideas were applied in the development of innovation, budget calculations have been made so that risks can be minimized. Another example is open and free to express opinions. The kinship culture developed within the institution concerned encourages the team/staff to give a maximum contribution in innovating. Head

offices are open with innovation from branches as long as it does not require much financial cost. Innovation can be run immediately without waiting for approval from business owners. Besides, staff are encouraged and taught to be innovative. These factors make the entrepreneurial culture of managers powerfully influential on the development of internal innovation within the institutions it leads. Here, it can be concluded that the entrepreneurial mindset and culture that influences innovation is only limited to the internal institutions of each and more of an exploitative or incremental innovation.

Explorations or radical innovations such as changing course types or changing existing business systems, though advised, are undermined by branch office managers because of the risks that may threaten the system from headquarters. This situation is the same as stated by Sorenson & Sørensen (2001), i.e. if the manager is daring to innovate and the result fails, the manager may be subject to sanction by the head office. Managers who have a risk-averse tendency prefer to improve existing operations.

Entrepreneurial leadership is positively significant to innovation strategy in the franchise system. On the contrary, it is negatively insignificant in the non-franchise system.

Some course institute managers say that their position as manager allows them to innovate to develop a course institution. They are given leeway by business owners to lead and manage institutions. They also revealed that the owner is just an investor. Managers manage everything, so manager leadership is at stake in institutional performance. In several interviews, managers often say the importance of entrepreneurial leadership. Their position in the franchise chain requires them to provide high performance to the headquarters. Therefore, as the leader, they are in charge of maintaining entrepreneurial skills, conveying information openly about innovations that have good prospects with team/staff, pursuing opportunities in developing business courses, questioning dominant logic, such as evaluating agency positions with competitors and conducting new activities. This is in line with the results of Sorenson and Sørensen (2001) research, which states that franchisees or managers who run a franchise business are more devoted to exploitation as well as managers in company-owned units. Here, the difficulty is transferring knowledge among franchise units. This situation occurs in the non-formal English education industry. If the franchisee is different, despite standing in the same brand, it is considered a competitor.

Welsh et al. (2009) found entrepreneurial leadership factors in managers who run the franchise business are initiator and aggressive. The initiator is initiating, rather than reacting to, and competitive action. Energetic is aggressive behaviour, competitive and quick nature to seize new opportunities. Based on the interview results, these leadership factors often arise. Although the headquarters has limited space for innovation, managers feel they have to do more with the institutions they lead.

Managers say they have higher entrepreneurial values than business owners because they are dealing with day-to-day business activities, knowing the circumstances and needs in their business environment, and listening to innovative ideas from their team/staff. The results of this study are supported by Welsh et al. (2009) which states that managers who manage the franchise business have greater entrepreneurial traits than their business owners so that innovation can be more developed.

The results of entrepreneurial leadership that have a strong influence on innovation in the franchise system are supported by Bradach (1997) in Dada et al. (2011). They state that in order to ensure business sustainability, the franchise system must be able to adapt new opportunities, threats every time, and situations that will involve the

display of entrepreneurial behavior within local outlets. Therefore, managers who manage the franchise business are more familiar with local market conditions than the head office or franchisor (Cox & Mason, 2007 in Dada et al., 2011). This may affect the entrepreneurial behavioral requirements as a result of local market adaptations in franchise outlets.

Interviews show that although managers in the non-franchise system have an entrepreneurial mindset and culture that influence entrepreneurial leadership and also influence internal innovation, a unique finding is found, that entrepreneurial leadership has no effect on innovation strategy. Some managers disclose the following points leading to the absence of entrepreneurial leadership influences on innovation creation, namely internal changes (management and head offices) and external (environmental circumstances) of the business scope; more transformational or autocratic leaders; the head office intervenes so that the entire program is held by the head office; branch offices are only allowed to develop and collaborate to achieve the satisfaction of course participants in order to attract more course participants; budget from head offices is limited so that branch offices are difficult to develop; there are dictatorial managers to ensure smooth business processes and targets are achieved, and managers only follow directions from head office. These make managers feel as leaders who are treated as employees with strict rules from head offices. The impact is that the creative thinking that emerges to innovate and the drive to take risks in implementing new ideas does not work out.

Managers feel they cannot explore new things because of the limits and direction of the head offices. This is what resulted in applied leadership is not entrepreneurial. Leadership is limited to the implementation of the work system from the head office. However, managers can still make small innovations in the internal environment of their institutions, for example: establishing forum sharing, as well as creating marketing activities and outdoor activities for course participants. Conversely, managers of independent course institutions are less willing to take risks in investing. Managers reveal that innovation always requires a lot of capital. The managers are afraid of failure, so for this new independent course institution, radical innovation has not been done.

This result is unique because it is inversely proportional. This happens in the non-formal education industry of English, especially those using non-franchise systems. According to Sorenson and Sørensen (2001), rewards given to managers prevent them from innovating. Because of these circumstances, managers assume that even if the innovations are successful, the success will only benefit the head office. Managers will not reap the full benefits of successful innovation. This statement is also expressed by one of the managers who feel that the salary given makes them not enthusiastic in innovating, so it is better to follow the direction and innovation of head offices. Monitoring activities conducted by the head office also made him reluctant to innovate. Due to attachment to head offices, managers are sometimes worried about their positions that may not be viable for the long term if managers do things that are not approved by the head offices. Fulfilling what has been mandated by the head office is considered to increase the chances of promotion.

Branch offices usually do not have much innovation than franchise (Sorenson & Sørensen, 2001). This is due to procedures that already exist and applied by the head office to the branch office. Exploitation is more emphasized than exploration. Exploration conducted by branch offices has a high risk if not successful on local conditions or the environment in which the office operates. Therefore, the application of existing rules and innovations tends to take precedence over innovative ideas from managers.

During interviews, some managers expressed their non-entrepreneurial leadership. It is normal because some of the courses are new and the team/staff needs a lot of direction and firm rules from the boss. It is in line with Paul Zijlstra's (2014) statement on his research which reveals that not all businesses can implement entrepreneurial leadership. It happens because the company is new, and the team/staff do not yet have a high independent sense of work. In this condition, the manager's leadership style is more autocratic.

Innovation Strategy is positively significant to competitive advantage for both franchise and non-franchise system.

These results complement the study of Mary M. Crossan and Marina Apaydin (2010) who have not tested innovation areas in all sectors, especially the non-formal education sector. Other innovations include opening online courses, working with others to complement and support courses, empower digital media, improve curriculum, open non-English classes, and conduct outdoor course activities.

In non-franchise system, an innovation that has been done is a profit-sharing system with teachers; opening a class outside of an already running term; organize programs other than English courses such as school support; collaboration with other parties such as banks, fast food restaurants and modern convenience stores; promotion at each centre; improve facilities and institutional decoration; routinely engage in activities involving course participants and the general public, and open online classes.

Typology of Entrepreneurial Leadership, Culture, and Mindset with Innovation Strategy in English Non-formal English Education Industry.

This study makes typology as a contribution to this study. This typology is composed of two elements. The first element is the application of entrepreneurial leadership skills, culture, and mindset by managers to the non-formal English language education industry. The second element is the innovation created.

Based on the result of the study on non-formal English education industry on entrepreneurship ability of manager and innovation, the following results are illustrated with the type of sport:

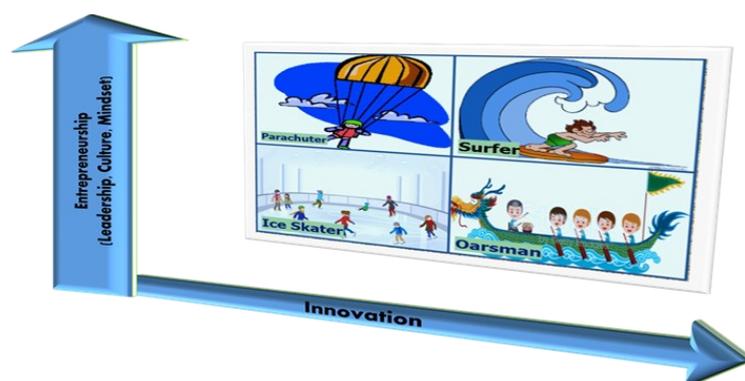


Figure 4. Typology of Entrepreneurial Leadership, Culture, and Mindset with Innovation Strategy in English Non-formal English Education Industry.
Source: Wulandari & Mursitama, 2017

Ice Skater Type. This sports area is limited to arena or ice skating rings. If interpreted in this study, managers who manage the course institutions have the entrepreneurial leadership, culture, and mindset that is still low so that the innovations created are still very less. It happens to a new and independent course institution. Managers are still groping their business and the environment. His or her experience in entrepreneurship is also still not developed.

The Oarsman Type. This sport is not done alone. There is an important figure in it, namely drummers or instructors in the ship. Oarsmen follow the rhythm and instructor's instructions in wading through the river. If interpreted in this study, managers are like rowers who must listen and obey directions from the head office. The entrepreneurial leadership, culture, and mindset are owned by managers, but not in a high degree. Innovations in course institutions that use franchise systems and branch offices are usually governed by them. Managers are heavily controlled by head offices in innovating and making them reluctant to explore more even if there are innovations made, only the internal nature of the institution.

Parachuter Type. This sport tends to extremes. Parachuting players love challenges and risks. Parachuting expertise can control the parachute with the wind that drives it. In this study, managers of this type have a high degree of entrepreneurial leadership, culture, and mindset, are willing to take risks and like to explore new things to develop institutional innovation. However, his or her creative ideas are sometimes constrained by the rules of the head office or owner (franchisor) so that not all innovative ideas can be realized. Constraints that often faced is the head office resistance to make changes to the program or business owners who are less willing to take risks in investing. In this study, the study found managers who have high entrepreneurial behavior with the support of business owners who allow or liberate managers to innovate. Innovation can be in the form of conducting marketing activities, cooperating with other parties to support the course program, so that course participants are more interested, changing the room decoration so as not to be boring, making outdoor activities to increase the public's awareness of the identity of this course institution. Managers make regular meetings with the team/staff to discuss the course business activities. Course institutions that have managers of the type of parachuter have a high performance both in terms of innovation and have more course participants. This type of manager can still innovate, but still controlled by the head office so that for some programs that have been set by the head offices even can not be changed. From the side of head offices, resistance is so strong against ideas and buzz from managers.

Surfer Type. This type of sport is only favoured by people who love challenges, dangers, love to see opportunities, and have the nature of never giving up. The surfer does not have an instructor who has to control where he has to manoeuvre. Coaches and supporters give themselves the freedom to conquer the rolling waves. It fits perfectly with the strategic entrepreneurial approach, namely the search for opportunities and excellence. Linked to this study, managers have a high degree of entrepreneurial leadership, culture, and mindset. The difference between the three previous types is that managers are not in control of business owners or head offices. Managers do have superior qualities in managerial and entrepreneurship and are supported by a business system and support that frees itself to innovate. A good innovation can attract more course participants. Not only attract the course participants, but the participants become aroused to finish the level of the course up to the latest standard in the institution of this course. Thus, course institutions that have resources and support systems like this will gain a competitive advantage.

CONCLUSIONS

The research obtained three hypotheses that are not significant in English courses institution using the franchise system, namely: entrepreneurial mindset does have a substantial impact to entrepreneurial leadership and innovation strategy, also entrepreneurial culture to innovation strategy. On the other side, entrepreneurial leadership has a significant effect on innovation strategy. In a non-franchise system, we found out entrepreneurial leadership did not affect line with innovation.

Managerial Implication

This study produces practical contributions to managers as well as head offices or franchisors to be more sensitive and open to the development of entrepreneurial behavior within managers. The limitations provided by head offices and business owners can hinder the innovations that actually provide a breakthrough and maybe successful and superior to other competitors. A lot of research in the franchise topic is debating whether the franchisee is an entrepreneur or not. This study shows that entrepreneurial behavior exists in managers. Entrepreneurship in this study is divided into three essential variables in managers who have the potential to become leaders that are difficult to imitate by competitors. As stated by Kuratko (2007), this leadership process is difficult to understand by competitors. The consequence is that leadership cannot be replicated so that the course institution can create a competitive advantage.

For the non-franchise system, the results of the analysis show that these managers have obstacles in fully applicable as a leader or manager. It happens because the head office still holds its leadership control. From interviews with some branch office course managers, an entrepreneurial mindset and entrepreneurial culture have great potential in creating and developing innovations. Therefore, the head office needs to review the possibility of its human resources by creating a discussion forum of branch office managers.

From the research result of the learning model of English course can be added with life experience learning. The learning model of this program gives more value, that is a life experience for the participants through various activities. By running a life experience program, the course institution not only performs its function for business alone. The program also makes a useful contribution to Indonesian youth and employees, namely English fluency and the development of life values that enable students and employees to compete in the global era. Simple things like life values, social groups and games in leadership training are an oasis that can be enjoyed by students, college students, and employees as a channel of expression and the originator of innovative ideas in their working groups. This program is exciting to try out by the participants amid the pressures, demands of schools, jobs, and lifestyle in big cities.

A holistic life experience innovation program initiated by a manager who has a qualified entrepreneurial leadership, culture, and mindset will create a competitive advantage that competitors can not imitate. Thus, the English course institution not only benefits financially but also have human resource assets that can not be imitated by competitors. This combination of strategic entrepreneurship approach application in non-formal English education in particular and other non-formal education, in general, will enhance the ASEAN people competitiveness. The long term impact of the product and service innovation of non-formal education institution will generate competitive, tolerant and broad-minded people.

REFERENCES

- Amirio, D (2015) "R.I. records third-highest English language proficiency in SE Asia" *The Jakarta Post*, January 30 2015. Available at: <http://www.thejakartapost.com/news/2015/01/30/ri-records-third-highest-English-language-proficiency-se-asia.html>
- Aring, M. (2015). ASEAN Economic Community 2015: Enhancing competitiveness and employability through skill development. *ILO Asia-Pacific Working Paper Series*.
- Crossan, MM And Apaydin, Marina (2010). A multi-dimensional framework of organizational innovation: A systematic review of the literature. *Journal of Management studies*. 47:6
- Dada, O., Watson, A., & Kirby, D.A (2011). Toward a model of franchisee entrepreneurship. *International Small Business Journal*, Forthcoming.
- Deschamps, Jean-Philippe (2005). Different leadership skills for different innovation strategies. *Strategy & Leadership*, Vol.33 Iss 5 pp.31-38. DOI. 10.1108/10878570510616861
- Dogan, N. (2015). The intersection of entrepreneurship and strategic management: Strategic Entrepreneurship. *Procedia- Social and Behavioral Sciences* 195 (2015) 1288-1294.
- Hallet, E.E (2005). "It's time to standardize bilingual education." *The Jakarta Post*, January 31 2005. Available at: <http://m.thejakartapost.com/news/2005/01/31/it039s-time-standardize-bilingual-education.html>
- Hammad, S., Jusoh, R & Ghozali, I. (2013). Decentralization, perceived, environmental uncertainty, managerial performance and management accounting system information in Egyptian hospitals. *International Journal of Accounting and Information Management*. Vol. 21 No.4, 2013. PP 314-330. DOI 10.1108/IJAIM-02-2012-0005
- Ireland, R.D., Hitt, M. A., & Sirmon, D.G. (2003) A model of strategic entrepreneurship: The Construct and its dimensions. *Journal of Management*, 29;963-989
- Kuratko, D.F. (2007). Entrepreneurial leadership in the 21st century. *Journal of Leadership and Organizational Studies*, 13(4), 1–11.
- Lim, J & Frazer, L. (2004). Matching franchisor-franchisee role and competencies. *2004 International Society of Franchising, 18th Annual Conference. Las Vegas, Nevada 2004*.
- Salar, M & Salar, O. (2014). Determining pros and cons of franchising by using swot analysis. *Procedia- Social & Behavioral Sciences* 122 (2014) 515-519
- Sorenson, O & Sørensen, J.B (2001) Finding the right mix: Franchising, organizational learning, and chain performance. *Strategic Management Journal* 22: 713-724.
- Welsh, D.H.B., Raven. P.V., & Dipietro R.B. (2009) A comparison of entrepreneurial traits among franchisees, franchisors & franchise executive: A surprising finding. *University of Tampa*.
- Wijatno, S & Gunadi, A. (2014) "Risks, opportunities in Indonesian higher education amid free trade." *The Jakarta Post*, September 13 2014. Available at: <http://www.thejakartapost.com/news/2014/09/13/risks-opportunities-indonesian-higher-education-amid-free-trade.html>
- Zijlstra, P. (2014). *When is Entrepreneurial Leadership most effective?*. Master Thesis. University of Twente.