

## Chapter 52

# The Role of Entrepreneurial Spirit in Indonesian Youths and Housewives to Reduce Unemployment and Poverty Rate

**Ati Cahayani**

*Atma Jaya Catholic University, Indonesia*

### ABSTRACT

*Unemployment and poverty are problems experienced especially by developing countries. The higher level of unemployment and poverty will lead the higher level of crime. The unemployment rate in Indonesia in August 2014 is 5.94% or 7,244,905 people, and 4% of Indonesian people living on less than \$1.25 a day. One of the things that can reduce the unemployment rate and the percentage of poor people is entrepreneurship. This chapter wants to explain that the level of unemployment and poverty can be minimized by the spirit of entrepreneurship of housewives and youths, who has a micro, small, and medium business. From six women and youth entrepreneurs who start their micro and small business that described in this book chapter, it can be seen that their effort could empower themselves and make themselves and their family exit from poverty. But, they are facing barriers to starting up. The government must push and encourage Indonesian people to become an entrepreneur by designing entrepreneurship development program, which includes government, educational institution, and family.*

### INTRODUCTION

Unemployment and poverty are problems experienced by all countries. The higher the level of unemployment and poverty will lead the higher the level of crime. Therefore, the problem of unemployment and poverty should receive serious attention from the government.

Developing countries usually face heavy problems of unemployment and poverty, including Indonesia which has a population of around 300 million is facing quite heavy problems of unemployment

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and poverty. Indonesian Government realized that Indonesia's large population has great potential for unemployment problems. One of the government's efforts to tackle the problem of unemployment is by opening new work opportunity, especially with the labor-intensive program. October 2015, Indonesian President, Joko Widodo, has launched a labor-intensive program, which is expected could decrease the rate of unemployment (Praditya, 2015). Opening new work opportunity is not an easy thing to do. Indonesian government needs to cooperate with entrepreneurs, including entrepreneurs who have micro, small, medium enterprises (MSME), to open new work opportunity.

But, it must be remembered that the availability of employment is determined by economic growth in the country, including in Indonesia. If a country is not experiencing economic growth, then many companies bankrupt and mass layoff occurs. In the end, it will create a level of unemployment and poverty increased. In Old Order Era, the focus of Government is in politics, and that made the economy condition in Indonesia was bad. In New Order Era, the conditions of Indonesia's economy improve (Subandi, 2006). One of the famous economic development programs at the time of New Order is the Five Years Development (PELITA) and Plan of Five Years Development (REPELITA). That development program that was published to the community was created as a reference for the development that must be achieved within 5 years. In the reformation era, the term is no longer used, but any President in this era has a work plan to improve the Indonesia economy. President Joko Widodo, for instance, issued packages of economy policies to improve the economy in Indonesia (Waluyo, 2015).

One indicator of economic growth is growth of Gross Domestic Product (Sanusi, 2007). Data from BPS (2016b) shows that the growth of GDP Indonesia on 2014 is 3.6%, decline from 4.1% on 2013. The Central Bureau of statistics (BPS) recorded that economic growth in Indonesia is 4.79 percent on an annual basis (year-on-year (yoy)), where this figure is smaller than the previous year's close of 5.02 percent (Gumelar, 2016). The condition of the economy that is not too good makes this unemployment rate and poverty ever hard to be pressed.

The problems of unemployment and poverty increased since Indonesia entered the Era of ASEAN Economic Community since 2015. With the ASEAN Economic Community, the boundaries between countries of ASEAN seemed to be lost, the labor of one country can easily work in other countries in ASEAN, and trade between ASEAN countries has become easier with low import tax. ASEAN Economic Community can be seen as an opportunity or a threat. With the ASEAN economic community, then the opportunities for Indonesia's labor force to work in other countries in ASEAN increased, but also can make the unemployment rate in Indonesia is increasing and ultimately could raise the rate of poverty. With the ASEAN economic community, the market becomes large, but the level of competition and the demand for good quality is high.

This book chapter wants to explain that the level of unemployment and poverty can be overcome by the spirit of entrepreneurship of housewives and youths, who have a micro, small, and medium business. The structure of this book chapter: The first section is the introduction that describes the benefits or the importance of this book chapter; in the second and third sections are explained about important aspect in this book chapter i.e. unemployment and poverty; the fourth section describes the main focus of this book chapter, which is about entrepreneurship in Indonesia; the fifth section describes solution and recommendation, that is entrepreneurship development program in Indonesia; and the sixth section is the conclusion.

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