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The Impact of Entrepreneurial Barrier Toward Entrepreneurial Intention for Decreasing Unemployment through Community Empowerment

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ABSTRACT

This study aims to determine the factors that affect the entrepreneurial barriers and entrepreneurial intentions, and determine the influence of barriers of entrepreneurship on entrepreneurial intentions in the workforce population in North Sumatra. This study will determine the model of community empowerment to improve the entrepreneurial intentions in the workforce population in North Sumatra. This is a surveillance study, using an explanatory approach at two local governments in North Sumatra, Medan City and Binjai City Government.

The results of this study show that the dominant factor as indicators of entrepreneurship barriers in the city of Binjai is the lack of entrepreneurial expertise while the indicators in Medan city is the adversity to start new business. Whereas, the dominant indicator that determines the value of both entrepreneurial intentions in the city of Medan and Binjai is a perceived feasibility to become entrepreneurs. The effect of barriers towards entrepreneurial intentions for the workforce is positive, which means the higher resistance value, the higher the entrepreneurial intention of the community for entrepreneurship. So, a reference model for community empowerment to improve entrepreneurship intention is the social capital development based on the dimensions of cooperation.

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1. INTRODUCTION

The result of entrepreneurship is a major contribution to the revenue of state. Entrepreneurs not only create new businesses but also increase employment opportunities that lead to the creation of sources of new discoveries, new technologies, and innovations. Basic discoveries in the 20th century are entrepreneurial initiatives. Many countries got the multi-advantages from the entrepreneurship. In addition to economic benefits, other advantages are also enjoyed by public in terms of standard of living,

social responsibility, and strengthening the industry (Mahmood, et.all, 2007).

Indonesia is a paradoxical country. The country is fertile and has abundant natural resources, but most of the people are poor. The roots of poverty in Indonesia are not only sought in the culture of lazy-work-hard. Overall situation that causes a person becomes unable to carry out productive activities fully should be counted. Community empowerment is translated in the form of physical assistance and knowledge appropriate to the community only in the early stages of introduction. In other words, this kind of empowerment approach that is performed continuously by the government officials not only make public participation will be superficial, but it also will not have a positive effect in strengthening local social capital (Malvicini and Sweetser, 2003).

The communities empowering in an effort to improve the welfare of the people of Indonesia has been conducted since the early days of independence. For example, in the fields of education, health, until almost all departments have a poverty reduction program and the funds that have been given by the government for the implementation of these programs have reached tens of trillion rupiah. The problem is the empowerment effects from those programs have not reached the target yet.

2. RESEARCH OBJECTIVES

The research of the entrepreneurship process has been carried out as a motive that will guide the entrepreneur to start his business. But there are still less the empirical researches that examine academic entrepreneurship barriers, either real or perceived potential entrepreneurs to establish new businesses (Choo and Wong, 2006).

Based on the above explanation, it is important to research that can conduct to determine the barriers why job seekers do not intend to be the entrepreneur, and then design the model for community empowering that can improve entrepreneurship intention of the workforce people.

3. LITERATURE REVIEW

Entrepreneurial process is not as simple as the definition. The biggest challenge is in the beginning, build the business and keep moving forward for the sustainable business in the first three-years. At this time, all the beautiful things in a successful entrepreneurial imagination has not achieved yet. Establishment process requires high confidence and strong self determination. Psychosocial stress at this stage is also very high. All they need is maturity of entrepreneurship, to be able to pass this critical moment well (Hidayat, 2000).

According to Choo and Wong (2006), the worst economic conditions generally regarded as the greatest factor that inhibited the growth of new businesses. The next barrier is the fear of taking risks is also quite large.

Researches in the field of entrepreneurship broadly analyze the motivation that drives the entrepreneur to start a new business. However, there are still very few empirical studies conducted to evaluate the barriers, both real barriers and perceived barriers, which caused the prospective entrepreneurs fails to start their business. It is the reason for the individual to consider that barriers have many intensity levels according to someone's entrepreneurship passion (Choo and Wong, 2006).

Intention by Fishbein & Ajzen (1975) is a component within the individual soul which refers to perform a certain behavior. Intention is defined as the subjective probability of the individual dimension in a relationship between self and behavior. Bandura (1997) stated that the intention is a determination for a particular activity or held the results in a particular condition in the future. Intentions is a vital part of individual's self-regulation which motivated by motivation to act. Summarizing the above opinions, Santoso (1995) assumed that intentions are the things that are assumed to explain the motivational factors which have strong impacts on behavior. This indicates how hard a person tries and how much the efforts were made in order to do the desired behavior.

The study from Choo and Wong (2006) showed that potential entrepreneurs are predominantly

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