

Entrepreneurship Conceptual Model Based on Local Economic Potentials in Coastal Likupang Beach North Minahasa District, Indonesia

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Abstract—In the long term, this study aims to increase the economic growth by empowering the poor in coastal areas so as to increase their income. A new entrepreneurship model based on local potential economic is necessary to achieve the research goals. This study identified the local economic potential in coastal areas of North Minahasa Regency and invent a new entrepreneurship conceptual model based on the identification of local economic potential. The new model will create a new entrepreneur groups or reactivate the old entrepreneur groups. This is a research and development (R&D) study with qualitative and focus group discussion (FGD) method. The results show that the human resources (knowledge, experience, integrity and sense of belonging), culture of mutual assistance / “mapalus”, natural resources potential (marine, coastal, agriculture, and tourism potential), innovation (product and online marketing), and diversity of businesses are included in entrepreneurship conceptual model.

Keywords—*entrepreneurship; empowerment; culture; innovation; business diversification*

I. INTRODUCTION

A successful economic development in creating community welfare cannot be separated from the efforts of all people and government. The main measures of development are not only measured in terms of economics such as the size of national income (gross national product) or per capita income level, but also measuring it with industrialization and its social cultural impact. The existence of income gap and marginalized communities due to industrial process, make the measurement indicators to notice the social-cultural side that analyzes indicators of public education level, health level and economic viability.

Furthermore, Michael Todaro describes three core development objectives: 1) Increasing the availability and expansion of the distribution of basic necessities of life such as food, clothing, shelter, health, and security protection. 2) Improvement of the standard of living not only in the form of generate income but also includes the employment provision, the improvement of the educational quality, as well as the increased attention to cultural and humanitarian values, all of that not only improve the welfare but also to develop the

personal identity and nation concerned. 3) The expansion of economic and social choices for individuals and the nation as a whole, by liberating them from the slavery and dependence, not only on other peoples or nations, but also against any potential power that humiliate them [1].

Based on the development goals, then in Indonesia there are many areas that not well developed, especially in rural areas and also still a main concern that the biggest contribution of poverty is food problem. According to BPS (Indonesian Statistical Bureau) the role of food commodity to poverty is greater than the role of non-food commodities (housing, clothing, education, and health). The contribution of the Food Poverty Line to the Poverty Line in March 2016 was recorded at 73.50 percent, this condition is not much different from the condition of September 2015 which is equal to 73.07 percent. The types of food commodities that have the greatest impact on the poverty line in urban and rural areas are rice, clove cigarettes, eggs, sugar, instant noodles, onions and bread. As for non-food commodities, the biggest impact is the cost of housing, electricity, gasoline, education, and toiletries. The comparison of the poor population in urban and rural areas according to BPS data during September 2015 - March 2016, the number of poor people in urban areas fell by 0.28 million people (from 10.62 million people in September 2015 to 10.34 million in March 2016), while in rural areas fell by 0.22 million people (from 17.89 million people in September 2015 to 17.67 million people in March 2016). The percentage of poor people in urban areas in September 2015 was 8.22 percent, fell to 7.79 percent in March 2016. While the percentage of poor people in rural areas increase from 14.09 percent in September 2015 to 14.11 percent in March 2016.

Viewed from the vastness of the sea, Indonesia prime economic mover relies on the marine sector, but the data showed that the marine sector is still give low contribution to gross domestic product it is around 28%. Compared to Japan, the sea area is smaller than Indonesia has been able to contribute about 55% to GDP, therefore the potential of the sea in Indonesia is very high and has not been optimized including in North Minahasa District.

The research object located in the coastal area of North Minahasa regency with the population area of 19 villages that spread in Likupang Timur district and West Likupang district. The research problem is 59% families in this district are categorized in pre-prosperous level or not prosper, there are even some villages that have many poor families in this district such as Likupang II 77%, Lihunu Village 64%, Kinunang Village 71%, and Likupang Ambong village 66%, although there have a high marine potential. Fishermen in this area are still do traditional fishing and unable to develop their business, a few people work as labour in large motorboats with larger catches but not been able to improve significant income as fishermen, the locals call them 'masanae'. On the other hand, the coastal areas are spread wide for agriculture for both perennials and seasonal crops such as sweet potatoes, bananas, rice, corn, beans, etc. Derivative products from seafood and agriculture can be extracted further, but this business opportunity has not been optimally utilized, causing families on the coast have not been able to increase their income. This research effort to create a conceptual model of entrepreneurship based on local economic potential on the coast.

A. *Poverty and Entrepreneurship*

According to World Bank's poverty is hunger; poverty is the absence of a decent home; poverty is unhealthy and incapable of seeing a doctor; poverty is to have no access to school and ignorance of reading; poverty is the absence of a permanent job that creates fear for the future and today's work for just a moment; poverty is the birth of an unhealthy child with unclean water; Poverty is helplessness, lack of representation and lack of freedom [2].

The World Bank sees the impacts and facts that occur on the poor and it is in line with the concept by Emrizal Pakis cited by Putriana defines poverty as a low standard of living that is a lack of material on a number or group of people compared to the society standard of living. While the causes of poverty are (1) Internal factors are illness, foolishness, ignorance, lack of skills, technological lag and capital disability, and (2) External factors is the socio-economic structure that inhibits the opportunity to increase the income, value or culture that inhabits the efforts to improve the quality of family and lack of access to utilize development facilities [3].

The research proposed by Sarah Robinson cited by Ali Yassin Shaeikh Ali and Abdel Hafiez Ali found that poverty in Somalia is more general in rural areas than in the city. It is also similar with Indonesia, until present time the rural poverty rates are higher than urban poverty rates. (The poor in urban area are 7.79 percent by 2016, while the percentage of poor people in rural areas is 14.11 percent by 2016) [4].

Further research conducted by José Ernesto Amorós and Oscar Cristi in article "Poverty and Entrepreneurship in Developing countries" downloaded at <https://www.researchgate.net/publication/282766454> found that there is support showed entrepreneurship has positive influence for poverty reduction in developing countries. Although in African countries especially research conducted in

Somalia by Ali Yassin Shaeikh Ali, Ph.D. Candidate and Dr. Abdel Hafiez Ali Associate Professor found that the relationship between entrepreneurship and poverty reduction has a positive influence but weak [5].

In connection with entrepreneurship training to the community including the poor S.N.-A. Mensah, E. Benedict, conducted a study in South Africa and found that training the entrepreneurs and other poor people could open their eyes to seize an advantageous opportunity in improving economic conditions and finding jobs they want [6].

Related to entrepreneurship development and poverty reduction in some empirical research that indexed in Google Scholars, Springer Link, Wiley, Science Direct, JSTOR, Full text Emerald, Scopus, EBSCO HOST, etc. then Mohammad Delwar Hussain, Abul Bashar Bhuiyan and Rosni Bakar found that innovation, education and employability training, family background, government support, social/group entrepreneurship, women's participation, individual entrepreneurial characteristics, participation from small medium enterprise, youth empowerment, collaboration from government-university-industry is the key to entrepreneurial development that helps the workforce reduce their poverty [7]. Further, Duflo, Esther, found that women empowerment and economic development are closely related: in one direction, development alone can play a major role in driving down inequality between men and women; in the other direction, empowering women may benefit development [8]. Although the findings from Mayra Buvinić and Rebecca Furst-Nichols, show that women must work hard and continue to train their skills and innovations to be improved in order to be rewarded: Very poor women need a more intensive package of services than do fewer poor women to break out of subsistence production and grow their businesses. What works for young women does not necessarily work for adult women. Skills training, job search assistance, internships, and wage subsidies increase the employment levels of adult women but do not raise wages [9].

Gabriella Hanny Kusuma, Nurul Purnamasari gives one of the important solutions that can drive village economic is to develop entrepreneurship for rural communities [10]. The development of entrepreneurial villages offers solutions to reduce poverty, population migration, and rural employment development. Entrepreneurship becomes a strategy for the development and growth of people's welfare, where the resources and facilities provided spontaneously by the villagers (community) all of this aims to change the rural socio-economic conditions [11]. If the entrepreneurial village becomes a massive movement, then it is possible to encourage rural economic development. Entrepreneurial village is a program that can be developed to overcome unemployment, low income, and increase the diversity of business types in the village. Furthermore, a rural community entrepreneurship can be used to organize their economic structures. All village assets such as land, water, environment, and labor will be a source to develop new business by all villager.

Mohammad Delwar Hussain, Abul Bashar Bhuiyan, Rosni Bakar, We found innovation, entrepreneurship training & education, family background, government support programs,

social entrepreneurship, women participation, individual entrepreneurial characteristics, participation of micro, small & medium enterprises, youth empowerment, collaboration of government-university-industry is the key tool for entrepreneurship development which is the stimulating employment of alleviating poverty [7].

In this research, we try to realize an entrepreneurship model and method for the existing coastal communities that have economic potential in the marine field and other coastal economic potential based on a research conducted by Ray Septianis Kartika which reveals a large opportunity in development an entrepreneurship village and it is categorized as a small medium enterprise. Its superior products are agriculture, plantation and potential utilization of natural resources. Entrepreneurship in the village has good prospects as long as it is supported by infrastructure, business regulation and trust to do partnership from other parties [12].

Therefore, research conducted by Dahlan Tampubolon (2015) who examines the coastal community's potential in the fishery and agricultural sectors found large fishery resources gives high motivation to fisherman. Robert G. King and Ross Levine, in their findings said that the financial sector will be distorted and economic growth will be declined due to lack of innovation [13]. Therefore, in entrepreneurship, innovation is an important factor to grow entrepreneurial spirit. The innovation approach with entrepreneurship concept is the key for making success business and desire to produce a competitive product is determined by innovation.

Besides of that, the economic potential in marine and agriculture from the research result that has been described above should be followed up by innovation on derived products. The numbers of derived products are analyzed for their competitiveness to gains a value-added product; this method requires the diversification of derivative products.

Lucius Hermawan, said that Small and Medium Enterprise (SME) has an important role in Indonesian economic. Growth and economic development cause SME competition is getting tighter; therefore, they diversify their products. The research found phenomena that affect both participants to implement product diversification strategies in their business. Then classified it and found three identification themes, first is the reason for the implementation of product diversification strategy, second is the implementation of product diversification strategy and the last one is impact of the implementation of product diversification strategy [14].

This research identifies the economic potential in the coastal areas in North Minahasa regency, especially in the Likupang region, based on local economy. Then make a draft of entrepreneurship model based on local economic potential in coastal areas and conduct trials to get the entirely conceptual model of entrepreneurship.

II. RESEARCH METHODS

This research uses survey method with qualitative approach. The data collected were secondary data related to the population, social and economic data in each coastal village in East Likupang and West Likupang. The primary data was

collected by interviewing key informants with snowball method to obtain accurate and reliable information about the development of community business that have been assisted by the government or private businesses, either it's still active or not and lastly to get full information about their business problem as a material to conduct focus group discussion (FGD), with on all this steps an entrepreneurship conceptual model based local economy for coastal villages will be made.

III. RESEARCH RESULTS

The population description in coastal Likupang showed gender from male (50,7%) and female (49,3%) is quite balanced. They can work both in the marine sector as a fisherman and as a farmer, or in a new business based on local economy.

Education data showed many residents in coastal only have elementary degree, there are 58,26% resident not pass primary school and only 3,57% graduated in college either it's diploma or bachelor degree. This indicates that many children have dropped out of from school and become dependent to their parents. Our observation and interview found that the children follow their father footsteps as a fisherman or farmer.

Data of employment showed there are still 12.13% heads of families don't have any occupation, farm worker 8.59% and many fishermen still in poor conditions. This indicates that the coastal communities are still difficult to get out from poverty line, (results from researcher observations and interviews with government and private sectors as MSM Corp).

The 14 coastal villages in Likupang region has religious diversity and this become a social force because there are religious figures who are members of "Forum Komunikasi Umat Beragama" (FKUB) which often motivate and give example in maintaining harmony, kinship and mutual help in the village. Local term for working together to build something for village is "Mapalus" and its implemented in building a public facility or another village business. There are 6 villages that already have tourism object, this making likupang have the potential of marine and coastal as tourism place and need to be developed as tourism area, besides potency of fisherman and agriculture.

We conduct In-depth interview with several key informants to fulfill the triangulation requirement such as Village Head, Community Leader, Supriady Ahad (Head of Local Area Support), Stenly Tunas (Local Businessman) Some farmers and fishermen, youth groups (karang taruna), and other community groups funded by government and private sectors such as MSM Corp (Mining Company located in northern Minahasa), Provincial and District Agriculture Department and Provincial and District Fishery Department. From this interview we found all villages in the Likupang already being supported by government or private sectors, but most of business group failed to run their business. Based on their failure the researcher further explores the causes and create a new entrepreneurship concept model.

To search for human resource factors based on entrepreneurship spirit we conduct observations and interviews to fishermen groups, farmer groups, souvenir groups for

tourism and found that the human resources aspect plays an important role in running business. One of the key informants initials SA said "kalu trampil melaut atau ba tani so boleh mar gampang ja ta goda deng kerja laeng, kong kalu so bosan leh kong bale lagi kerja di kelompok, jadi ndak menetap sampe tu usaha mati bagitu" (We already have skilled to do fishermen or farmer, but we easily being tempted by another job, after we get bored with that job we will return again to village group business, and that cycle repeated again until the village business bankrupt). Another key informant from private sector who once found the village business group initials ST said "so banyak kali bantuan yang ada kase apa leh desa-desa lingkaran tambang termasuk yang di pesisir pantai mar usaha yang jalan 1 sampe 2 taon kong mati, mar ada tre yang torang bantu cuma sebagian dan asset lain nelayan yang punya sampe sekarang tetap ada dan berjalan". (There are a lot of funds that already give especially to the villages around the mine including the coast and their business just running for 1 to 2 years and eventually bankrupt, but until now there are some fishermen's that being partially funded still running their business). From the information obtained with FGD, the Human Resource aspect plays an important role in an entrepreneurship group whether it is from their knowledge, experience, integrity, especially sense of belonging.

The search of Cultural Factors (Mapalus) in research villages based on interviews with some fishermen and farmers found that if there is a devotional work such as building public roadway, building or renovating the village hall, building "sabua duka" (building a tent for grieving family) or other things, all generation either its man, women or children working together to do the "Mapalus". The helping culture also can be seen when the fishermen catching fish, but there also some villages that have a weakened soul of "Mapalus" and it's all villages located close to sub-district area. We interviewed some villages community leaders near the sub-district they said now only few family heads that have soul of "Mapalus" so they don't have any devotional work anymore, its being pay with money and budgeted in village budget or any other funds.

The natural resource factor is traced by interviewing Ms. Eby (one of the leaders in the East Likupang District Department). The potential of natural resources especially in the East Likupang coast is highly dreamed by foreign tourists, many potential investors visit the office and ask for help to take them on the coast and they are very interested. Likewise, there are certain coastal areas with beautiful white sand its same like beach in Bali (Indonesian best tourism area). The agricultural area showed many coconut trees that can be used as main commodities in agriculture and parts of coconut trees such as tree trunks, coconut shells, coconut fibers etc. can be used as souvenirs to support tourism business, as stated by the head chief of Marinsow Village that there already have group of entrepreneurs engaged in souvenirs and their trained by Bitung Skills and Training Center, although this business group still not operate smoothly. FGD results showed the souvenir business groups that utilize annual crops such as coconut, palm sugar, and seasonal crops with peanut, maize are being gift for local and foreign tourists.

Innovations are being trace by interviewed to all existing and non-existing village business. The results showed that

there is no innovative thinking in any existing or non-existing business, what they have been trained to do is what they do. There is no modification or renewal in product they sell. They lack knowledge for expanding new business, product development, or using information technology. The FGD results that to develop tourism area in Likupang District, a local web-site and e-market that sell tourism products from culinary to souvenirs will be build.

Another results about Business Diversification conducted with interview and observation method found that from the very beginning till the end, village business groups formed with only one types of business and never get product diversification. Some groups want to try to make other types of products but always constrained by lack of tools and technology, there aren't discussions being made to diversify the businesses or products. Skill in making souvenirs trained by the BLK (Balai Latihan Kerja) is enough for them in making various souvenirs, but this has not achieved in the groups yet.

Based on the research founds and FGD results, the entrepreneurship concept models are created as follows:

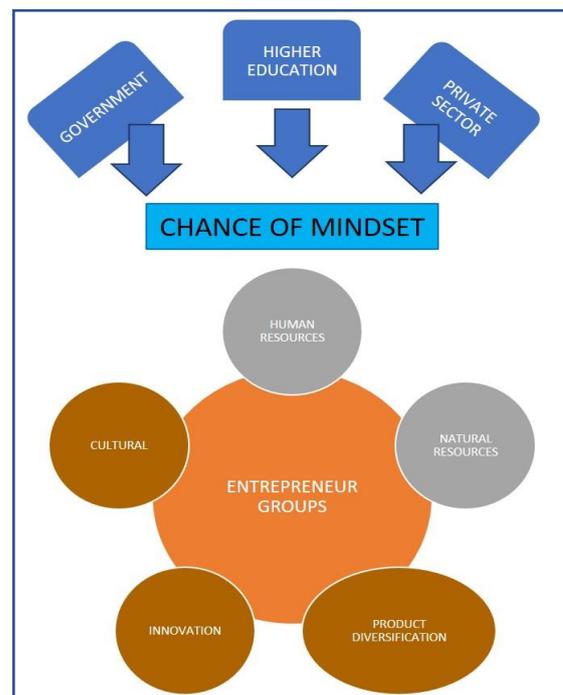


Fig. 1. Entrepreneurship conceptual model based on local economic in Coastal regency.

Based on draft entrepreneurship conceptual model there are 3 parties in research location such as: Government, Higher Education and Private Sector who have been fostering and providing assistance to business groups. All this time each party runs alone with no coordination. Therefore, the need to be well coordinated to progress the coastal entrepreneurial group business. The role of each party can be maximized as universities make entrepreneurship concept model, training and assistance, private sector assisted with fund and fund utilization, Government with regulation, credit and synergy in business assistance. Each side coordinates in the initial process

to change the mindset for everyone who is in entrepreneurial groups.

The entrepreneurial group is formed with mindset doing a business commercially while providing excellent human resource training (knowledge, experience, integrity, and sense of business), have knowledge about their natural resources potential, practicing the culture of "Mapalus", learn to be innovative (creative, new idea, e-market), and train making varied products and developed new type of business. Thus, it is expected that this model will have an impact on the continuity of business development.

IV. CONCLUSION

Independent business groups in the coastal villages of Likupang are strongly influenced by excellent Human Resources (knowledgeable, experienced, integrity, and sense of business), Natural Resources (optimizing sea, coastal, agricultural potential and tourism), Culture (mapalus/helping culture and trust), Innovation (new idea, creativity and e-market), Business/Product Diversification (Skills modifying products and business, utilizing production technology). The need for increasing synergy between Government, Universities, and Private Sector/Industry to assist, train and mentoring targeted business groups as well as ensuring their business continuity. It is necessary to change the independent business groups mindset to think as a professional and commercial business.

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