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Challenges in Developing Young Entrepreneurs (A study of unemployed youth in Jakarta)*

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Abstract

Entrepreneurship is a very relevant instrument to promote economic growth and development of a country, as a result entrepreneurship, has been a topic that always interesting in developing country. In order to combat the poverty as well as the unemployment, the researcher was trying to equip the youth with the necessities of skills and equipment to become the new entrepreneurs. However, developing entrepreneur is not an easy task. This study will discuss about the challenges in developing the entrepreneurial intention in unemployed youth in Indonesia.

This study was done using an Action Research approach, involving 20 unemployed youths, and 10 key persons from the community. The results show that it is not easy to develop new entrepreneurs. In this regard, although a person is unemployed and equipped with the life skills so that they can use it to help themselves to become financial independent, but it appears that their expectations were more toward finding jobs and become employee in the company. It was also shown that the role of family, key stake holders in the community, government bodies, institutions, should be involved in terms of developing entrepreneurial intentions in order to enable the unemployed youth financially independent, and have different mind-sets about entrepreneurs.

Keywords: Entrepreneurship, Entrepreneurial Intention, Personal Life Experiences, Youth

1. Introduction

Entrepreneurship is becoming a very relevant instrument to promote economic growth and development the country, which makes entrepreneurship, has been a topic that always interesting in developing country. Entrepreneurship will help not only for fulfilling individual personal needs, but also because of the economic contribution of the new ventures more than increasing new jobs. As a result, development of entrepreneurship in the society is very important. However, people especially young people, are still reluctant to become entrepreneurs for many reasons, namely: Self-efficacy in terms of Entrepreneurship, reinforcement from the environment/society, Family/Parents' influence, personal traits and people's expectation. This phenomenon has also happened in Indonesia, even in unemployed persons and youth.

Many researches have focused on the question of how entrepreneurs have been developed (Delacroix and Carroll in Morris, 1998), and some of the answers are: family background, childhood experiences, exposure to role models, previous job experiences, and educational experiences, all have a strong influence on the development of an entrepreneur. Furthermore, several studies have clearly demonstrated that entrepreneurial behaviour is strongly influenced by people's values, attitudes and beliefs (Krueger, Krueger and Brazeal, Krueger and Carsrud; in Morris, 1998).

This study will discuss about the development of entrepreneurial intention, in

relation with personal life experience of unemployed youth in an Urban City of Jakarta.

2. Literature Review

2.1 Entrepreneur, Entrepreneurship.

Entrepreneur

"One who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them?" (Zimmerer, 2008).

"An individual who takes initiative to bundle resources in innovative ways and is willing to bear the risk and/or uncertainty to act" (Hisrich, Peters, and Shepherd, 2010, p. 6).

Entrepreneurship

"Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction." (Hisrich, Peters, and Shepherd, 2010, p. 6).

2.2. Entrepreneurial Intention

Entrepreneurial intention indicates the effort that the person will make to carry out that entrepreneurial behaviour. It captures the three motivational factors, or antecedents, influencing behaviour, namely Personal Attitude; Subjective Behaviour and Perceived Behavioural Control

(Ajzen, 1991; Linan, 2004 in Linan et al., 2008). The short explanations about three motivational factors are as follows:

1) **Attitude toward start-up (Personal Attitude – PA)**, refers to the degree which the individual holds a positive or negative personal valuation about being an entrepreneur (Ajzen, 2001, Autio et al. 2001; Kolvereid, 1996 in Linan et al. 2008). It includes not only affective (*I like it, it is attractive*) but also evaluative considerations (*it has advantages*).

2) **Subjective Norm (SN)** measures the perceived social pressure to carry out or not entrepreneurial behaviours. In particular, it refers to the perception that “reference people” would approve the decision to become an entrepreneur, or not (Ajzen, 2001).

3) **Perceived Behavioural Control (PBC)** is defined as the perception of the ease or difficulty of becoming an entrepreneur. It is therefore, a concept quite similar to self-efficacy (SE) (Bandura, 1997 in Linan et al., 2008) and to perceived feasibility (Shapiro & Sokol, 1982 in Linan et al., 2008). All three concepts refer to the sense of capacity regarding the fulfilment of firm-creation behaviours. Nevertheless, recent work has emphasized the difference PBC and self-efficacy (Ajzen, 2002). PBC would include not only the feeling of being able to, but also the perception about controllability of the behaviour.

2.3 Characteristic Behavior of Entrepreneur.

Although entrepreneur means different things to many people (Hisrich, Peters, and Shepherd, 2010, p 6, Lambing & Kuehl, 2000), there are some characteristics behavior that should belong to an entrepreneur, namely: 1) *Initiative taking* (Hisrich, Peters, and Shepherd, 2010; Lambing & Kuehl, 2000), successful entrepreneurs take the initiative in situations where others may not. Their willingness to act on their ideas often distinguishes them from those who are not entrepreneurs; 2) *The organizing and reorganizing of social and economic mechanisms to bundle resources in innovative ways* (Hisrich, Peters, and Shepherd, 2010). Entrepreneurs are successful is that they have imagination and can envision alternative scenarios; 3) *The acceptance of risk, uncertainty, and/or the potential for failure* (Hisrich, Peters, and Shepherd, 2010; Lambing & Kuehl, 2000). In this regard, entrepreneurs see risk differently from others, although this is often because of their knowledge of the industry (Lambing & Kuehl, 2000). Also the life of an entrepreneur is much unstructured. There is no one setting schedules or step-by-step processes for the entrepreneur to follow. There is no guarantee of success. Uncontrollable factors such as the economy, the weather, and changes in consumer tastes often have a dramatic effect on a business (Lambing & Kuehl, 2000); 4) *A passion for the business*. The entrepreneur must have more than a casual interest in the business because there will be many hurdles and obstacles to be overcome. If there is no passion, or consuming interest, the business will not

succeed (Lambing & Kuehl, 2000). 5) *Confidence*, entrepreneurs are confident in their abilities and the business concept. They believe they have the ability to accomplish whatever they set out to do (Lambing & Kuehl, 2000).

2.4 The Influence of Personal Life Experience on Entrepreneurial Intention.

There are many variables that influence entrepreneurial Intentions, in this regard, family and personal life experience were shown as some of the variables. Figure 1 below is a summary of some of the types of personal life experiences thought to be associated with higher levels of entrepreneurship

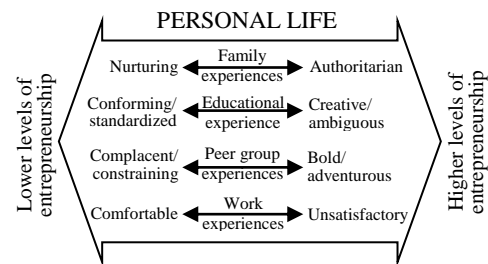


Figure 1. Life Experiences and Entrepreneurship (Morris, 1998)

Researchers have shown that, some relevant aspects of family background that have been examined include parental relationships, order of birth, family income. In this case, parents instil an early sense of independence and desire for control in future entrepreneurs (Bird, 1989; Hisrich and Brush, 1984, in Morris 1998). Another important determinant of entrepreneurial behaviour is the individual's exposure to successful role models (Kent ; Eisenhardt and Forbes; Scherer, Adams and Wiebe; Bird, and Vesper, in Morris, 1998). Studies have shown that many entrepreneurs have parents who were self-employed (Hisrich, Brush, Roristadt, Shapern in Morris, 1998). Others find themselves working for or with an entrepreneur who becomes a role model. Another form of vicarious experience involves watching a friend develop a business. Such role models demonstrate to prospective entrepreneurs that risk-taking, tolerance for ambiguity, proactive, and innovation leads to independence and self-control.

Educational experiences influence entrepreneurship. Some years ago, Brockhaus and Nord (in Morris 1998) found that entrepreneurs have perceptions that they have a lower level of education than managers. This tendency could lead entrepreneurs to feel limited in traditional organizations. Frustrated by an inability to achieve their desired level of success in established organizations, they choose to pursue a venture in which their own assessment of their abilities is more relevant.

Personal experience with entrepreneurship is another factor in explaining the current or

future performance of specific entrepreneurs. Whether the experience comes from ventures started on the side while in school, jobs taken on during summer breaks, or work in the family business, once a potential entrepreneur sees opportunity being capitalized upon, he/she often becomes more opportunity-aware. One of the interesting side-effects of pursuing an entrepreneurial path is the tendency to subsequently recognize additional opportunities for other ventures. Ronstadt (in Morris 1998) has labelled this the "corridor principle."

Finally, previous work experience also shapes the entrepreneur. Brockhaus (in Morris 1998) found that job dissatisfaction "pushes" entrepreneurs out of established organizations and toward developing entrepreneurial ventures. In fact, the majority of entrepreneurs (59%) in Brockhaus's study indicated a desire to start their own business before they had a product or service in mind; only a small percentage (14%) were drawn away from a traditional job by the desire to market a particular product or service. Brockhaus (in Morris 1998) also found that the greater the job dissatisfaction, the greater the likelihood of entrepreneurial success.

In sum, it can be said that environmental factors such as, family/parents, role models, working/educational experience, as well as peer group experience are important variables that influence entrepreneurial intention.

2.4 Characteristics of Youth

According to Sullivan (Feist & Feist, 2009), late adolescence (15-18 years old) learn from others how to live in the adult world, but a successful journey through the earlier stages facilitates this adjustment. At college or in the workplace, late adolescence begin exchanging ideas with others and having their opinions and beliefs either validated or repudiated. They face serious problems in bridging the gulf between society's expectations and their own inability to form intimate relations with persons of the other gender. The important learning for them is discovery self and the world outside self.

2.5 Relationship Between Youth and Entrepreneurial Intention

Youth according to Sullivan (Feist & Feist, 2009), learn from others how to live in the adult world. In relation with entrepreneurial intention, family background and personal life experiences were important variables. Some relevant aspects of family background, as well as the attitude and expectations of parents were also influenced future entrepreneurs (Bird, 1989; Hisrich and Brush, 1984).

Based on the theory of personal life and entrepreneurial intention, it shows that: environment (reference people), role models, early life upbringing, personality and educational background were also some of the variables that

will influence youth to be interested in becoming an entrepreneur.

3. Methods

3.1 Approach

The approach for this research was using an Action Research Approach, which consists of 6 stages namely: 1) Preliminary survey to identify the problems; 2) Survey to identify the profile of characteristic respondents and community; 3) giving feedback to the stakeholders; 4) Joint action planning; 5) Action Implementation; and 6) Evaluations and monitoring (Cummings & Worley, 2009).

3.2 Data Collection Methods

To collect the data, the researcher using a combination methods between Qualitative and Quantitative approach, followed with Interview, Focused group Discussion, and Survey.

3.3 Sample and Sampling

Sampling methods were using Convenience sampling, with the characteristics Respondents are as follows: 1) Un-employed persons, who do not have regular/permanent jobs, 2) Within the range of productivity age (17-28 years old), 3) Have educational background at least Junior High School graduated.

3.4 Data Analysis

Data were analysed based on qualitative methods, through descriptive analysis.

4. Findings

4.1 Characteristics of Community

The village in East Jakarta area can be categorized as a very high density consisted of 41,973 people, and based on the data from Statistical Bureau can be regarded as one of the poor community in Jakarta. From the whole population, it showed that only about 40% of that can be categorized as productive age, and the majority of the people falls under the category of age 0-4 years old, (11,769 persons or 21.97%), and in relation with un employed youth, according to the leader this village consist of the majority numbers of unemployed youth compares to other places.

In order to get a clear picture of the respondents, the researcher conducts demographic survey for the unemployed youth, and got 51 respondents (N=51). The profile of youth in the community is shown in Table 1 below.

Table 1: Profile of Youth Population

Variables	N	%
Educational background		
Elementary Sch. not graduated	1	2.0
Elementary School	4	7.8
Junior High School	9	17.6
Senior High School	37	72.6

Reasons Quitting Schools		
Graduated	26	51.0
No Financial Funding	12	23.5
Want to work	11	21.6
Drop Out	2	3.9
Duration of stay in Jakarta		
<1 year	4	7.8
1-5 years	7	13.7
5 - 10 years	7	13.7
>10 years	33	64.7
Occupation		
Helping Parents in Trading	27	52.9
Trader	7	13.7
Unemployed	7	13.7
Porter & Blue Collar Worker	5	9.8
Motorcycle Taxi	5	9.8
Total	51	100.0

Source: Mangundjaya (2009, 2010)

From the Table 1, it shows that majority of the population is helping their parents as vendors in the market or just doing any kind of trading activities.

Table 2: Entrepreneurship Interest

Variables	N	%
Entrepreneurial Experience		
Selling Cookies	3	5.9
Selling Souvenir	2	3.9
Selling Cell phone Voucher	3	5.9
Printing	1	2.0
None	42	82.3
Interest in Entrepreneurship		
No	33	64.7
Yes	18	35.3
Desire to Master Skills		
Animal Husbandry	1	2.0
Foreign Language	1	2.0
Graphic Design	1	2.0
Furniture making	2	3.9
Computer	12	23.5
Cooking	1	2.0
Sewing, Embroidery	2	3.9
Machinery	8	15.7
Automotive	4	7.8
Printing	7	13.7
Beauty Salon	2	3.9
Compost Making	1	2.0
Self-Employed	1	2.0
None/do not know	8	15.7
Total	51	100.0

Source: Mangundjaya (2009, 2010)

From Table 2 it shows that the majority (64.7%) were not interested to become entrepreneurs, and most of them did not have any experiences in any entrepreneurial activities (82.3%), and majority had interests in computer (23.5%), machinery (15.7%) and there are also 15.7% that did not know yet what their passions/interests are.

4.2 Problems Faced by the Communities

Based on the research done by (Mangundjaya et al., 2010, 2009) the problems faced by the

society in terms of un-employed youth are as follows:

1. Low educational background; the majority of them only graduated from Senior High School.
2. Lack of skills mastery; in terms of life skills, there are lack of specific skills.
3. Lack of job opportunity; as a result of low educational background and lack of skills, job opportunity for them is very limited.
4. Lack of fund to finance entrepreneurship activities, every entrepreneurial activities need fund to start with, in this regard, they (the community and family) have also lack of fund to finance the entrepreneurship activities.

4.3 Results of Focussed Group Discussion (FGD) and Interview (Planning Stage)

From the survey findings, it shows that the majority of the respondents are not interested to become an entrepreneur (64.7%). This in line with the results of interview and FGD who have stated that they preferred to become employees rather than become entrepreneurs. Through the discussion with the stakeholders, it shows that the problems associated with the respondents (the unemployed youth) are as follows: 1) Lack of need of achievement; 2) Prefer to have quick yielding jobs; 3) Lack of thoroughness; and 4) Prefer to have concrete and real skills.

Based on the problem identification, the followings FGD with Youth as well as with the Key Stake Holder (RW, Adviser of the Community, etc.) it has been agreed upon the following actions: 1) Providing youth with the skills in welding, as with this skills they can be used both for self-employed as well as working in the company, as this training conducted by the well-known polytechnic institution, so the certificates can be used to start a new job and or business by their own; 2) Providing community with revolving fund in order to establish motorcycle-wash workshop; and 3) Developing partnership with Home Industry in Cepogo, Central Java (which well known as the centre of metal's accessories and handicrafts). In this regard, the unemployed youth will be staying with them to learn about welding etc., in order to equip them with the necessary skills in order to develop self-employed activities.

4.4 Implementation and Monitoring

From 51 youth respondents, the researcher then select 20 persons for participating in this program. The first 10 will be participating in the welding training, and the other 10 will be participating in motorcycle-wash workshop.

4.4.1 The Welding Training

The training for the first batch in elementary welding was done at Polytechnic Institutions in Depok with 10 participants of unemployed youths, and will be followed with another 10 participants in the next batch. In order to ensure the presence of the participants, as the location is

far from their residences, each participant will receive pocket money every day to cover their cost of transportation and meal. However, the next batch were cancelled due to respondent's reluctance in participating to this program, as they said they need more advance skills, and other skills in order to equip them in finding jobs.

During the monitoring and evaluation with the stakeholders, it was found that reactions of the respondents as well as their parents are unfavourable in continuing to the next stage of training as well as using the certificate to start a new enterprises and they prefer to look for jobs in a company, rather than to become self-employed.

4.4.2 The Motorcycle-wash Workshop

The motorcycle-wash workshop was established in one of the open area in the community, for about one month the activities were active, although the customers were slow, as it is a new business and people has not noticed yet. However, after one month people and youth that have participated in the activities were getting bored and finally they quitted from the activities.

4.4.3. Partnership and Internship in Cepogo

Following with the reluctance and low support from the parents, the planning program about youth internship program in Cepogo area to learn the skills in making metal handicrafts, were also cancelled. Parents and youth according to the Key Stakeholder were more interested to become employee, or motorcycle taxi to earn for a living.

5. Discussion

The development of entrepreneurship in the society is very important, however this is not an easy job, as people are still reluctant to become entrepreneurs for many reasons, and prefer to become employees although consequently being unemployed for some time until they can find a job. From the study it was shown that it is difficult to turn people to become entrepreneurs (64.7 % is not interested to become entrepreneurs).

Based on the study it shows that one of important determinant of entrepreneurial behaviour is the individual's exposure to successful role models (Kent, Eisenhardt, and Forbes; Scherer, Adams, and Wiebe; Bird and Vesper in Morris, 1998). Studies have shown that many entrepreneurs have parents who were self-employed (Hisrich and Brush, Roristadt, Shapern in Morris, 1998). Others find themselves working for or with an entrepreneur who becomes a role model are also important. Another form of vicarious experience involves watching a friend develop a business. Such role models demonstrate to prospective entrepreneurs that risk-taking, tolerance for ambiguity, proactive. and innovation leads to independence and self-control.

In this research, although the majority of the parents' respondents are trader (in a very small scale activities such as opening a kiosk or selling

something in a market), but this role model of entrepreneurship is not strong enough to develop entrepreneurial intention for their children, or even makes them think that becoming self-employed is not a promising future.

Moreover, the nurturing life experiences that the respondents have been through in their early life (Morris, 1998) have influenced them in having lower level of entrepreneurship. In this study, it shows that majority of youths prefer to work in the company, with a stable salary and future, this was also influenced by their parents and environments.

Personality, such as low resiliency, low need of achievement, and the tendency to get things instantly (quick yielding) were also some of the attitude and behaviour that should be worked upon.

Moreover, the current educational system does not encourage entrepreneurship and, in fact, teaches conformity rather than individuality (Lambing & Kuehl, 2000), especially in the East society. Morris (1998) had supported the research by saying that the complacent peer group experiences as well as standardized/conforming educational experience will influence a person in their entrepreneurial intention. In this regard, government through their ministries, have to develop more modules and activities in regard to developing mind-sets and skills on entrepreneurial activities.

6. Conclusion and Recommendation

From the study, it can be concluded that it is not easy to develop the interest of people to become entrepreneurs; especially if the interest to become entrepreneurs is low. In this regard, in order to develop the entrepreneurial intentions of people, socialization about the who, and what is entrepreneur, as well as how to become entrepreneurs is needed.

Furthermore, involving and participation of family (parents) should be enhanced. This study was done involving not only the participants (the unemployed youth) but also the stakeholders in the community (including the formal and informal leader). However, the research was not directly involving the parents of the respondents, which in this case were playing important role in the decision making to become entrepreneurs.

From the results, it can be concluded that family (parents), community, institutions, government bodies and should be involved in terms of developing entrepreneurial intentions in order to make the unemployed youth financially independent, and have different mind-sets about entrepreneurs and not only want to work as employee.

Moreover, it was shown that the development of entrepreneurship is stimulated by a combination of factors relating to individual such as attitudes and perceptions. As a result,

the influence of environment to develop these dimensions is beyond doubt. In this regard, the participation of all stakeholders (university, communities, government, ministry, NGO, association, and other institutions) is very important. The collaborative programs such as advocating communities, families, delivering trainings for unemployed people, capacity building, partnering with university and government (ministries) were some of the recommendations interventions. Successful young entrepreneurs, which start from the scratch, can be used as a good role model for them.

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