

Small Enterprise Owners Knowledge of Entrepreneurship

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Abstract

Micro and Small Business Enterprises (MSBE) play an important role to support families' incomes in developing countries. This research qualitative with the technique of collecting Discussion Forum (FDG) data was conducted to find the identity and classification of Micro and small Business Enterprises (MSBE) and their relation to owners' knowledge of social Entrepreneurship conception. Data were classified the knowledge of entrepreneurship of MSBE knowledge into 3 levels (1. Donot know; 2. Know, 3. Apply knowledge). It revealed that 25% of FGD informants falls into level 1; thus 62.5% goes to level 2, and 12.5% goes to level 3. Additionally only 1 informant had a business domicile certificate from Medan Labuhan Subdistrict and 1 informant already had a business license and halal certificate. Constraints faced by informants in conducting their business related to capital and marketing.

Keywords: Knowledge Level; MSBE; Social Entrepreneurship; poverty Rate.

1. Introduction

The article aims to report the level of knowledge of entrepreneurs towards Social Entrepreneurship in an effort to reduce unemployment rates in Medan Labuhan Subdistrict, Indonesia. Seelos and Mair (2004 in Paradise 2014) classified the social entrepreneurship into three forms. First, social entrepreneurship refers to the idea of a non-profit organization that seeks to find financing for its activities in connection with the cessation of financial support from the government, the cessation of assistance from individuals or companies while social needs continue to increase. The second form, social entrepreneurship emphasizes the aspects of individuals who have the idea to fight for the reduction of social problems. The third form is social entrepreneurship is seen as a social responsibility practice of a business entity through a collaborative mechanism in its implementation which is better known as a form of corporate social responsibility (CSR) and now developing as a corporate social entrepreneurship (CSE).

The national problem facing Indonesia as a developing country was high poverty rates. According to National Census Board (BPS) in March 2018, the Indonesian poverty rate was at its lowest since 1999. It was revealed that the cause of poverty reduction was one of them due to the average expenditure per capita per month for households in the bottom 40 percent growing by 3.06 percent. Other efforts that could be taken is to promote social entrepreneurship. As a developing country, Indonesia faces with the problem of high poverty rates which amounted to 9.82 percent. BPS head Suhariyanto (<https://ekonomi.kompas.com>, 2018) mentioned that in March 2018 for the first time the percentage of poor people was in 1 digit. Previous years, Indonesian poverty rate double digits; so 2018 this is indeed the first and lowest time. When compared to the previous period, namely September 2017, the percentage of poverty was recorded at 10.12 percent or equivalent to 26.58 million poor people in Indonesia. It was revealed that the cause of the poverty reduction was partly due to the average expenditure per capita per month for households in the bottom 40 percent growing 3.06 percent.

One of efforts to alleviate poverty can be through promoting entrepreneurship concept to new business owners. Opening a new business or developing an existing business will create new jobs, with the opening of new jobs, unemployment will be absorbed. People who were previously not earning have income, which in the end if viewed as a whole the poor will decrease in number.

2. Social Entrepreneurship Theories and Poverty

Hardi Utomo (2014) emphasizes social entrepreneurship as a real solution to overcome social problems including poverty, drug abuse, crime, promiscuity, thuggery, human trafficking and so forth. He also outlined, the development of social entrepreneurship is placed as a phase that is still relatively early; it takes high commitment and great sacrifice to pursue the world of social entrepreneurship. Nur Firdaus

(2014) found two organizations that implement social entrepreneurship, namely: Bina Swadaya and Mitra Bali. The practice of social entrepreneurship in this study emphasizes its discussion on economic development, especially the problem of poverty in the form of social business. It is hoped that the existence of social entrepreneurship actors can become government partners in economic development in the future so that poverty efforts can be realized.

Social entrepreneurship has been well defined since Schumpeter published his work in 1911 (Swedberg 2000: 22). But social entrepreneurship is not a core element in entrepreneurship theory, at that time social entrepreneurship was almost never mentioned in textbooks and entrepreneurial review books. Steyart and Hjorth (2006) argue that Social Entrepreneurship as an area of interest has been neglected in the entrepreneurship literature. Social entrepreneurship began to emerge among the community, even though activities that seemed to overlap, some were different and even interlocking contradicting (Steyart and Hjorth 2006: 5). Along with the turn of the century, the picture of the situation above has changed. Social entrepreneurship began to conquer the area of discussion in General Entrepreneurship theory with the publication of several textbooks and book reviews (Steyart and Hjorth 2006; Nyssens 2006; Mair et al 2006; Austin et al. 2007; Nicholls 2008).

Safa'at (2014) defines social entrepreneurship according to the conditions and developments in the climate of society, politics and business in Indonesia. In the second World Entrepreneurship Forum in Lyon, France in 2009, Bina Swadaya stated that the definition of Social Entrepreneurship is social development with entrepreneurial solutions. The social development referred to here is still in Safa'at (2014) referring to the Social Development Summit is a development effort that covers several aspects, namely aspects of poverty eradication of productive employment creation and social integration. Economists have defined poverty a lot, including there are several theories of poverty and poverty line criteria that are used today, resulting in differences in poverty reduction strategies implemented, depending on the definition used. Poverty is a condition where a person or a group of people are unable to fulfill their basic rights to maintain and develop a dignified life. These basic rights include (a) the fulfillment of food needs, (b) health, education, employment, housing, clean water, land, natural resources and the environment (c) a sense of security from the treatment or threat of violence (d) the right to participate in socio-political life.

Dimensions covered in poverty include political, socio-cultural and psychological, economic and access to assets dimensions. These dimensions are interrelated and interlocking / limiting. Poverty is hunger, does not have a place to live, if sick do not have funds for treatment. Poor people generally cannot read because they are unable to go to school, have no work, are afraid of the future, lose children due to illness, poverty is helpless, marginalized and not free (Ravillion, 2001). Further Ravillion (2001) argued that the characteristics of poor people are: (1) do not have access to decision making processes that concern their lives (politics), (2) are excluded from the main institutions of existing societies (social), (3) poor quality HR includes health, education, skills that have an impact on low income (economy), (4) trapped in a culture of low quality human resources such as low work ethic, short thinking and fatalism (culture / values), (5) low ownership of physical assets including environmental assets live like clean water and lighting. These conditions cause the fulfillment of basic human needs such as clothing, food, shelter, affection, security, cultural identity, protection, creation, freedom, participation and leisure.

3. Design of Research

This research was conducted with a qualitative approach to find the type of small business and owners' knowledge level of social entrepreneurship in Medan Labuhan Subdistrict Medan City of Indonesia. It was targeted because Medan Labuhan Subdistrict has the potential to be applied social entrepreneurship, from the results of interviews with Medan Labuhan Subdistrict on preliminary research obtained information that in 2018, there are 270 business units registered in the sub-district Medan Labuhan.

Data were classified the knowledge of entrepreneurship of MSBE knowledge into 3 levels (1. Don't know; 2. Know, 3. Apply knowledge). Data collection techniques with FGD (Focus Group

Discussion) involved 8 (eight) informants as the owners of Micro & Small Business Entrepreneurs (MSBE) in Medan Labuhan Subdistrict represented from 6 existing districts.

4. Results and Discussion

In the location of the research (Medan Labuhan Sub district) has 270 business units registered. Data obtained showed that type of business in the target location classified as sewing (37.5%), culinary (cakes, fried foods, shredded fish) as much as 50% of the total informants, handicraft (12.5%). Knowledge of Entrepreneurship is related to information and understanding of business. Notoatmodjo (2010) explained that a person's knowledge of objects has different intensities or levels. Broadly speaking, it is divided into 6 levels of knowledge, namely:

1. Knowing 2. Understanding; 3. Application; 4. Analysis; 5. Synthesis; 6. Evaluation

Data obtained of the informants' knowledge of business recorded as following:

Informant 1:

Informant 1 is interpreting "Entrepreneurship" is opening their own business starting a women's dress sewing business since 2007, informant 1 opened a business with the excuse of not getting work outside, and according to informant 1 by opening a business, employment would be open to the surrounding community. In carrying out its business, Informant 1 uses 4 units of the machine. My place for business is by utilizing a residence. In carrying out its business, informant 1 does not have a development plan, so far informant 1 receives orders from consumers, informant 1 acts as labor, if there are a lot of goods orders, informant 1 adds labor from the surrounding environment. Informant 1 found out about "Social Entrepreneurship" from social media. In its business activities, informant 1 has not yet implemented "Social Entrepreneurship" but informant 1 knows that by opening a business, employment will open up and will earn income so that the poverty rate will decrease. In conducting its business, informant 1 earns income and can support 2 (two) children and husbands who are not yet working. This sewing business can support the daily lives of informant 1.

Informant 2:

Informant 2 is interpreting "Entrepreneurship" is a skill that is owned can help others. The reason Informant 2 opens a business comes from the parents' motivation from informant 2 which says that entrepreneurship informant 2 can survive. Informant 2 does not know exactly when informant 2 started this sewing business. Informant 2 has a lot of expertise in sewing, such as: sewing clothes, embroidering, making Japanese *smok* for propose event and wedding stage decorations, embroidering baby clothes, making Barbie doll clothes from patchwork (leftovers). In conducting her business, informant 2 lacks information regarding where to buy materials such as beads etc. In conducting her business, informant 2 employs 3 (three) workers who come from housewives from the surrounding environment. Regarding "Social Entrepreneurship", informant 2 did not know about "Social Entrepreneurship".

Informant 3:

Informant 3 interpreted business with starting her business since moving its domicile from the city of Jakarta to the city of Medan in 2017, on the grounds that it is no longer working in the city of Jakarta and to be able to support their daily needs. Together with her husband, informant 3 chose a business selling "Takoyaki" with an initial capital of IDR. 500,000, - bought materials, prints and banners. for every 1 kg of flour, 130 pieces of *takoyaki* are obtained. Informant 3 is selling moving places. At present the sales turnover reaches 5-6 kg of flour per day. Per - kg informant 3 gets a net profit of IDR. 50,000. In carrying out its business, informant 3 employs 1 worker who comes from a family environment. Informant 3 has heard about "Social Entrepreneurship", and informant 3 knows about "Social Entrepreneurship", that by entrepreneurship basically informant 3 can provide jobs and earn income so as to avoid poverty. But in running their business, informant 3 has not applied the concept of "Social Entrepreneurship".

Informant 4:

Informant 4 Interpreting "Entrepreneurship" starting a business in 2016, the business undertaken was the sewing business of sewing women's clothes and Barbie doll clothes from patchwork (leftovers) and sewing baby sheets. Informant 4 started her business by first working in a factory making baby bed

sheets. Waste from the factory in the form of patchwork (leftover) is used by Informant 4 as raw material for making Barbie doll clothes. Initially the patchwork was obtained for free, but over time the factory required to buy the patchwork (the rest) and then the price was raised. Not lost in mind, informant 4 made use of other waste from the baby bed linen factory in the form of residual foam, which was then processed into a chair base with a unique and attractive shape. From the explanation above, it can be seen that the obstacle faced by informants 4 in running her business is the availability of raw materials which are not sustainable and are highly dependent on factory waste. When there are many orders, informant 4 does not immediately accept it. Informant 4 can innovate to process factory waste into something useful and can be sold and bring in profits. Informant 4 has also collaborated with several other business partners. For goods produced by informant 4, displayed in a room in Informant 4 home, so that when consumers come, the product is displayed, making it easier for consumers to see and buy. Informant 4 has also marketed their products online. Informant 4 already knew about "Social Entrepreneurship". Informant 4 has implemented "Social Entrepreneurship" by employing the workforce from the surrounding environment.

Informant 5:

Informant 5 is interpreting "Entrepreneurship", by starting a business in 2016 with first capital of IDR. 2.000.000, - opening oyster mushroom cultivation business, the capital is allocated to buy mushroom seeds, rice husks. This oyster mushroom business is located in the informant's residence 5. The reason for opening a business is to help the family's economy, where the informant's husband 5 is living from trading to support 2 (two) children. Informant 5 defines "Entrepreneurship" as an attempt to help the family economy. Informant 5 does not understand about "Social Entrepreneurship", but informant 5 knows and has heard of "Social Entrepreneurship". In conducting her business, informant 5 already has a business permit in the form of a business domicile from Medan Labuhan Subdistrict. The obstacle faced by informant 5 in running her business is still related to lack of capital and the difficulty of marketing the products of this oyster mushroom.

Informant 6:

Informant 6 started a business in 2015 with a capital of IDR. 200,000, - informant 6 opened a business of candied fruit and orange juice. Informant 6 opened a business with the reason to help the family economy, where Informant 6 has 2 (two) children and husband earning from trading activities. Informant 6 defines "Entrepreneurship" as an activity to help personal finance and the surrounding community. Informant 6 in running her business does not employ others, all production processes are done by themselves. Informant 6 in running her business does not yet have a business license in any form. The location of the business where the fruit candied production process is still taking place at the residence of informant 6 with their own status. The obstacle faced by informant 6 in running the business that she has been in for the past 4 years was the problem of lack of capital and the difficulty of marketing this fruit preserves. Informant 6 knows about "Social Entrepreneurship" but does not quite understand the concept of "Social Entrepreneurship".

Informant 7:

Informant 7 opened a fish processing business to become shredded fish, informant 7 already has a business license and *halal* certificate. Informant 7 has formed a group of shredded tuna entrepreneurs. Informant 7 has involved the surrounding community as workers in this shredded fish business. Informant 7 has participated in several bazaar activities carried out by various parties. Informant 7 has innovated by processing fresh fish into shredded fish. Informant 7 has implemented "Social Entrepreneurship"

Informant 8:

Informant 8 started a fried food business with an initial capital of IDR. 300,000. The reason informant 8 opened this fried food business is to increase family income. The definition of "Entrepreneurship" according to informant 8 is a process for running a business. Informant 8 did not know about "Social Entrepreneurship", and had only just heard of "Social Entrepreneurship" in this FGD activity..

Table 1 Informants' Knowledge Level on Social Entrepreneurship

No.	Name of Entrepreneur	Level of Knowing
1.	Warini	2
2.	Rahmadani Nasution	1
3.	Yusmawati	2
4.	Fitri Herlina	2
5.	Rahmawati Sagala	2
6.	Nurcahaya Dalimunthe	2
7.	Ulfa Rizqil Haq Chan	3
8.	Maharany	1

Source: FGD result 2019.

From 8 (eight) informants in this study, 2 (two) people were identified as not knowing about "Social Entrepreneurship", as the lowest level in this identification activity. Then at the level of "Knowing" as many as 5 (five) people. Interpreted only as a recall (recall) of memory that has existed before after observing something. To know or measure that people know something can use the questions. The moderator of the FGD activity asked a number of questions in the guide of interviews, to help the informant recall the informant's knowledge about "Social Entrepreneurship". Furthermore, 1 (one) person at the "Application" level, the informant has implemented "Social Entrepreneurship" by employing the surrounding community where the business location is located.

The micro-small businesses can develop and social entrepreneurship can be well socialized, it is expected: Medan Labuhan Subdistrict to continue to collaborate with various parties for the development of micro small businesses, as has been done previously, namely establishing cooperation with Universitas Harapan Medan, and in the future establishing cooperation with banks to overcome capital constraints faced by entrepreneurs. Medan Labuhan District promotes the socialization of "Social Entrepreneurship" in the environment of small micro entrepreneurs, so that in the future entrepreneurs in Medan District can apply "Social Entrepreneurship" to expand employment and reduce poverty.

Discussion

Development theory believes that the problem of poverty will be resolved by itself through the mechanism of economic growth. Kuznets even believes that income inequality is a necessary condition for high economic growth. So at the beginning of economic growth the level of economic inequality gets higher to a certain degree and then decreases. Harrod-Domar's theory also states that, where high growth is needed capital accumulation (capital) through savings (saving). The community component that is able to save is the rich group, not the poor group. So that economic growth can only be driven by groups of people who are able to cultivate capital (Todaro, 2002; 128-130).

5. Conclusion

From the data analysis above it can be concluded:

1. Type of business FGD informants: Sewing (37.5%), culinary (cakes, fried foods, shredded fish) as much as 50% of the total informants, handicraft (12.5%).
2. 25% of FGD informants were identified as having the level of knowledge of "Social Entrepreneurship" at the "Do not Know" level, while at the "Know" level of 62.5% and 12.5% at the "Application" level.
3. FGD informants in terms of licensing: 1 informant has a business domicile certificate from Medan Labuhan District and 1 informant already has a business license and halal certificate.
4. Constraints faced by informants in conducting their business: related to capital and marketing.

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