THE EFFECT OF ENTREPRENEURSHIP ON POVERTY REDUCTION

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Abstract— The purpose of this study was to determine and analyze the effect of entrepreneurship on poverty reduction. The data collection was done by direct interview used questionnaires, in-depth discussions with respondents, field notes and documentation. Respondents in this study are business owners of food and beverage industry who are considered to have a direct and responsible role in corporate decision. The reason for choosing the food and beverage industry is because this business does not require much investment and working capital, labor-intensive and prospective market potential. Method of data analyzes used descriptive statistics and Partial Least Square (PLS) analysis. The result of this study showed that entrepreneurship has significant effect on poverty reduction. Enterprise business actors in implementation have been good but still needs to be optimized entrepreneurial competencies. This means that poverty reduction can be done through the development of entrepreneurship.

Keywords— Entrepreneurship and Poverty Reduction.

I. INTRODUCTION

Poverty remains a problem in economic development. In the International scope, poverty agenda embodied in the Millennium Development Goals (MDGs). The problem of poverty is not actually a state of poverty in the regional scope. The Development which less attention to aspects of equalization will increasingly create regional imbalances which will further increase the level of poverty in these areas (Catur Panggih Pamungkas, 2009).

The main issues that are still faced in developing countries in Asia Pacific area currently includes Indonesia is the problem of poverty. Although the government has taken a number of policies to alleviate poverty, but until now the problem of poverty has not been fully resolved. BPS data (2015), showed that the number of poor people during the past two years is likely to increase. Absolute number of poor people in March 2014 stood at 28.28 million increase in March 2015 to 28.59 million, an increase of 0.31 million.

Poverty alleviation by entrepreneurial clearly been parsed by Fong Chan Onn (2013). He stated that entrepreneurship can no longer be underestimated due to the development of an increasingly essential to reduce poverty the last few decades has become a shared problem for the developing countries in the Asia Pacific region. Chan Onn also added that the essential role of entrepreneurship in poverty reduction increasingly crystallized as open access in order to improve the standard of education at the same level of employment (http // www geogle com).

Ludovick (2013) in his study of poverty through entrepreneurship and innovation found that entrepreneurial reduce poverty significantly. Poverty fell by a much larger scale when interacting with entrepreneurship.

Based on the description in the background, then formulated some problems as follows: (1) How to entrepreneurial businesses in Southeast Sulawesi province, (2) Is entrepreneurship a significant effect on poverty reduction

The purposes of this study are: (1) Knowing entrepreneurial businesses in Southeast Sulawesi province, (2) Determine and analyze the effect of entrepreneurship on poverty eradication

II. LITERATUR REVIEW

Suryana (2003) explains that the object of study of entrepreneurship is the ability to formulate the purpose of life, to motivate myself to try, initiated the formation of capital and accustoms you to learn from experience. Suryana opinion reflects that entrepreneurship is linked with poverty alleviation due to being a successful entrepreneur requires the ability to motivate yourself to strive to give birth to a strong will resolve.

Based on these opinions, it can be said that entrepreneurship has a close connection with the alleviation of poverty in this case can be influenced. Ludovick in his research entitled "Alleviating Poverty through Innovation and Entrepreneurship (I and E)" found that entrepreneurial reduce poverty significantly. Poverty fell by a much larger scale when interacting with entrepreneurial innovation. This study used data from 58 different countries.

Lester C. Thurow (1999) in his book Wealth building that explicitly says "no institutional substitutes for individual entrepreneurial agents. The winners entrepreneurs become wealthy and powerful, but without entrepreneurship to be poor and weak. The

role of entrepreneurship and entrepreneurial culture in economic and social development is often underestimated. After years of increasingly clear that entrepreneurship does contribute to economic development.

Ali Yasin (2013) in his research entitled "Entrepreneurship Development and Poverty Reduction: Empirical Survey from Somalia" found that there was a weak positive correlation between entrepreneurship development with poverty reduction. This study research design correlation of 80 small entrepreneurs in the region Bonadir Somalia.

Adofu (2013) in his research entitled "Alleviating Poverty through the Use of Entrepreneurship Skill Aquisition in Kogi State, Nigeria" shows that 65% of respondents said that a lack of entrepreneurial skills among youth is closely related to the high level of poverty in Nigeria. These results indicate also that at least 60% of the population have entrepreneurial skills training may be trying to meet their basic needs. Therefore, the study recommends that for most people who follow entrepreneurial training programs to meet their basic needs, then the government should consider the program into poverty alleviation programs.

In connection with the problem of poverty, unemployment, economic growth and the role of entrepreneurship, Raheem Olasupo in his research entitled "Poverty, Unemployment and Growth in Nigeria: The Role of Entrepreneurship" found that entrepreneurial activity can absorb the unemployed labor force. The study also found that the optimal positive role of entrepreneurship cannot be realized because of problems associated with lack of credit facilities and low support from various parties continuing to entrepreneurship.

III. METHOD

This research was conducted in Southeast Sulawesi to retrieve the object on the food and beverage industry. The research location is set in the city of Kendari, Bau-Bau, Kolaka, Konawe and Bombana.

The study population was the whole food and beverage industry entrepreneurs in Southeast Sulawesi totaling 399 business units. The samples in this study using a random sampling of 120 business units with the details in Kendari by 25 business units, Bau-Bau 25 business units, Kolaka 25 business units, Konawe 25 business units and Bombana of 20 business units. Respondents in this study are business owners who are considered to have a direct and responsible role in corporate decision. The reason for choosing the food and beverage industry is because this business does not require much investment and working capital, labor-intensive and prospective market potential.

The data used in the research consisted of primary data and secondary data. The primary data obtained through questionnaires and collected directly from the respondent businesses.

Secondary data were obtained from the documents the Department of Industry and Trade of Southeast Sulawesi province, the Department of Industry and Trade of Kendari, Bau-Bau, Kolaka, Konawe and Bombana. Besides, secondary data was also collected from the Central Bureau of Statistics of Southeast Sulawesi province. These data are used to complement the data obtained in the field research through questionnaires.

Collecting data in this study conducted in three stages: initial survey, field data collection through questionnaires, and monitoring. Preliminary survey was conducted to determine the characteristics of businesses at the sites. From the results of the initial survey questionnaires were then determined locations that are considered to represent a representative study population.

The data collection was done by direct interview to using questionnaires, in-depth discussions with respondents, field notes and documentation. Distribution and collection of questionnaires to each respondent micro businesses conducted directly by a team of researchers aided by 8 (eight) the enumerator. Monitoring is done by observing the management of the work done by the respondent, labor utilization, marketing and customer service.

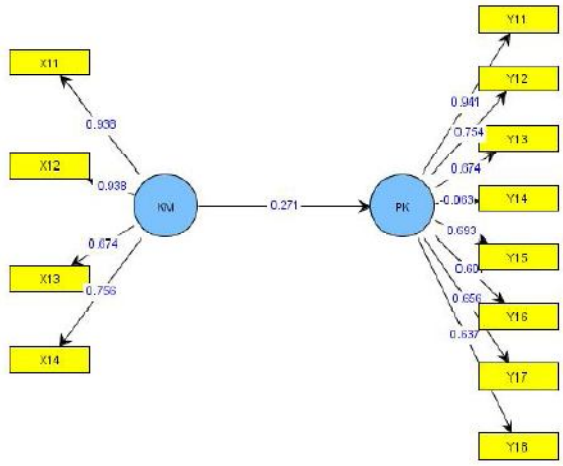
In accordance with the research problem, the data were analyzed using descriptive statistical analysis and inferential statistical analysis methods are supported with qualitative analysis to deepen the discussion.

Descriptive analysis method used to describe or depict the characteristics of variables and indicators studied. Descriptive statistical analysis techniques used in this study include the value of the frequency distribution, the value of the average (mean), the maximum value and the minimum value and the percentage value of each variable and research indicators. Inferential statistical analysis methods used to answer the problem of the second study. Inferential statistical analysis used is the analysis of PLS (Partial Least Square). PLS analysis is used to determine the effect of entrepreneurship on poverty eradication

IV. RESULTS AND DISCUSSION

4.1. Result

Testing the model is evaluated by looking at the value of the path coefficient between variables influence of independent entrepreneurship on poverty eradication. Based on PLS model outputs, model testing is done by looking at the path coefficient estimated value and the value of the critical point (t-statistic) were significant at $\alpha = 0.05$. The results of the analysis of the complete data can be seen in the model output PLS, (Appendix 3). Will be displayed in the form of tables and figures as follows:



Entrepreneurship Business Actor
Figure 1. Effect of Entrepreneurship on Poverty Reduction

The test results of the influence of entrepreneurship on poverty reduction Figure 1 complete can be presented in the following table.

Table 1. Coefficient Independent Entrepreneurship on Poverty Reduction

Effect between variable	Path coefficient	t-Statistic	t-critical	Result
E (X) → PR (Y)	0.271	2.481	1.96	Significant

Source: PLS Processed, 2016
Description:
E= Entrepreneurship
PR = Poverty Reduction

Based on Table 1 it can be seen that the entrepreneurship has positive and significant impact on poverty reduction in the Southeast Sulawesi Province. This is evidenced by the t-test statistic = 2.481> t-critical, namely 1.96 with path coefficient of 0.271.

Empirical evidence shows that the implementation of independent entrepreneurship which is run by businesses in Southeast Sulawesi has been good, if the observed dimensions of attitudes to entrepreneurship, entrepreneurship motivation, entrepreneurial competence and personal values.

Dimensions motivation of entrepreneurs in the implementation of the kindest, meaning that businesses are motivated to achieve better performance by overcoming obstacles and challenges of business, are motivated to achieve business growth is high, trying to reach the ideals and hopes for success in business and has an instinct able to perform activities business well.

Empirical evidence shows that the dimensions of the entrepreneurial attitude in practice have been good. This condition reflect that entrepreneurs have the attitude of flexibility to get along, work hard to find new ways for future business development (innovative), have the confidence to step up efforts to put my trust in Allah, responsive to existing business opportunities, dare to take and accept risks happens, has a soul and a creative attitude in the business, have a results orientation to be achieved in business and have the earnest attitude towards the business carried on.

Furthermore, the dimensions of personal values in implementation have also been good. This means that businesses be honest in business, responsible for everything that happens in business activities, to maintain trust in running the business, diligent, tenacious and unyielding in business, took the initiative in running the business, capable of doing routine tasks without seeking help from another (independent), obtain satisfaction from the results of operations, is able to overcome obstacles in achieving business success, critical thinking and innovative in running the business and pleasure of expression, although different from most people.

However, the dimensions of entrepreneurial competence are not yet fully optimized implementation. This means that entrepreneurs have not fully have the professional capability of the business that occupied, not yet fully communicate and partner with others for the betterment of the business, are not yet fully have the ability to anticipate the opportunities that exist and have not been fully able to create business opportunity and not yet fully have the capability of organizing the run.

It is empirically proves that independent entrepreneurship run still has limitations characterized by the persistence of the perception of the majority of respondents (18.07%) less / disagree and strongly disagree.

In connection with these two policies need to get attention is to improve the competence of entrepreneurs by improving the professional skills of the business that occupied, build communication and partnering with others for the betterment of the business, creating business opportunities and to improve the capability of organizing the run.

4.2. Discussion

Effect of Entrepreneurship on Poverty Reduction

The results of this study found that independent entrepreneurship has significant and positive effect on poverty reduction. The results support the research that has been done before by Ali Yasin (2013) on Somalia, Adofu (2013) in Nigeria and Emesi (2011) in Nigeria. In addition the results of this study support the opinion of several experts, among others Fong Chan On (2013) and Hasan Sharif (2013) which suggests that the role of entrepreneurship in poverty alleviation can no longer be underestimated because of its role is increasingly crystallized in addressing unemployment and poverty alleviation.

The results of this study found that the aspects relating to the model of business development expected by businesses is access to capital from financial institutions Bank, access to capital from a financial institution non bank, training opportunities,

business partnership, access to raw materials, and marketing. Descriptive results of this study indicate that as many as 66.67% of respondents businesses do not have access to capital from financial institutions Bank. Meanwhile, there are still 90% of respondents entrepreneurs have not ever had the opportunity to follow training.

In connection with this aspect of the partnership, it was found that as many as 88.33% have not established a business partnership with the reason no one wants to partner, addition of the ease of obtaining raw materials indicate that as many as 89.17% of respondents said easily obtain raw materials, and as many as 10, 83% of respondents are sometimes difficult to obtain raw materials.

Based on these results and the results of previous studies and the opinions of Hali has been stated above, the model of poverty alleviation recommended in this study is enhancing the entrepreneurial competence businesses. Increased entrepreneurial competence can be done through training. This is consistent with the findings in this study that of the four (4) dimensions of entrepreneurship examined in this study include the dimension of attitudes to entrepreneurship, entrepreneurship motivation, entrepreneurship competence, and personal values, and then the competence of entrepreneurship is the dimension that is still weak. Therefore, the development of entrepreneurship through training should be more focused on improving the competence of entrepreneurship.

Besides improving the competence of entrepreneurial businesses through training in order to alleviate poverty, the expansion of access to capital through financial institutions banks and non bank financial institutions, ease in obtaining raw materials, and ease in market production is an aspect that is no less important to be model of poverty alleviation.

The development model of poverty reduction has been recommended that the above is expected to increase the performance of business managed by businesses that can be seen from the increase in business turnover, the increase in operating income, an increase in business growth and increased labor absorption. Improved business performance especially in improving operating income and an increase in the absorption of energy will have implications on increasing revenues. An increase in income and employment in a sustainable manner will be able to reduce poverty significantly.

Efforts to reduce poverty cannot be separated from efforts to increase revenue, because poverty can only be reduced if their incomes increase and their new employment opportunities for job seekers. Through the development of entrepreneurship, new jobs will be open and incomes will increase**.**

CONCLUSIONS

Based on the results of research and discussion, it can be deduced as follows: (1) Entrepreneurship independent businesses in Southeast Sulawesi province in the implementation is good but still needs to be optimized entrepreneurial competencies, (2) Entrepreneurship positive and significant impact on poverty eradication. This means that poverty reduction can be done through the development of entrepreneurship.

Based on these conclusions, it is recommended that some of the following: (1) the need to optimize the competencies of entrepreneurs by improving the professional skills of the business that occupied, build communication and partnering with others for the betterment of the business, creating business opportunities and to improve the ability to organize business managed, (2) the need to develop entrepreneurship by providing better access to capital from banks and financial institutions, non-bank financial institutions. Besides, it provides training opportunities, build business partnerships and help marketing results

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