GLOBAL ENTREPRENEURSHIP MONITOR

indonesia

2015/2016 report

ENTREPRENEURSHIP IN INDONESIA

Conditions and Opportunities for Growth and Sustainability

CB Nawangpalupi | G Pawitan | A Gunawan
M Widyarini | FE Putri | T Iskandarsjah

ENTREPRENEURSHIP IN INDONESIA: CONDITIONS AND OPPORTUNITIES FOR GROWTH AND SUSTAINABILITY

2015/2016 INDONESIA REPORT

Catharina Badra Nawangpalupi
Gandhi Pawitan
Agus Gunawan
Maria Widyarini
Fiona Ekaristi Putri
Triyana Iskandarsjah

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors.

Cover designed by: Sebastianus Stevanus
Edited by: Gisella Thiofanny

If you wish to cite this report please use the citation provided below:

Nawangpalupi, C.B., Pawitan, G., Widyarini, M., Gunawan, A., Putri, F.E., and Iskandarsjah, T. (2016) Entrepreneurship In Indonesia: Conditions And Opportunities For Growth And Sustainability. Bandung: UNPAR Press.

ISBN: 978-602-6980-33-5

9 786026 980335 >

Cover: Phinisi Nusantara

Story of the cover:

Phinisi is a traditional sailing boat from Indonesia, which originated from the Bugis and Makassar in South Sulawesi. These ships were commonly used for transporting goods between islands. Phinisi is "a sailing ship that uses this type of display with two mast schooner with seven strands of the screen that has a meaning that the ancestors of Indonesia is able to conquer seven great oceans of the world" (information from https://www.behance.net/gallery/2197109/Phinisi-Nusantara-Infographic). Phinisi Nusantara shows excellent abilities of Indonesian sailors in the sea.

The use of Phinisi Nusantara for the image is to encourage Indonesian entrepreneurs to thrive and to achieve their excellent abilities and to aspire others so their entrepreneurial characters can ultimately bring impacts to the country.

ACKNOWLEDGEMENT

The GEM Indonesia project would not be possible without the support and encouragement of the funder. We would like to recognize IDRC – Canada, Ministry of Research, Technology and Higher Education Republic of Indonesia (for the Research Grant - International Research Collaboration and Scientific Publication), and Universitas Katolik Parahyangan (UNPAR – Indonesia) as the supporting sponsor for the 2015 GEM Indonesia activities.

We also thank Pemerintah Kota Cimahi, Jawa Barat, especially Badan Perencanaan Pembangunan Daerah (Bappeda) for research collaboration using GEM data for fostering economic growth in Cimahi.

Bakuning Hyang Mrih Guna Santyaya Bhakti

(*Based on Divinity to Pursue Knowledge dedicated Society at large*)

FOREWORD

UNPAR through the Centre of Excellence for Small and Medium Enterprise Development (CoE SMED) has joined the GEM Consortium since 2013 and in 2015 we conducted our three year research which provides solid data in entrepreneurship monitoring. GEM research project that is mainly conducted based on Adult Population Survey (APS) and National Expert Survey (NES).

Joining GEM and conducting research in entrepreneurship is our commitment to contribute to the development of the Indonesian SMEs. This research has contributed to some international journal articles for us, and also have created further networking with other stakeholders in entrepreneurship. The research has built our credibility in entrepreneurial research conditions in Indonesia as well as in ASEAN. This report is the third report that can be used to measure entrepreneurial climate in Indonesia. With this research project, we are continuing take initiative to some actions that could enhance and maintain SME sustainability as well as to develop research network and collaboration in entrepreneurship.

This 2015/2015 report is particularlyGEM Indonesia is really thankful for all the parties without whom this project would have not been possible:

1. Our sponsors – International Development Research Centre – Canada. Thank you sincerely for the financial support as well as the encouragement for capacity building of the team member and the effort for strengthening our networks.
2. Our research funder, Ministry of Research, Technology and Higher Education, Republic of Indonesia through Competitive Grant of International Research Collaboration and Scientific Oublication for multi-year research starting from 2015.
3. Our University, represented by the Institute for Research and Community Service, UNPAR, that continuously supports this project for both financial and non-financial supports.
4. The 36 national experts who willingly gave of their time and shared their insights with the entrepreneurial framework conditions in Indonesia.
5. PT Idekami Riset Komunika Indonesia that conducted the Adult Population Survey 2014 and parts of National Expert Survey.
6. GEM Malaysia Team Leader, Assoc. Prof. Dr. Siri Roland Xavier, Universiti Tun Abdul Razak, Malaysia, for his great support and work in coordinating the project.
7. The GEM Global Data Team. We acknowledge their continuous support and significant contribution in reviewing, evaluating and harmonizing data before, during, and after the survey process.
8. Gisella Thiofanny for her great job in editing the report.
9. Sebastianus Stevanus for the wonderful cover design.
10. Research fellows in CoE SME Development, UNPAR, for their feedback and support.
11. Entrepreneurs that have given their invaluable insights for supporting our findings.
12. Family and friends who provided incomparable support during the write-up of this report.

This report highlights many positive entrepreneurial profiles and portrays the entrepreneurial ecosystems in Indonesia. It is written to trigger many responses for further research ideas and discussions that lead to betterment of entrepreneurial condition in Indonesia. Furthermore, we expect work together with many entrepreneurial stakeholders to support challenging entrepreneurship journey. Thus, we call for more collaborative works based on these 3 year GEM findings.

Bandung, September 2016
Authors

CONTENTS

GLOSSARY

The table below list all indicators and the definitions .

Indicators	Description
Total early-stage Entrepreneurial Activity for Female Working Age Population	Percentage of female 18-64 population who are either a nascent entrepreneur or owner-manager of a new business
Total early-stage Entrepreneurial Activity for Male Working Age Population	Percentage of male 18-64 population who are either a nascent entrepreneur or owner-manager of a new business
Improvement-Driven Opportunity Entrepreneurial Activity: Relative Prevalence	Percentage of those involved in TEA who (i) claim to be driven by opportunity as opposed to finding no other option for work
Necessity-Driven Entrepreneurial Activity: Relative Prevalence	Percentage of those involved in TEA who are involved in entrepreneurship because they had no other option for work
Established Business Ownership Rate	Percentage of 18-64 population who are currently owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months
Total early-stage Entrepreneurial Activity (TEA)	Percentage of 18-64 population who are either a nascent entrepreneur or owner-manager of a new business
New Business Ownership Rate	Percentage of 18-64 population who are currently a owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months
Nascent Entrepreneurship Rate	Percentage of 18-64 population who are currently a nascent entrepreneur, i.e., actively involved in setting up a business they will own or co-own
Media Attention for Entrepreneurship	Percentage of 18-64 population who agree with the statement that in their country, you will often see stories in the public media about successful new businesses

Indicators	Description
High Status Successful Entrepreneurship	Percentage of 18-64 population who agree with the statement that in their country, successful entrepreneurs receive high status
Entrepreneurship as Desirable Career Choice	Percentage of 18-64 population who agree with the statement that in their country, most people consider starting a business as a desirable career choice
Know Startup Entrepreneur Rate	Percentage of 18-64 population who personally know someone who started a business in the past two years
Entrepreneurial Intention	Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who intend to start a business within three years
Fear of Failure Rate	Percentage of 18-64 population with positive perceived opportunities who indicate that fear of failure would prevent them from setting up a business
Perceived Opportunities	Percentage of 18-64 who see good opportunities to start a firm in the area where they live
Perceived Capabilities	Percentage of 18-64 population who believe to have the required skills and knowledge to start a business

1 ENTREPRENEURSHIP AND THE GEM MODEL

Similar to our survey in 2014, in 2015, GEM Indonesia administered an Adult Population Survey (APS) of 5,620 adults between 18-64 years old in urban and rural areas in 23 provinces in three parts of Indonesia (Western, Central and Eastern Indonesia). These 23 provinces (of 34 provinces in Indonesia) cover more than 85% of the Indonesian population. Complementing the APS was a National Expert Survey (NES), which provided in-depth opinions from selected national experts (36 experts) on the factors that impact the nature and level of entrepreneurship in each economy. Experts were selected from among entrepreneurs, professionals, government officials, academics and researchers who had experience in one of nine entrepreneurial framework conditions (EFCs).

Both GEM surveys (APS and NES) were designed to see the interdependency between entrepreneurship and economic development. GEM explores national data to understand the entrepreneurial activity in regards to social and individual values and also its relations to the entrepreneurship ecosystem. From this perspective, GEM attempts to identify what policies should be recommended to enhance entrepreneurial capacity in a country. Indonesia, as a member of GEM consortium does the same research process, by doing surveys, analyzing data and the relationship between data, and uncover the policy implications in the entrepreneurial activities.

GEM was established in 1999. It started to analyze the ambitious and non-ambitious types of entrepreneurship, and in 2000 it started identifying necessity and opportunity-driven motivation early on in the project. Starting in 2001, GEM established and standardized the same indicators in order to have a time-series analysis. Indonesia joined GEM consortium in 2013, and this report covers the data in 2015 as well as a 3-year evaluation of entrepreneurial attitudes, activities, aspiration and ecosystem in Indonesia.

Entrepreneurial attitudes are seen as both social and individual values. Entrepreneurial activities measures the entrepreneurial pipeline in a country, starting from entrepreneurial intention, nascent entrepreneurship, new entrepreneurial activities, established entrepreneurial activities to discountinuing or exiting the business. Entrepreneurial aspirations identify the ambition of the entrepreneurs to grow or to expand their market. GEM believes that there is the direct relationship between entrepreneurial ecosystem (which in GEM is identifies as Entrepreneurial Framework Condition or EFC) with entrepreneurial attributes.

This chapter identifies the entrepreneurship and GEM in Indonesia, and shows how GEM Indonesia team members conduct research in entrepreneurship.

1.1 Entrepreneurship in Indonesia

The economic outlook of Indonesia is promising, both in terms of economic growth and business growth. In terms of its economic growth, Indonesia has been relatively stable condition, demonstrated by consistent growth rate of the annual GDP of Indonesia in the last fifteen years. From 2002 to 2014, Indonesia's GDP growth rate has always been above 4% (based on data from the World Bank, Indonesia's GDP growth rate is between 4.5% to 6.3%)[1]. Indonesia's economic growth is not affected by the global crisis in 2009, because Indonesia still showed a GDP growth rate of 4.6% in the economic crisis in 2009. Although there is a slight decrease in the last two years (2014 and 2015), based on data from the World Bank, Indonesian GDP has been growing from $285.9 billion in the 2006 to $861.9 billion in 2015.

Although Indonesia shows stable and promising economic growth, many Indonesians still live in poverty and Indonesia still has to improve the quality of its human resources. Based on the report on Human Capital in ASEAN (WEF, 2016)2, the Human Capital Index of Indonesia is in about the average. Indonesia ranks in 69 from 124 countries with the score of 67 of 100. The index is measured based on learning and employment indicators for different age categories. In ASEAN, Indonesia ranks in 6 of 9 (Brunei is excluded as data is not available), which is even lower than Vietnam and the Philippines that has lower GDP per capita than Indonesia.

Table 1: Human Capital Index in ASEAN

	Country	Global rank	Score
1	Singapore	24	78
2	Philippines	46	71
3	Malaysia	52	70
4	Thailand	57	69
5	Vietnam	59	68
6	Indonesia	69	67
7	Cambodia	97	59
8	Lao PDR	105	56
9	Myanmar	112	53

Data taken from Figure 1 of Human Capital Outlook: ASEAN (WEF, 2016)

In terms of employment, there are some concerns in Indonesia to find skilled employees as there is only 9% of high skilled employees found in the employement (See Table 2). Scale from 1 to 7, Indonesia is considered to be just about the average (4.3 of 7) for the ease of finding skilled employees.

[1] Data from the World Bank: http://data.worldbank.org/country/indonesia

[2] World Economic Forum (2016), Human Capital Outlook: Association of Southeast Asian Nations (ASEAN).

Table 2.3: Employment indicators

Country	Ease of finding skilled employees (7 = easiest, 1 = hardest)	High skilled employees (% of employment)
Singapore	4.8	55
Philippines	4.4	24
Malaysia	5.3	25
Thailand	3.8	14
Vietnam	3.4	10
Indonesia	4.3	9
Cambodia	3.4	4
Lao PDR	3.1	6
Myanmar	2.4	7

The numbers in red indicate the lowest rank and the numbers in blue indicate the highest rank. Data taken from Human Capital Outlook: ASEAN (p.2) and (p.4) (WEF, 2016)

Based on Statistics Indonesia Report (2013), Indonesia has a young population, as around half of the total population is below the age of 30 years, and Indonesia currently contains a large labor force--one that will grow larger in the foreseeable future. Given that Indonesia has potentially large labor force but there are only low numbers of those people who have high skills, the challenge for Indonesia is to enhance their skills.

Based on measurements of the ease of doing business conducted by the World Bank (IFC, World Bank), it is evident that there are still challenges facing Indonesia. Among ASEAN countries, Indonesia is considered to be a country that has relative difficulty in doing business. In 2016 rating (based on the survey in 2015), although the overall rate for ease of doing business for Indonesia is improved (rank in 106 compared to 120 in 2015), Indonesia has lower rank in starting a business in 2016. In the criteria of starting a business, Indonesia ranks in 173 of 189, and it is ten-ranks lower than in 2015. Table 1.2 clearly indicates the substantial differences in ratings, especially when mapped against ASEAN countries. While Singapore is the easiest country in term of the ease of doing business, Indonesia has the lowest overall ranks in the area.

Table 1.2. Easy of Doing Business Index

SEA Countries	Ease of Doing Business Index - 2016
1. Singapore	1
2. Malaysia	18
3. Thailand	49
4. Vietnam	90
5. Philippines	103
6. Indonesia	106

(Source: http://data.worldbank.org/indicator)

Based on the data of human capital and ease of doing business ranking, there is a need to improve Indonesian condition and to create better environment for working and for doing business. There is a need to recommend most effective policies for entrepreneurship promotion in Indonesia as well as in the Southeast Asia region. Available data (e.g. World Bank, Ease of Doing Business Report 2012-2013 and World Economic Forums Global Competitiveness Report 2012-2013) approximates levels of entrepreneurship and focus on business environments but does not analyse the relationship between a broader set of environmental conditions with the entrepreneurial characteristics, perceptions, and aspirations of entrepreneurs.

These relationships are important for understanding the performance of entrepreneurship as a tool of growth and job creation. Thus, GEM study has become important in Indonesia to understand and assess the relationship of most entrepreneurship framework conditions and all entrepreneurial activities taking place in Indonesia.

1.2 GEM in INDONESIA

The GEM model has a dynamic element in its methodology in which "it incorporates an understanding of how economies change as they develop, and the changing nature and contribution of entrepreneurship in this development" (Bosma et al, 2012). The model suggests an evaluation of job creation, technical innovation and other factors such as the degree of competition and international orientation. Furthermore, data collection can extend to the exploration of the unique role of entrepreneurship in national economic development. Since SMEs are a strong and unique source of entrepreneurship in Indonesia, the GEM model will be able to capture SME development in Indonesia.

The Global Entrepreneurship Monitor was conceived in September 1997 by Michael Hay of the London Business School (LBS) and Bill Bygrave of Babson College. LBS and Babson funded a prototype study that year. Ten national teams (the G7 economies: Canada, France, Germany, Italy, Japan, United Kingdom and the United States, and three additional economies: Denmark, Finland and Israel) conducted the first GEM study in 1999 with Paul Reynolds as the principal investigator. Under his supervision the project grew to 31 national economies in 2003. In order to govern the interests of the GEM National Teams, the Global Entrepreneurship Research Association (GERA) was formed in 2004 to serve as the oversight body for GEM. GERA is a not-for-profit organization governed by representatives of the national teams, the two founding institutions and sponsoring institutions.

Until 2014, GEM has measured entrepreneurship in more than a hundred economies, and has gained widespread recognition as the most authoritative longitudinal study of entrepreneurship in the world. In 2014, seventy-three countries participated in the survey. Countries participating in the 2014 GEM survey represent 72.4% of the world's population and 90% of the world's GDP. Thus, this survey provides a very significant basis for identifying different features of the entrepreneurship phenomenon.

GEM focuses on these main objectives:

- to allow for comparisons with regard to the level and characteristics of entrepreneurial activity among different economies;
- to determine the extent to which entrepreneurial activity influences economic growth within individual economies;
- to identify factors which encourage and/or hinder entrepreneurial activity; and
- to guide the formulation of effective and targeted policies aimed at stimulating entrepreneurship

GEM provides a comprehensive view of entrepreneurship across the globe by measuring the attitudes of a population, as well as the activities and characteristics of individuals involved in various phases and types of entrepreneurial activity.

These objectives also apply to GEM Indonesia. The research team in Indonesia, as in other countries, administers an Adult Population Survey (APS). Complementing the APS is a National Expert Survey (NES), which provides in-depth opinions from selected national experts on the factors that impact the nature and level of entrepreneurship in each economy.

GEM is based on the following premises. First, an economy's prosperity is highly dependent on a dynamic entrepreneurship sector. While this is true across all stages of development, the nature of this activity can vary in character and impact. Necessity-driven entrepreneurship, particularly in less developed regions or those experiencing declines in employment, can help an economy benefit from self-employment initiatives when there are fewer work options available. More developed economies, on the other hand, generate entrepreneurial opportunities as a result of their wealth and innovation capacity, yet they also offer more wage employment options to attract those that might otherwise become independent entrepreneurs. If these opportunities for entrepreneurship and innovation are to be captured, such economies need to instill opportunity-based motives and entrepreneurial incentives.

Second, an economy's entrepreneurial capacity is based on individuals with the ability and motivation to start businesses, and may be strengthened by positive societal perceptions about entrepreneurship. Entrepreneurship benefits from participation by all groups in society, including women, disadvantaged minorities, and a wide range of age groups and education levels. Finally, high-growth entrepreneurship is a key contributor to new employment in an economy, and national competitiveness depends on innovative and cross-border entrepreneurial ventures.

1.3 How GEM Measures Entrepreneurship

The GEM research project looks at entrepreneurship as a process consisting of different phases, beginning with the intention of starting a business, just starting, running a new or established business and discontinuing a business. The entrepreneurship process is illustrated in Figure 1.1 (Singer et al., 2015). This process starts with the involvement of potential entrepreneurs that are individuals who believe they possess the capabilities to start businesses, who see opportunities

for entrepreneurship, and who have no fear of failure in starting up a business.

The next phase is nascent entrepreneurs, who have just started a new business less than three months old. New business owners are defined as those former nascent entrepreneurs who have been in business for more than three months, but less than three and a half years. Both nascent and new business owners account for the Total Early-stage Entrepreneurial Activity (TEA) in an economy, which is a key measure of GEM.

The subsequent phase is established entrepreneurs, those who have been running a business for more than three and a half years. It is important to consider both established business owners as well as entrepreneurs who have discontinued or exited businesses because these two categories represent a key resource for other entrepreneurs.

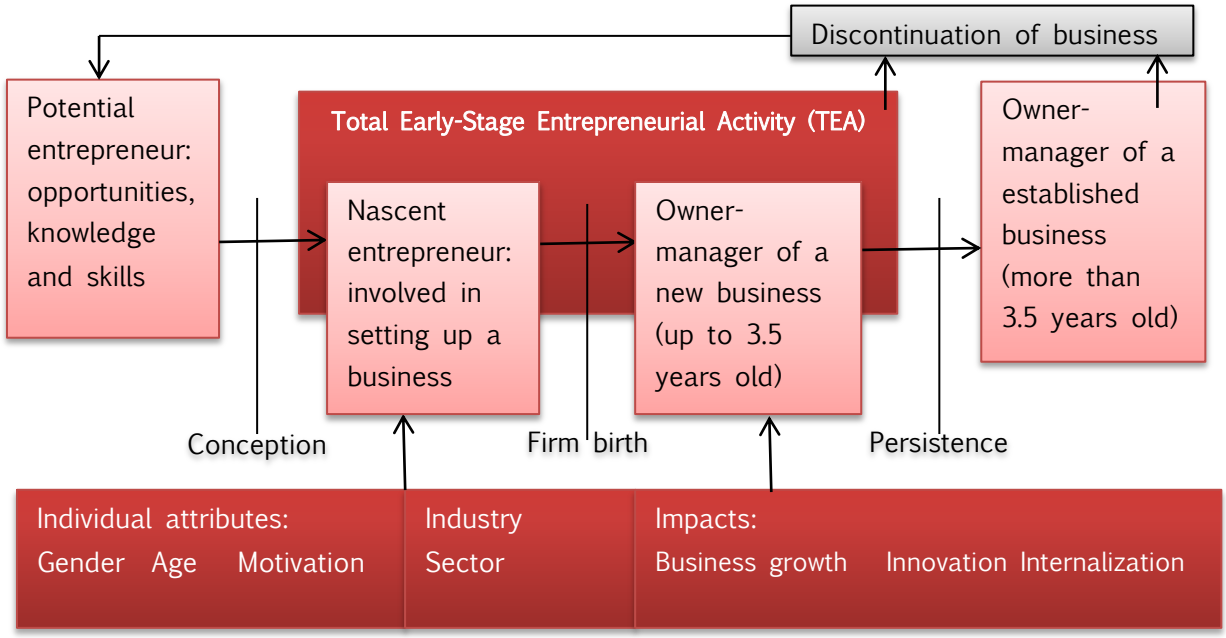


Figure 1.1. Stages of Entrepreneurship Model

To understand the phases of entrepreneurship, it is important to be familiar with important indicators which have been used for GEM research projects. The indicators cover all entrepreneurial activity and perception, attitudes and perception as well as the entrepreneurial aspirations for all phases of entrepreneurship.

1.4 The GEM Conceptual Model

GEM has developed a conceptual framework that identifies key elements of the relationship between entrepreneurship and economic growth and the way in which the elements interact (Amoros & Bosma, 2014) (See Figure 1.2). A different set of "entrepreneurial framework

conditions" (EFCs) and both entrepreneurial capacities and entrepreneurial opportunities are needed to encourage new business activity. The first conceptual framework is discussed in detail by Levie and Autio (2008).

Based on that model, the current GEM conceptual framework reflects the complexity of the causal relationships between entrepreneurship and economic development globally (Bosma et al., 2009; Bosma and Levie, 2010).

The conceptual framework incorporates the three main components that capture the multi-faceted nature of entrepreneurship: entrepreneurial attitudes, entrepreneurial activity, and entrepreneurial aspirations. The conceptual framework used for the research is shown in the following figure. It also shows how entrepreneurial framework conditions are evaluated (using National Expert Survey) and how the entrepreneurship profiles, attitudes, activities and aspirations are measured (using the Adult Population Survey).

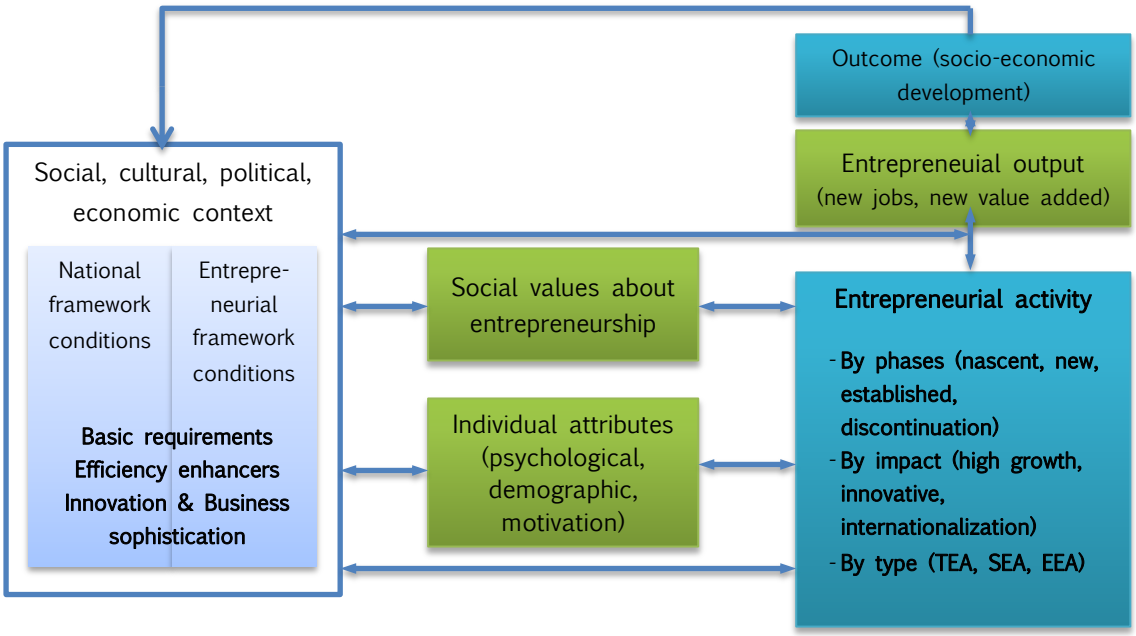


Figure 1.2. GEM Conceptual Model

1.5 Research Methodology

Based on GEM methodology and to ensure the data can be harmonised over all participating countries, Indonesia uses the same research design as the other GEM-participating countries. There are two main surveys used in conducting GEM research: the Adult Population Survey and the National Expert Survey.

Adult Population Survey (APS)

This data set is a survey of the Indonesian adult population, males and females, aged between 18 and 64 years. As GEM requires, each country has to conduct the survey among a random representative sample of at least 2,000 adults. Indonesia used 5,620 adults as its sample size, from both urban and rural areas in the vicinity of the capital city of their respective provinces. Twenty-three provinces were selected for the survey based on the highest populated provinces representing more than 85% of the Indonesian population. The table below shows the sample size for each province and also for rural and urban areas.

Table 1.3. Sample Size of Indonesia APS 2015

Province	Survey Area	Number of samples
DI Aceh	Banda Aceh	100
	Kabupaten Aceh Besar	50
Sumatera Utara	Medan	200
	Kabupaten Deli Serdang	90
Sumatera Barat	Padang	150
	Kabupaten Padang Pariaman	30
	Kabupaten Pesisir Selatan	30
	Kabupaten Solok	30
Riau	Pekanbaru	200
	Kabupaten Kampar	30
	Kabupaten Siak	30
Sumatera Selatan	Palembang	200
	Kabupaten Banyuasin	30
	Kabupaten Ogan Ilir	30
	Kabupaten Ogan Komering Ilir	30
Lampung	Bandar Lampung	150
	Kabupaten Lampung Selatan	50
Banten	Serang	150
	Kota Tangerang	50
	Kota Tangerang Selatan	50
	Kabupaten Serang	90
DKI Jakarta	Jakarta	300
Jawa Barat	Kota Depok	50
	Kota Bekasi	50
	Kota Bogor	50
	Bandung	200
	Kabupaten Bandung	50
	Kabupaten Bogor	50

Province	Survey Area	Number of samples
	Cimahi	100
Jawa Tengah	Semarang dan Surakarta	300
	Kabupaten Demak	30
	Kabupaten Semarang	30
Jawa Tengah	Kabupaten Sukoharjo	30
	Kabupaten Boyolali	30
Jawa Timur	Surabaya	200
	Malang	100
	Kabupaten Malang	30
	Kabupaten Gresik	30
	Kabupaten Sidoarjo	30
	Kabupaten Mojokerto	30
Bali	Denpasar	150
	Kabupaten Badung	50
	Kabupaten Gianyar	50
Nusa Tenggara Barat	Mataram	100
	Kabupaten Lombok Barat	90
Nusa Tenggara Timur	Kupang	100
	Kabupaten Kupang	90
Kalimantan Barat	Pontianak	150
	Kabupaten Pontianak	90
Sulawesi Selatan	Makassar	150
	Kabupaten Gowa	30
	Kabupaten Maros	30
	Kabupaten Takalar	30
Kalimantan Timur	Samarinda	150
	Kutai Timur	50
Kalimantan Selatan	Banjarmasin	150
	Kab. Banjar	50
Sulawesi Utara	Manado	100
	Kab. Minahasa	50
Sulawesi Tengah	Palu	100
	Kab. Donggala	50
Maluku	Ambon	100
	Kab.Maluku Tengah	50
Papua	Jayapura	100
DI Yogyakarta	Yogyakarta	100
TOTAL URBAN		4,050

Province	Survey Area	Number of samples
TOTAL RURAL		1,570
TOTAL SAMPLE		5,620

The main stages of sample design for this APS are as follows:

Stage 1: The country is divided into 34 provinces
Stage 2: Each province is then divided into regions (urban and rural) at the city level.
Stage 3: Each stratum at the city level is then divided into district levels. The strata (urban/rural) at the sub district level will be randomly selected by team.
Stage 4: Each District is then divided into RT (Rumah Tetangga) which is the smallest community group. The sample is randomly selected by a team.
Stage 5: The final step is to select the appropriate respondent within each household at the RT level. The selection of the respondents within a household will be based on the "kish grid" method.

The selection of respondents provides a profile of a representative cross section of the Indonesian adult population, balanced for age and gender distribution. Weights are applied to each stratum (at the province level) for age and gender based on Indonesian BPS demographic data.

PT Idekami Riset Komunika, a market research company, interviewed 5,620 respondents, aged between 18 and 64 years, between May and July 2015. The survey was conducted in Bahasa Indonesia.

National Experts Survey (NES)

The national experts survey (NES) provides insights into the entrepreneurial climate in each country. The NES was conducted by surveying four experts from each of the Nine Entrepreneurial Framework Condition categories:

1. Financial Support
2. Government Policies
3. Government Programs
4. Education and Training
5. Research and Development Transfer
6. Commercial and Professional Infrastructure
7. Market Openness
8. Access to Physical Infrastructure
9. Cultural and Social Norms

Thirty-six experts were surveyed online, comprising nine entrepreneurs, who were also experts in any of these nine Entrepreneurial Framework Conditions and twenty-seven government officers, professionals, academics and researchers.

Additional Sources of Data

In addition to the annual surveys, GEM also makes use of standardized data from international data sources such as the World Bank, the World Economic Forum and the United Nations. The data are used to determine the relationship between entrepreneurial activity and national economic growth.

2 ENTREPRENEURIAL ECOSYSTEM IN INDONESIA

The entrepreneurial ecosystem is a strategic theme which has gotten the attention of various stakeholders. Business players, regulators, and related co-working organizations all promote a healthy entrepreneurship environment. The interrelated factors in the entrepreneurial ecosystem are perceived as the accelerator in strengthening entrepreneurship in a nation. However, when the factors are not carefully established and maintained, they can become entrepreneurial inhibitors. This proposition is used as a baseline for Indonesia to explore and measure its entrepreneurial ecosystem, which in GEM model is identified as National Framework Conditions.

2.1. Entrepreneurial Ecosystem

Mason and Brown (2014) define an entrepreneurial ecosystem as a set of interconnected entrepreneurial actors, organizations, institutions and processes that build connections, facilitate and govern to improve entrepreneurial performance in its environment. Connections are maintained through both formal and informal approaches[3]. Similarly, the World Economic Forum in 2014 identifies an entrepreneurial ecosystem as "a system of interrelated pillars that impact the speed and ability with which entrepreneurs can create and scale new ventures in a sustainable way"[4]. These definitions show that entrepreneurs should be supported by other stakeholders and parties, not only by the entrepreneurial actors themselves, to improve performance and maintain sustainability. Also, the ecosystem should show an interrelationship between all the relevant stakeholders that creates conducive and healthy pillars for entrepreneurial activities.

Entrepreneurial ecosystem is defined such as a dynamic community within a geographic region, composed of varied and inter-dependent actors (e.g. entrepreneurs, institutions and organizations), factors (e.g. markets, regulatory framework, support setting, entrepreneurial culture), and process which evolves over time and whose actors and factors coexist and interact to promote new enterprise creation through the spirit of entrepreneurship[5]. Fuerlinger et al.

[3] This definition is summarized based on a background paper from Prof. Colin Mason and Dr. Ross Brown for the workshop organized by the OECD LEED Program and the Dutch Ministry of Economic Affairs on Entrepreneurial Ecosystems and Growth-Oriented Entrepreneurship in The Hague, 7th November 2013.

[4] See Report from World Economic Forum in 2014: Entrepreneurial Ecosystems Around the Globe and Early-Stage Company Growth Dynamics (http://www.weforum.org/reports/entrepreneurial-ecosystems-around-globe-and-company-growth-dynamics)

[5] See Pawitan, G., Maria Widyarini, & Catharina B. Nawangpalupi. 2016. Entrepreneurial Ecosystem to Foster Enterprises Competitiveness: a National Level Analysis. Paper presented in the The 1st International Conference on Management in Emerging Markets (ICMEM 2016), Denpasar, 10-12 August 2016.

(2015)[6] looked further the ecosystem as a relationship between enterprises, universities/ education, and government. Interrelated cooperation were needed to achieve sustainable economic development in the region. Isenberg (2010)[7] described the entrepreneurship ecosystem into six domain, namely policy, finance, culture, supports, human capital, and markets.

The GEM conceptual model measured the entrepreneurial ecosystem in term of entrepreneurial framework conditions (EFC). The entrepreneurial framework conditions is an expert opinion about national conditions in nine frameworks and was done by conducting national expert survey (NES). The NES is administered to 36 experts in their respective fileds, containing chief executive officers, directors, professors, managers, and successful entrepreneurs, all coming from a diverse range of industries, institutions, and government organizations. The experts were chosen from nine different sectors, which can be see from Table (1) below.

The experts offers an insight into the environment for entrepreneur's activity, its show an entrepreneurial scene of the country. Through the NES, the GEM model states nine Entrepreneurial Framework Conditions (EFCs) believed to shape entrepreneurial activity in the country. These conditions include (1) entrepreneurial financial support, (2a) government policy, (2b) government entrereneurship programmes, (3) education and training, (4) research and development transfer, (5) commercial and professional infrastructure, market openness, physical infrastructure, and cultural and social norms.

Table 2.1 Framework conditions in the National Expert Survey 2015.

No.	Framework Conditions		Description	Targeted Expert
	Code	Description		
1.	EFC1	Entrepreneurial Finance	The availability of financial resources-equity and debt for small and medium enterprises (SMEs) (including grants and subsidies).	bankers, public managers of financial programs or subsides, venture capitalists, business angels, entrepreneurs, business people in general...
2.	EFC2	Government Policy	The extent to which government policies give support to new and growing firms. It is divided into (a) entrepreneurship priority and support, and (b) tax and bureucracy	public charges related with economics and enterprises environment, with taxes, development agencies, entrepreneurs subject of these policies.
3.	EFC3	Government Entrepreneurship Programmes	The accessibility and quality of government programs to support new and growing firms.	public charges related with government programs, public agencies, business associations, development agencies, entrepreneurs and people to whom the programs are addressed.

[6] See Fuerlinger, G., Fandl, U., & Funke, T. (2015). The role of the state in the entrepreneurship ecosystem: insights from Germany. Triple Helix, 2(1), 1-26. doi:10.1186/s40604-014-0015-9.
[7] See Isenberg, D. (2010). The Big Idea: How to Start an Entrepreneurial Revolution. Harvard Business Review, June (2010)..

No.	Framework Conditions		Description	Targeted Expert
	Code	Description		
4.	EFC4	Education and Training	The availability and effectiveness of entrepreneurial education and training institutes of learning provided in the country. It is divided into (a) primary and secondary school, (b) post school education and training.	all type of professors (school, college, university, professional or vocational education), public charges related with education, entrepreneurs…
5.	EFC5	Research and Development Transfer	The extent to which research and technology can be accessed by and translated to new business ventures for new and growing firms.	personnell of industry, innovation, development and growth public or private agencies, scientific parks personnell, university researchers, engineers, some type of entrepreneurs as technological, scientific…
6.	EFC6	Commercial and Professional Infrastructure	The presence of property rights, commercial, accounting, and other legal services and institutions which support or promote new and growing firms.	lawyers, account, advice, economists, market analysts, survey vendors, entrepreneurs that need them, providers of them in general…
7.	EFC7	Market Openness	The degree to which new and growing firms are free to enter existing markets. It is divided into (a) internal market dynamics, (b). internal market openness.	market analysts, some researchers at universities or business schools, business associations, commerce chambers, governmental agencies related with economy and its development, entrepreneurs …
8.	EFC8	Physical Infrastructure	The extent to which new and growing firms have equal access to the physical infrastructure available in the country.	all type of businesses and enterprises providers (gas, water, phone, electrics…), engineering, real state, governmental agencies related with infrastructures, industrial parks, entrepreneurs…
9.	EFC9	Cultural and Social Norms	The extent to which social and cultural norms encourage entrepreneurship in the country.	business associations, press, media in general, customers, providers, sociologists, entrepreneurs, foundations, researchers, trade unions…..
10.	EFC10	Social Entrepreneurship	The extent to which community, businesses (entrepreneur) and government have played their role in solving the social and environment problems.	civil society organizations include NGOs, trade unions, faith-based organizations, indigenous peoples' movements, foundations and the like …..

According to the World Economic Forum (WEF), the national economics is categorized into three groups of countries, namely factor driven, efficiency driven, and innovation driven countries.

The factor driven countries have established the **basic requirements** – namely a country's macro-economic stability, institutions, infrastructure, health and primary education – are the underlying fundamental conditions required for a well-functioning business environment. The efficiency driven countries have a strong conditions in **efficiency enhancer** frameworks, including higher education & training, market efficiency, labor market efficiency, financial market sophistication, technological readiness, and market size. Further, the innovation driven countries have advancing attention on the factor of **innovation and entrepreneurship**, such as financial, government policy and entrepreneurship programs, entrepreneurship education, R&D transfer, internal market openness, physical infrastructure, commercial and legal infrastructure, and cultural & norms.

Entrepreneurial activity is growing and developing within a supportive environment, the GEM conceptual model also looks at factors that are specifically aimed at stimulating and supporting it. An assessment of these factors will be made using GEM's 12 Entrepreneurial Framework Conditions (EFCs), particularly as they relate to each stage of the entrepreneurial pipeline. While most of the conditions will be likely to have an effect on each stage, certain conditions will be more critical in a particular phase, and may serve as determinants for progression from one phase to the next (firstly from potential to intentional entrepreneur, to ultimately an owner of an established business). Ultimately, these EFCs are used by GEM to reflect major features of a country's socioeconomic scene and provide an indication of how enabling the entrepreneurial climate is in which potential, intentional, and active entrepreneurs exist.

Through the NES of 2015, 37 Indonesian experts were consulted for GEM's National Experts Survey (NES). They were chosen by the criteria as in Table 1, were asked to provide insights into the ways in which the EFCs either foster or constrain the local entrepreneurial climate. The experts were asked to complete a closed questionnaire consisting of 57 statements about factors relating to the conditions that make up the country's entrepreneurial environment. The questions are grouped into 9 categories to provide insight into the 9 Entrepreneurial Framework Conditions (EFCs). Each response was measured on a 9-point scale, which is designed as in Table 2.2.

Table 2.2. The scale measurement for NES questionnaire

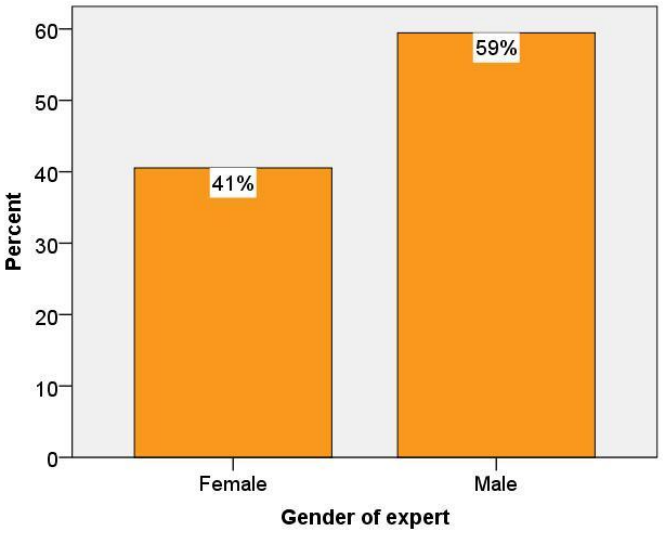
Description	CF				NT/NF				CT
score	1	2	3	4	5	6	7	8	9

CF=completely false, NT/NF= neither true nor false, CT=completely true

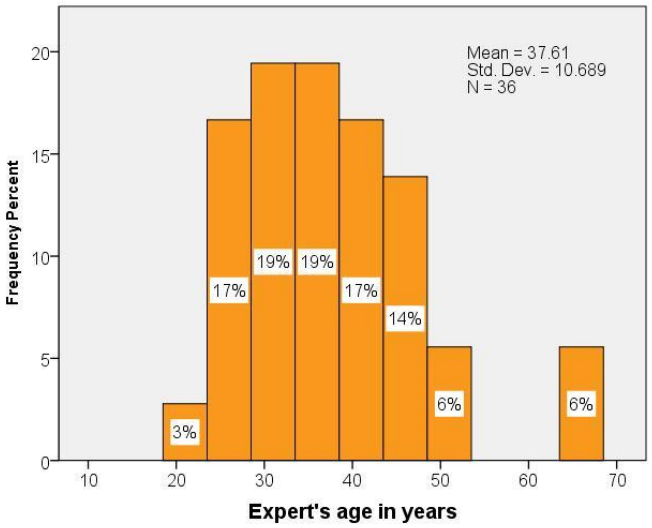
Based on the questionnaire designed, the statements were phrased so that a score of greater 5 would indicate that the expert regarded the factor as positive opinion for entrepreneurship, while a score of below 5 would indicate that the expert regarded the factor as negative. On the used scale, a mean score of five (5) is regarded as average. The data obtained from all experts was analysed in order to determine the mean score for each category of questions.

2.1. Profile of the expert

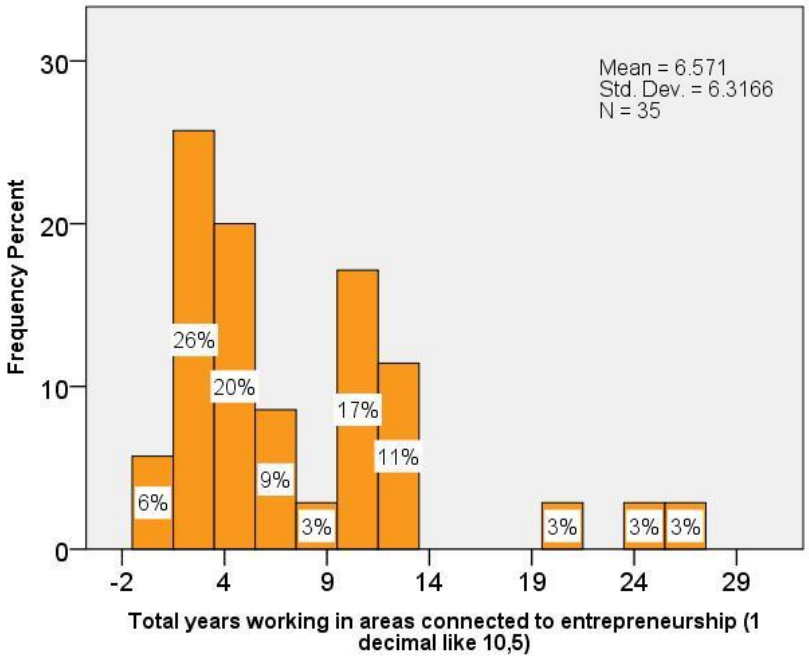
The expert were chosen according to the framework conditions, whith the criteria as mention in Table 1. There are 37 expert and the following profile.



(a) Gender



(b) Age



(c) total year experience

Figure 2.1. Profile of expert, (a) gender, (b) age, and (c) total year of experience

2.2. Entrepreneurial Framework Conditions

As Indonesia is in the efficiency-driven phase, the basics requirement should be established already, in theory. Hence, more funding and development efforts should be focusing on the efficiency enhancers framework conditions. The NES 2015 shows a following overview of the entrepreneurship framework conditions of Indonesia as seen in Table 2.3.

The table shows the average (non-standardized) of Indonesia status of EFCs compared to those of efficiency-driven economies and the average score of GEM. The score ranges from 1 (completely false) to 9 (completely true) for 12 entrepreneurial framework conditions. It can be seen that experts in Indonesia assess that internal market dynamics have a better status (6.2 of 9), followed by entrepreneurship education at post-school stage (5.9), cultural and social norms (5.8), physical infrastructures (5.2). The Indonesian experts estimate that the conditions that may hinder the entrepreneurial activities due to low status are government policies about taxes and bureaucracy (4.4) and entrepreneurship education at school stage (4.4). On the other hand, the experts in efficiency-driven countries enlist entrepreneurship education at school stage that may discourage the entrepreneurship activities.

Table 2.3. Entrepreneurial Framework Conditions

	Indonesia	Efficiency-driven	GEM Average
Entrepreneurial Finance	4.9	3.9	4.2
Government Policies: Support and Relevance	5.1	3.9	4.2
Government Policies: Taxes and Bureaucracy	4.4	3.6	3.9
Government Entrepreneurship Programs	4.8	4.1	4.3
Entrepreneurship Education at School Stage	4.4	2.8	3.1
Entrepreneurship Education at Post-School Stage	5.9	4.5	4.5
R&D Transfer	4.9	3.6	3.8
Commercial and Legal Infrastructure	4.8	4.8	4.9
Internal Market Dynamics	6.2	5	5.1
Internal Market Burdens or Entry Regulation	4.6	3.9	4.1
Physical Infrastructures	5.2	6.3	6.3
Cultural and Social Norms	5.8	4.5	4.7

2.3. Significant Pillars for Entreprenerial Ecosystem in Indonesia

Figure 2.2 shows and indicates the score of EFC, compared with the average line (score 5). The figure indicates the entrepreneurial framework conditions that upper and below the average line (score 5). The upper EFC, namely Government Support and Policies (EFC2a), Post-school entrepreneurial education and training (EFC4b), Internal market dynamics (EFC7a), Physical and services infrastructure (EFC8), and Cultural & Social Norms (EFC9). However, other entrepreneurial framework conditions were perceived below the average by the expert.

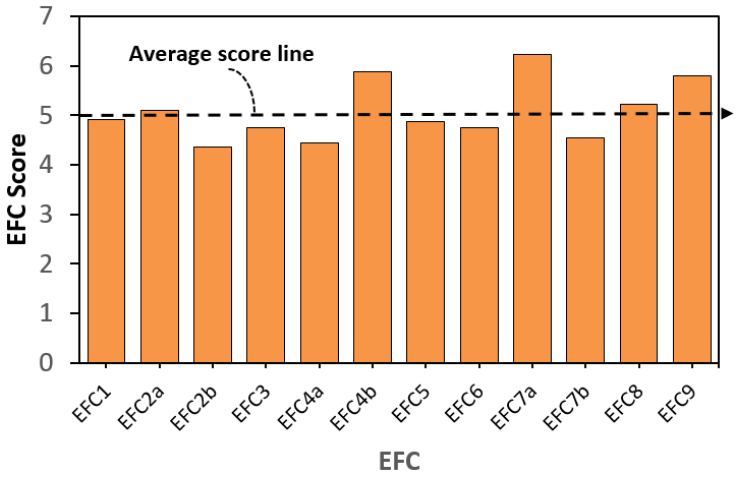


Figure 2.2. EFC score of Indonesia in 2015

How Indonesian entrepreneurial framework is improving in the last three years? The 2015 scores have to be transformed into the 5 level scale, since the NES before was done by using 5 scale measurement. The scores for 2013, 2014, and 2015 are displayed in the table below.

Table 2.4. The Indonesian EFC Scores for 2013- 2014 and 2015

Entrepreneurial Framework Conditions		Year		
		2013	2014	2015
EFC1	Financing for entrepreneurs	3.06	3.03	2.91
EFC2a	Governmental support and policies	2.69	2.91	3.04
EFC2b	Taxes and bureaucracy	2.22	2.48	2.70
EFC3	Governmental programs	2.53	2.57	2.86
EFC4a	Basic-school Entrepreneurial Education and training	2.54	2.60	2.67
EFC4b	Post-school entrepreneurial education and training	3.30	3.31	3.55
EFC5	R&D Transfer	2.31	2.63	2.92
EFC6	Commercial and professional infrastructure	3.25	2.96	2.85
EFC7a	Internal market dynamics	3.92	3.56	3.76
EFC7b	Internal market openness	2.82	2.89	2.70
EFC8	Physical and services infrastructure	3.45	3.46	3.19
EFC9	Cultural and social norms	3.29	3.31	3.43

Note : declining increasing

The three years EFC scores indicates a declining, increasing, and fluctuating framework conditions. The declining conditions were in "Financing for entrepreneurs – EFC1", and "Commercial and profesional infrastructure – EFC6". The other entrepreneurial framework

conditions are increasing, except for "Internal market dynamics – EFC7a" and "Physical and services infrastructures – EFC8". The EFC7a has a positive trend, but the EFC8 has a negative trend.

2.3. ASEAN Entrepreneurial Framework Conditions

Experts are usually quite critical about their country´s entrepreneurship ecosystem, although they recognize it has some strong factors. The observed rates of EFC gives a different priorities and impact, according to the stage of their country's economic development. According to the World Economic Forum, the countries are categorized into three categories, namely factor-driven, efficiency-driven, and innovation-driven. In ASEAN GEM participating countries, Indonesia is together with Thailand in the efficiency-driven country while Malaysia is in efficiency-driven in transition to innovation driven countries. The Philippines and Vietnam are in factor-driven countries.

Figure 2.3. shows the Indonesian EFC scores compared with other ASEAN countries 2015 (black dark dash line). The read dot line shows an average EFC scores, which is 5. The EFC below the average shows a negative opiniion, on the other hand, the EFC upper the average will get the positive credit from the experts. Indonesian has a fair enough EFC scores, mostly below the Malaysian scores, but higher than Vietnam and Philippines. As discussed in the previous section, Indonesian EFCs have a positive opinion only on the EFC2a, EFC4b, EFC5, EFC7a, EFC8, and EFC9. Indonesia achieve the highest score for the EFC4b and EFC7a, other pillars are in the lower score.

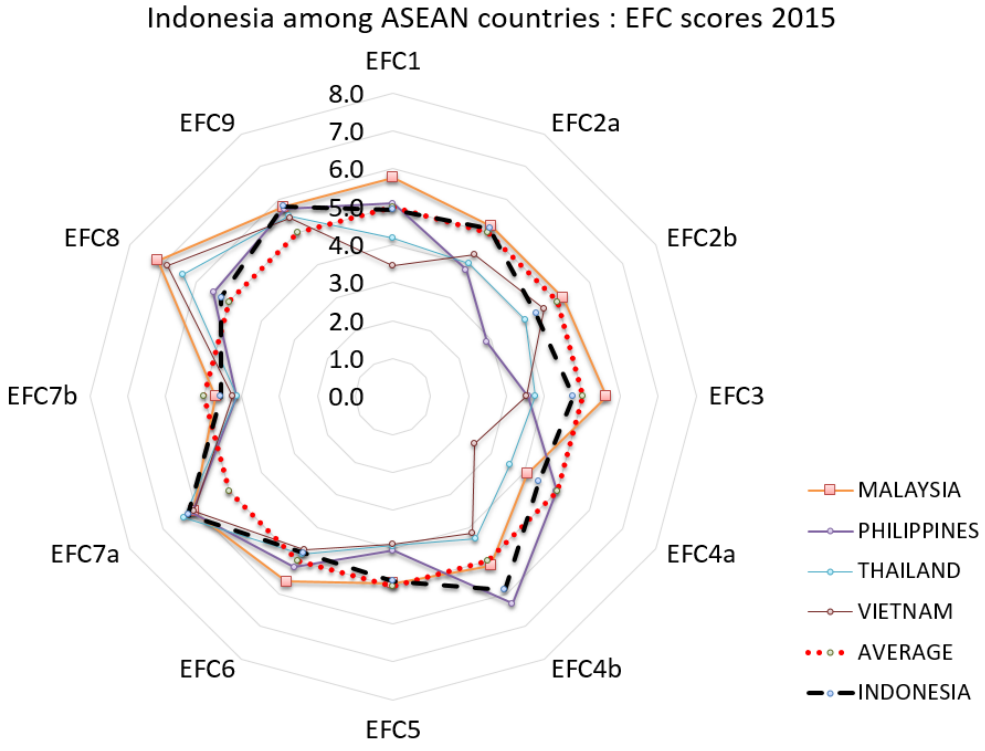


Figure 2.3. Indonesian EFC scores 2015 amongs ASEAN countries.

3 ENTREPRENEURIAL ATTITUDE

This chapter focuses on entrepreneurial attitudes, which consists of 4 parts:

Part I: Entering Entrepreneurial pipelines

This part starts with the entrepreneurial pipelines with all characteristics, in terms of age, gender, education level, income and sosial economic condition as well as the areas where they live. This part explore the characteristics of active entrepreneurs, which consist of intentional entreprenerus, early-stage (nascent and new) entrepreneurs and established business owners.

Part II: Self efficacy, role model, opportunity and fear of failure

This part explores the self efficacy, role model, opportunity, and fear of failure for being entrepreneurs for Indonesian adults.

Part III: Entrepreneurship as a career

This part describes personal desirability in entrepreneurial activities who consider starting a new business a desirable career choice.

Part IV: External drivers: roles of media and social values

This section describes entrepreneural perceptions measured by the role of media and individuals' perception about the high status successful entrepreneurship, which measures the percentage of individuals who agree with the statement that in their country, successful entrepreneurs receive high status. Also, media attention for entrepreneurship is measured to see the percentage of individuals who agree with the statement that in their country, they will often see stories in the public media about successful new businesses.

3.1 Entering Entrepreneurial Pipelines

Entrepreneurial pipeline, developed by GEM, is a concept for obtaining a clear picture on the processes that are faced by a person as an entrepreneur. There are four stages of the entrepeneurial pipelines, started from when they have intention to become an entrepreneur (intentional entrepreneurs), when they start up the business (nascent entrepreneurs), when they in the ealy stages of running the business (new entrepreneurs), till when they have establised their business (established entrepreneurs).

In Adult Population Survey for adult in the perception of entrepreneurial activities, it is found that:

- Intention is defined as the percentage of individuals who expect to start a business within the next three years (those who are currently already entrepreneurially active are excluded from this measure). 31% of the adult in APS survey has an intention to start a business within the next three years.
- Nascent entrepreneur is defined as individuals who are actively involved in setting up a business they will own or co - own; this business has not paid salaries, wages, or any other payments to the owners. 4% of the adult in APS survey has actively invonved in setting up a business.
- New entrepreneur is defined who are owning and managing a running business that has paid salaries, wages, or any other payments to the owners more than 3 months but less than 42 months. 10% of the adult in APS survey has run their business between 3 till 42 months.
- Established entrepreneurs is defined as who are owning and managing a running business that has paid salaries, wages, or any other payments to the owners more than 42 months. 12% of the adult in APS survey has owned and managed their business more than 42 months.

The rates of entrepeneuiral pipeline in Indonesia in 2015 (see Figure 3.1) has a similar shape with the rates of entrepreneurial pipeline in Indonesia in 2014.

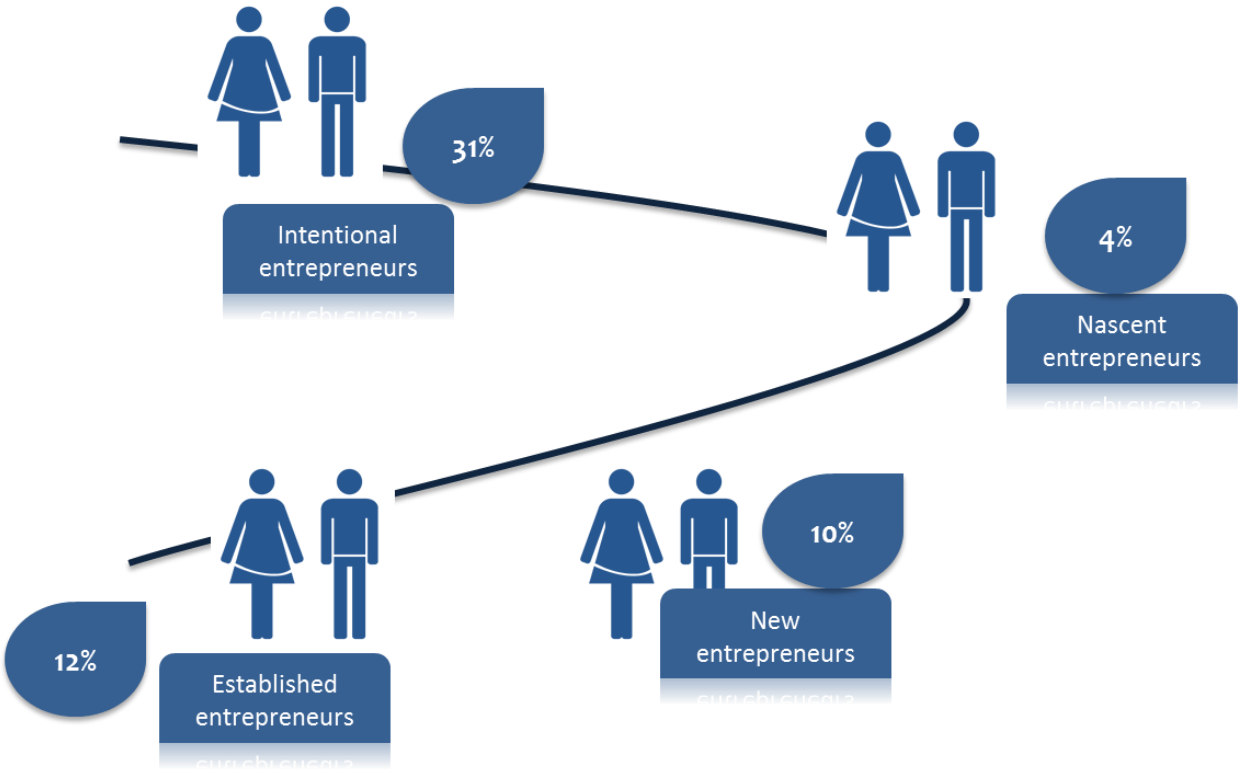


Figure 3.1. Indonesian Entrepreneurial Pipeline 2015 based on APS Survey

3.2 Roles of Self efficacy, role model, opportunity and fear of failure in Entrepreneurship in Indonesia

Based on GEM Model, it is believed that entrepreneurial attitudes can be seen as a social values and also individual attributes (Singer et al., 2015). Some individuals attributes are demographic factors, psychological factors, and motivational aspects. This subchapter focusses on the psychological factors, namely: (1) self efficacy or perceived capabilities, (2) knowing entrepreneurs or role model, (3) perceived opportunity, and (4) fear of failure.

Self efficacy or perceived capabilities

Self efficacy or perceived capabilities reflect the percentages of adults between 18 and 64 years old who believe they have the required skills, knowledge and experience to start a new business. All respondents who statistically represent Indonesian adults were asked: "Do you have the knowledge, skill and experience required to start a new business?". Based on the question, 60.2% of Indonesian adults believed that they have knowledge and skills to start business.

From those 60.2% and based on education classification, female with education level below senior secondary education perceive that they have capabilities to start a new business higher than the male with the same education level (See Figure 3.2). Male with education level minimum senior secondary education perceive that they have higher self efficacies than the female with the same education level.

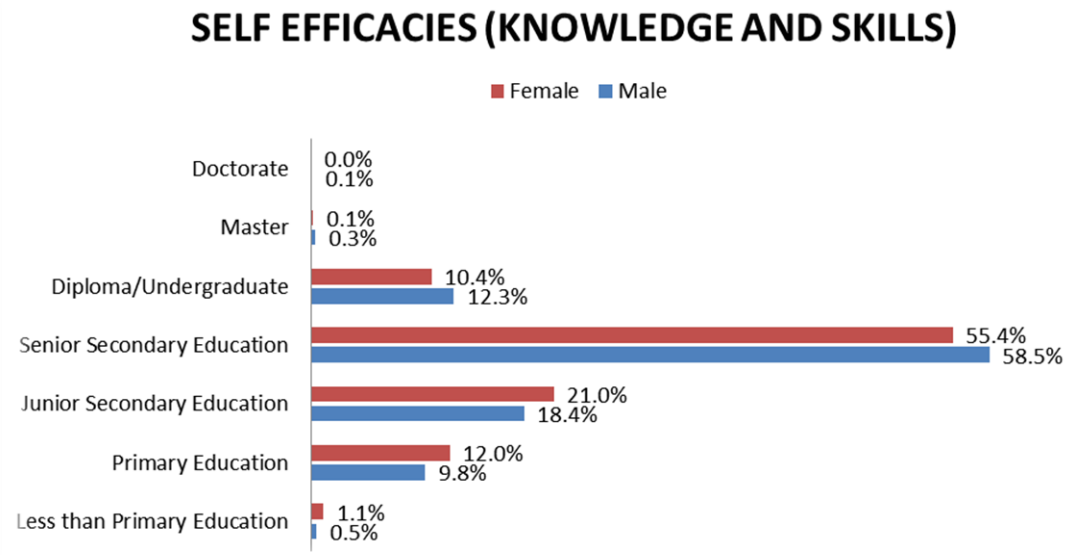


Figure 3.2. Self Efficacies between gender and education leve

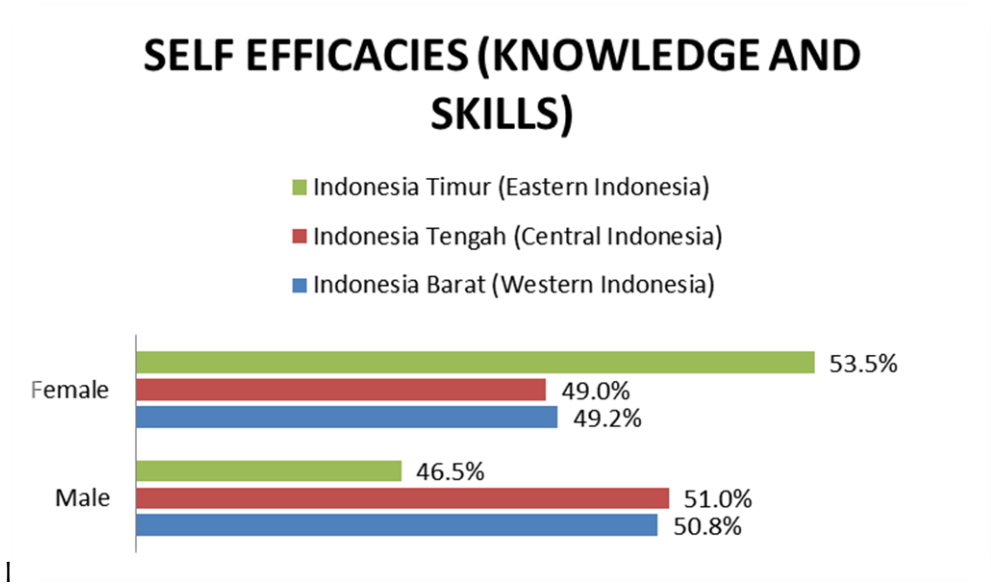


Figure 3.3. Self Efficacies between gender and living region

Figure 3.3 shows there are slightly difference on self efficacies level between male and female who stay in West Indonesia and Central Indonesia. In East Indonesia, female perceive more significantly that they have capabilities to start a new business higher than the male.

Knowing entrepreneurs or role model

70.34% of Indonesian adultmale and 65.81% of Indonesian adult female believed that role model is an important factor in starting a new business. The role model measures the perception of adults between 18 and 64 years old who know a role model (someone who started a business in the past 2 years).

Based on the age classification and as illustrated in Figure 3.4, individuals between 25 and 34 years old have the highest percentage in knowing the role model personally. For highest difference between males and females in knowing the role model is occurred in the age classification of 45 – 54. For the other age classification, there are similar trends for males and females in knowing the role model personally except in the age classification of 35 – 44 and 45 – 54 where females who know role model are more than the male who know role model.

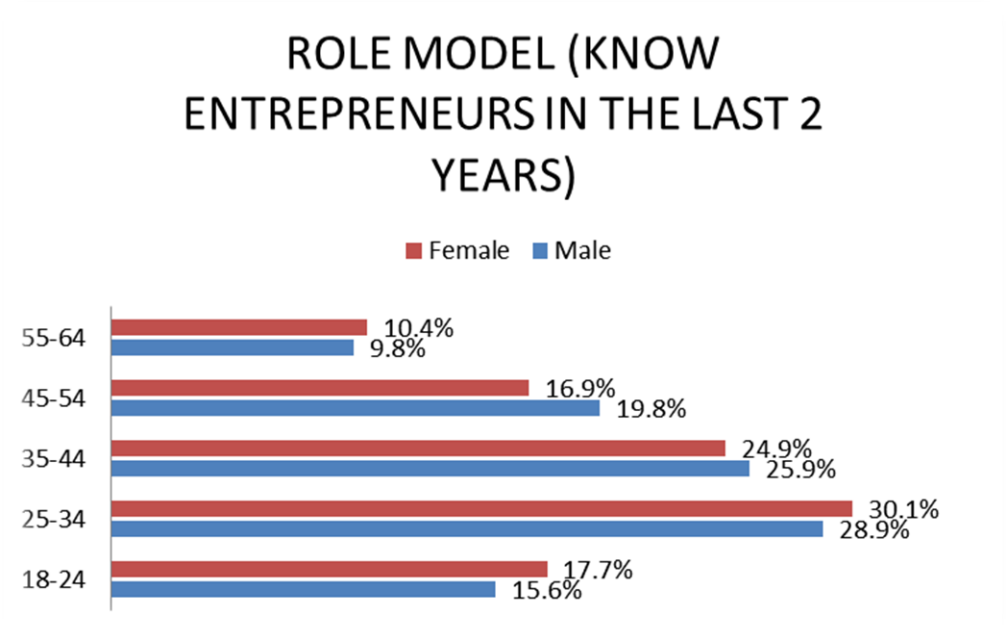


Figure 3.4. Role Model between Indonesian females and males

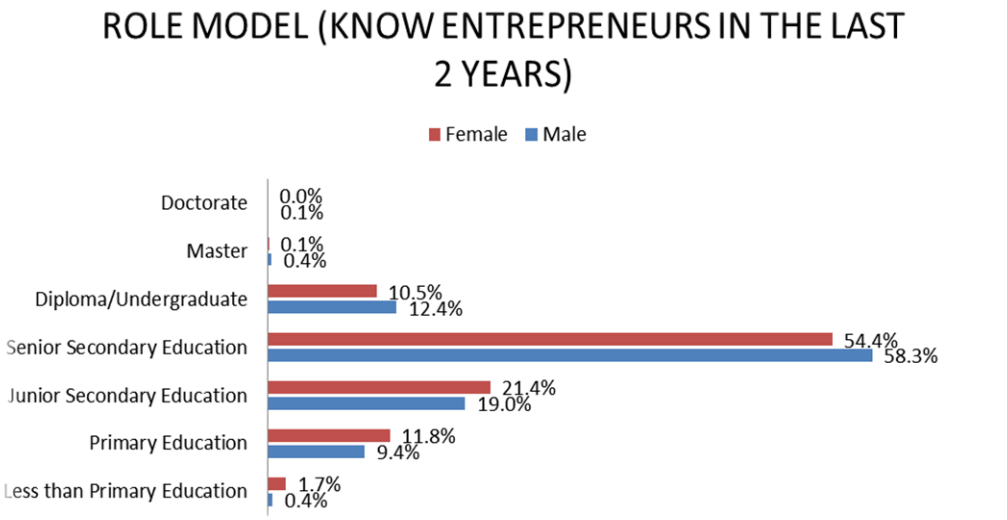


Figure 3.5. Role Model between gender and education level

More female with education level below senior secondary education know role model than the male with the same education level (See Figure 3.5). The situation contradic with education level from senior secondary education till higher level.

Perceived opportunity

Perceived opportunities, or the perception of entrepreneurial opportunities, measures the percentage of adults between 18 and 64 years old who see good opportunities to start a firm in the area where they live in. Among females who see good opportunities to start a new business, those who are between 25 and 44 years old are the highest percentage, and it also applies to

males (see Figure 3.6). Figure 3.7 shows similar pattern between males and females who have specific education levels with the pattern of the two previous psychological factors.

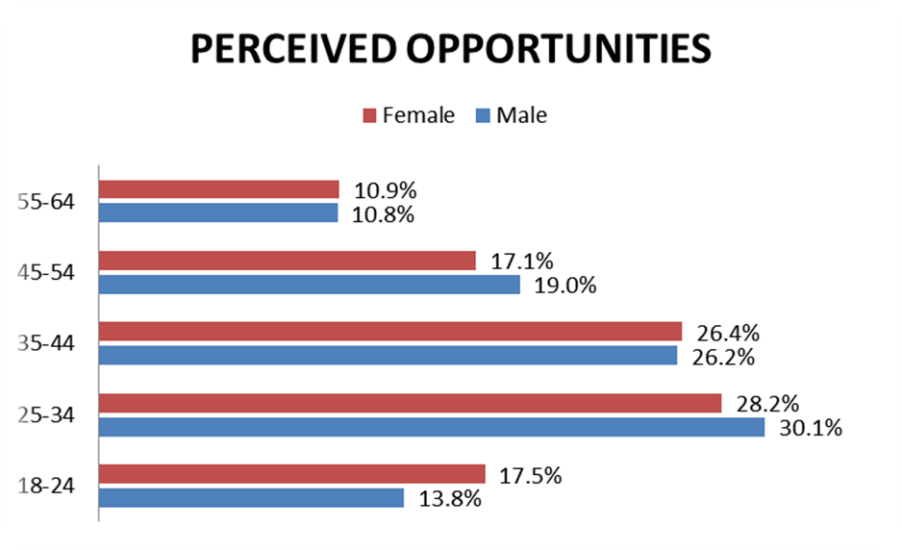


Figure 3.6. Perceived opportunities between Indonesian females and males

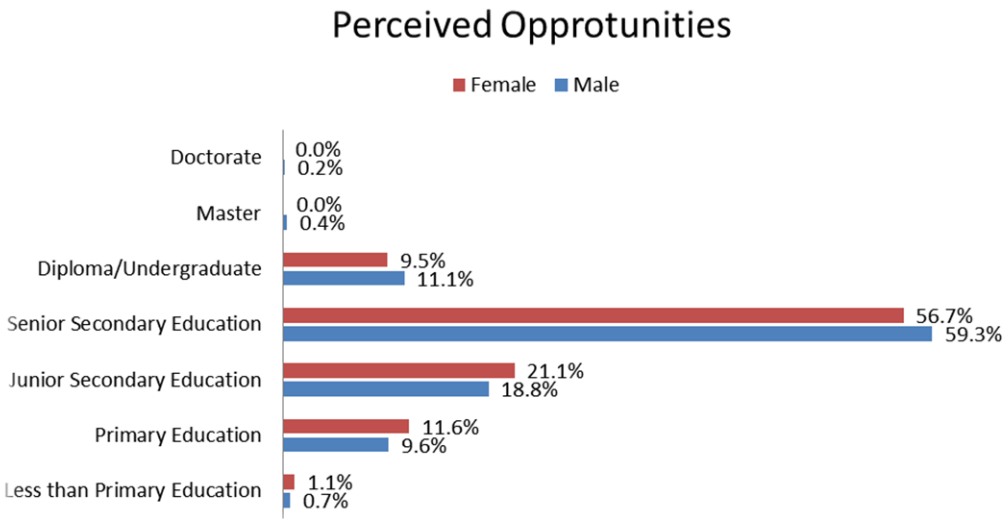


Figure 3.7. Perceived opportunities between gender and education level

Fear of failure

Fear of failure measures the indication that fear of failure would prevent them from setting up a business for adults between 18 and 64 years old who have positive perceived opportunities. Younger male, from 18 – 24 and from 25 – 34, have more level on fear of failure than the females ones (see Figure 3.8).

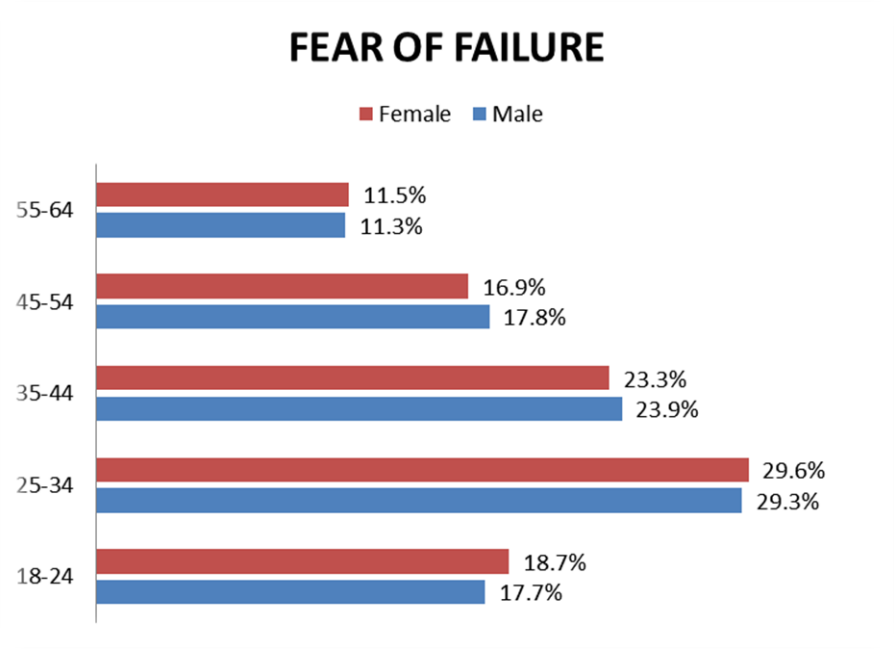


Figure 3.8. Fear of Failure between Indonesian females and males

3.3 Entrepreneurship as Career

Perception that entrepreneurship is a good career choice is one of the social values towards entrepreneurship. This attributes assess the percentage of adult population who agrees with the statement that most people consider starting a new business a desirable career choice. Among females and males, this perceived value is found mostly in young adult (25 – 34 years old). As shown in Fgure 3.9, there is insignificant different in entrepreneurship as career between males and females for most age bracket, however, more males aged 45 – 54 years old perceive that being entrepreneur is a desirable career choice than females ones.

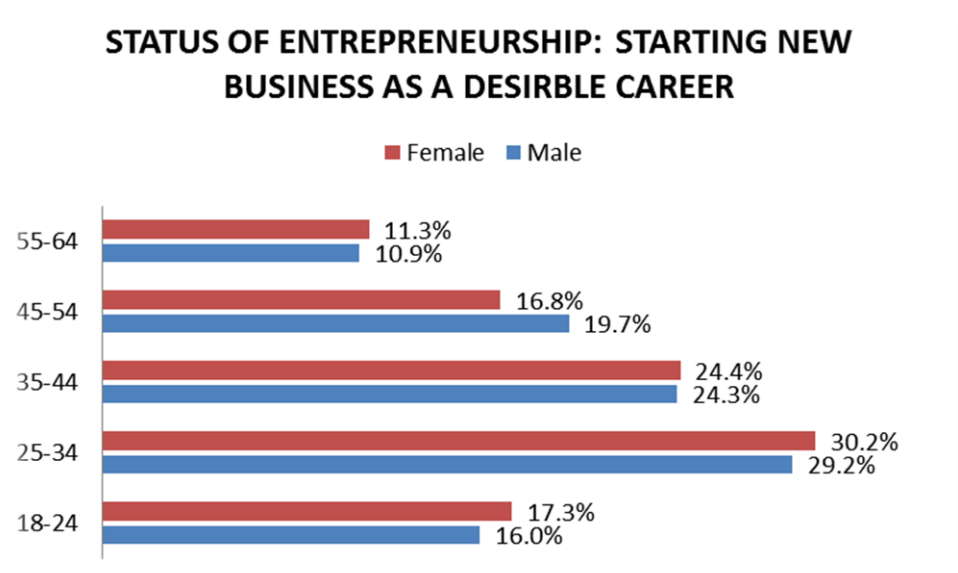


Figure 3.9. Social Values – Entrepreneurship as a Good Career Choice

3.4 Roles of Media and Social Values

The Roles of Media

Individuals who perceive that they often see business success stories in the public media in Indonesia is quite high. Among those who see success stories through media, the highest percentage is for young females and males (age 25- 34), with females see more success stories than males in this age bracket (See Figure 3.10). More older males aged 45 – 54 years old and 55 – 64 years old perceive that they often see business success stories in media than females ones.

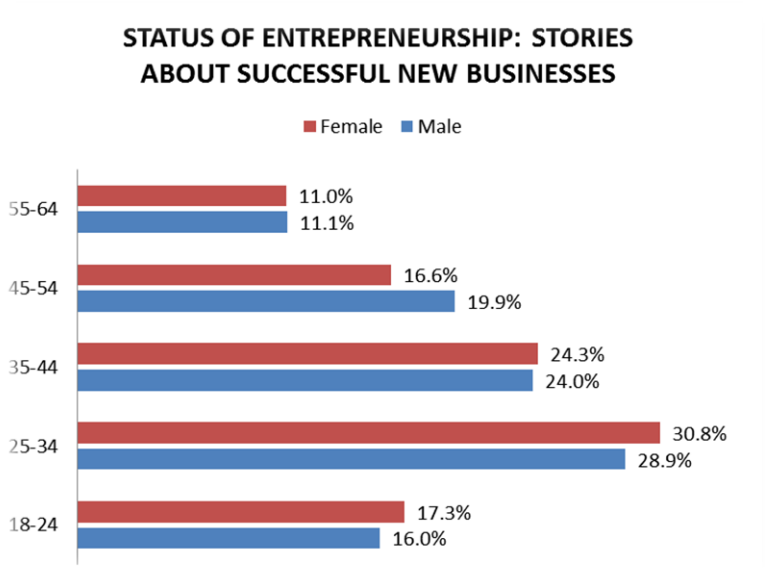


Figure 3.10. Role of Media for Entrepreneurship

Social Values: high status and respect

In Indonesia, gender is not a differentiating factor on the individual perceptions about high status and respect of successful entrepreneurship. The respondents was asked about this social value with the following statement: "In Indonesia, those successful at starting a new business have a high level of status and respect?" (see Figure 3.11)

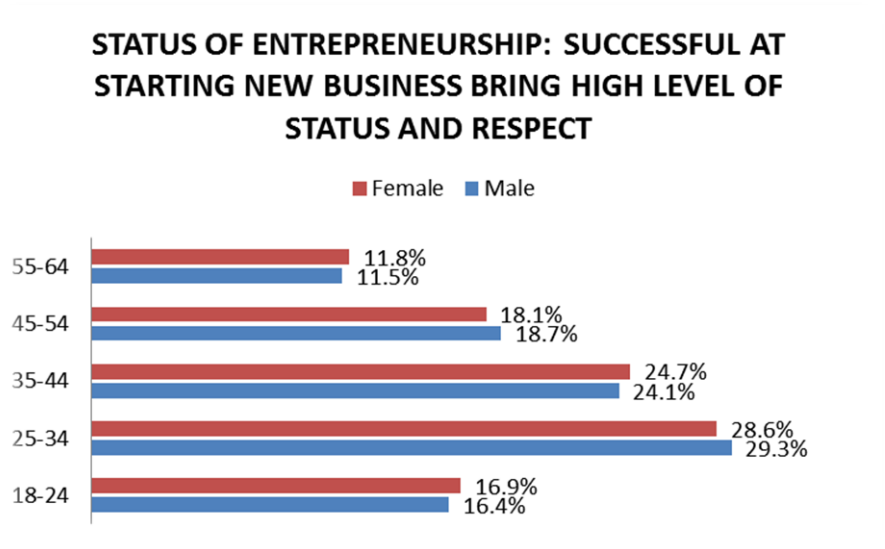


Figure 3.11. Social Values: high status and respect

4 ENTREPRENEURIAL ACTIVITY

There is a wide range of entrepreneurial activities in Indonesia. If we categorize based on the length of business operation, we can have nascent or start-ups to established ones. If we categorize the age of entrepreneurs when they started up their businesses, we can have youth to senior entrepreneurs. And if we categorize based on the size of the businesses, we can have micro, small, medium, and big enterprises.

The wide variety of entrepreneurial activities in Indonesia also applies to the type of businesses they are running. We separated the business into four main categories: extractive, transforming, business service and consumer oriented.

In this part, we divide our analysis based on the total early-stage entrepreneurs and established entrepreneurs. The early-stage entrepreneurs are composed by two groups, which are nascent entrepreneurs and baby/new entrepreneurs.

4.1 Total early-stage entrepreneurial activity

Total early-stage entrepreneurial activity (TEA) is composed by two groups, namely nascent entrepreneur and baby/new entrepreneur. Nascent entrepreneurs are those individuals, between the ages of 18 and 64 years, who have taken some action towards creating a new business in 2015. These individuals must also expect to own a share of the business they are starting and the business must not have paid any wages or salaries for more than three months. Furthermore, new business owners/entrepreneurs are individuals who are active as owner-managers of a new business that has paid wages or salaries for more than three months up to 42 months (3.5 years) old new business.

In Indonesia, compared to young female entrepreneurs, the young male ones, 18-44 years old, are more willing to set up a new business (see Figure 4.1). A huge difference occurred when they reach 45 – 54 years old. More females in this age bracket are more willing to become nascent entrepreneurs that the males.

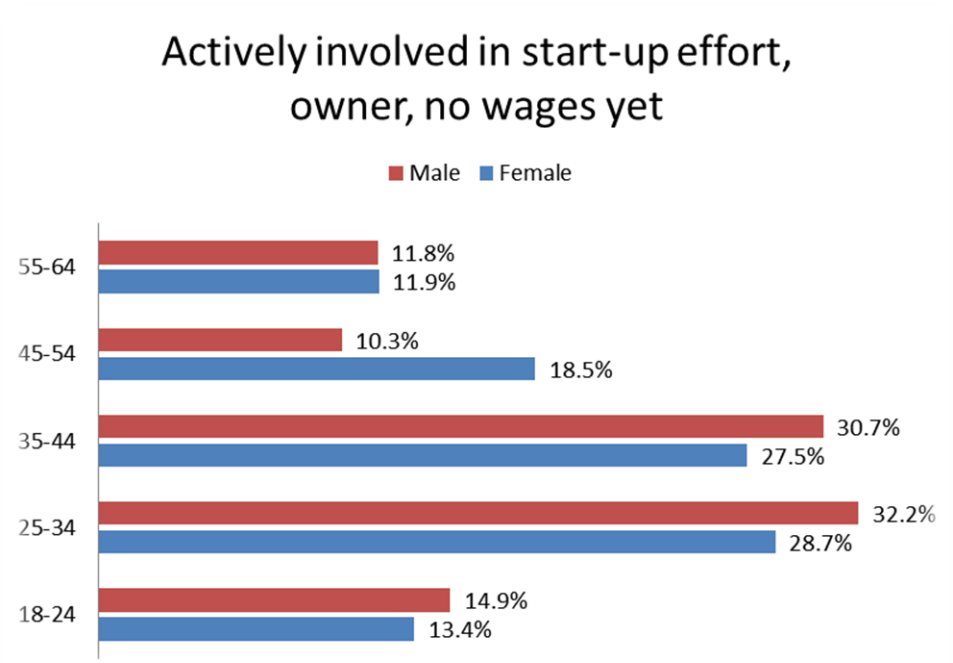


Figure 4.1. Nascent Entrepreneurs Gender Rates for Age Categories

For the new entrepreneur category (the ones who have business which up to 3.5 years), more male entrepreneurs still have their new business than the female ones, except for the age bracket between 35 – 44 years old. In Indonesia, the young generation are eager to open their business (see Figure 4.2).

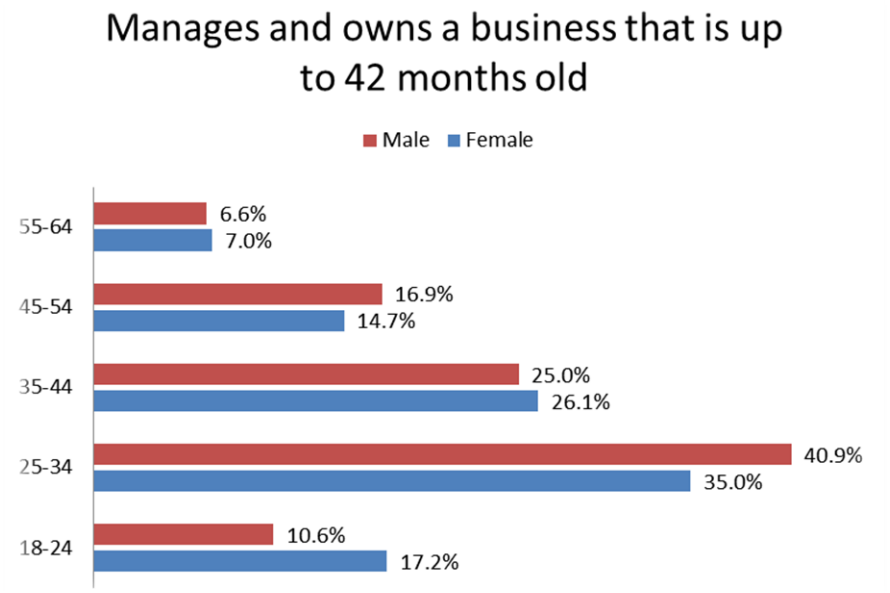


Figure 4.2. New/Baby Entrepreneurs Gender Rates for Age Categories

Figure 4.3. shows that the majority of Indonesians decide to start a business after finishing their senior secondary education (62.9 % male and 56.4 % female). This trend is slightly improved if we

compared with the situation in 2014 (59.1 % male and 56.2 % female) and 2013 (58 % male and 52 % female). When people have higher education level (minimum diploma/undergraduate), they become less interested to become nascent entrepreneurs. For new entrepreneurs, similar pattern also occurred with difference in master catebory where some adults who held master degree opened their business (see Figure 4.4)

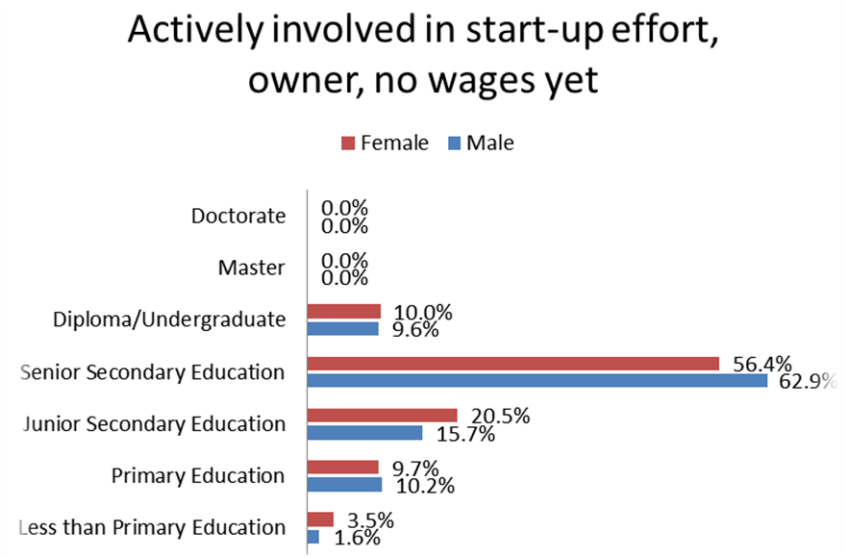


Figure 4.3. Nascent Entrepreneurs Gender Rates for Education Level Categories

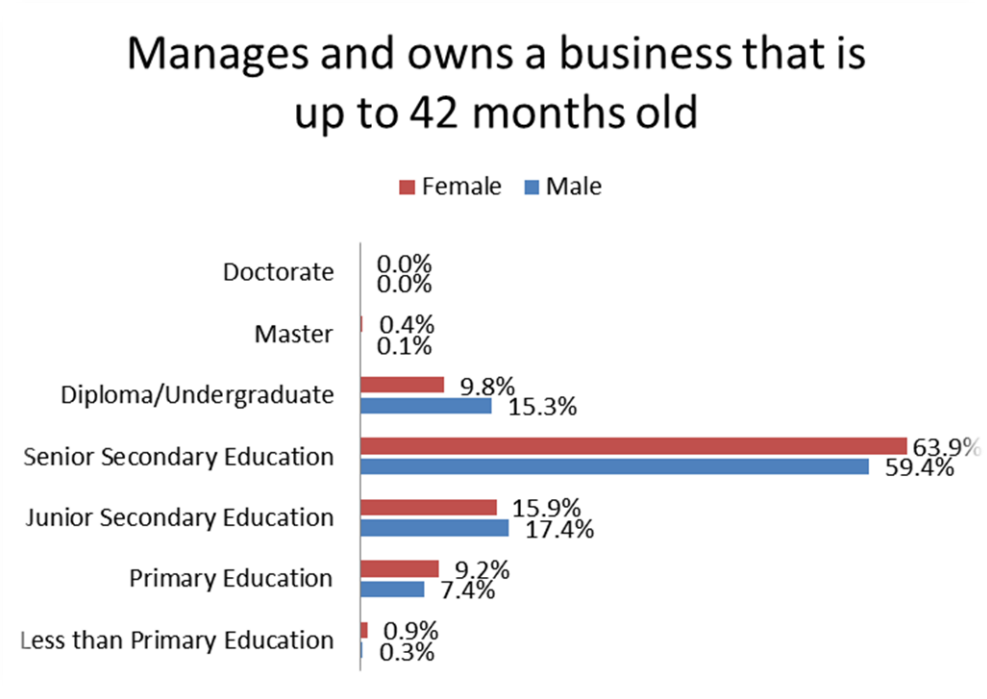


Figure 4.4. New Entrepreneurs Gender Rates for Education Level Categories

4.2 Established business ownership

Established business ownership rate measures the percentage of 18-64 year old population who are currently owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months. Majority of the entrepreneurs who have established business are between 35 and 44 (see Figure 4.5). The majority of Indonesians decide to start a business after finishing their senior secondary education (50.8% of males and 54.7% of females – see Figure 4.6). For the area of living, the established business ownership are found out in West Indonesia and Central Indonesia (see Figure 4.7).

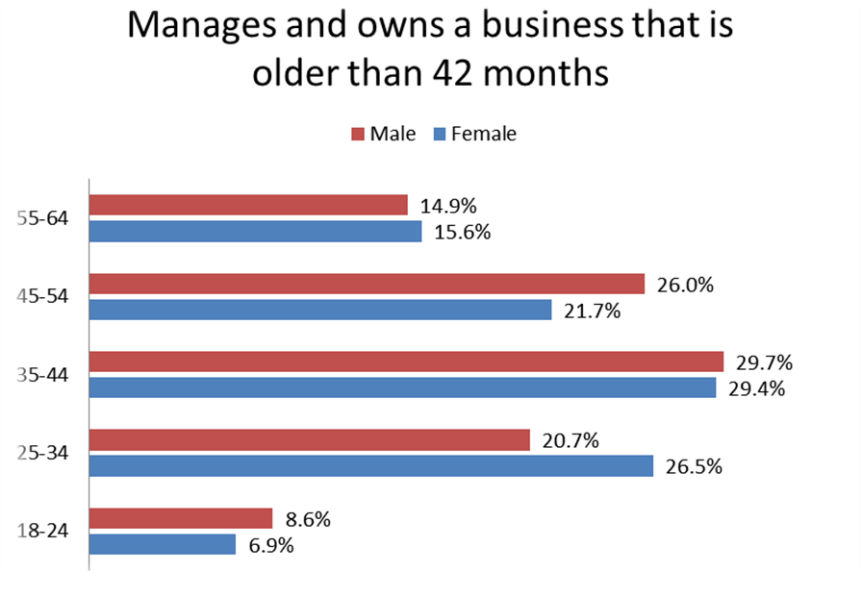


Figure 4.5. Established Business Gender Rates for Age Categories

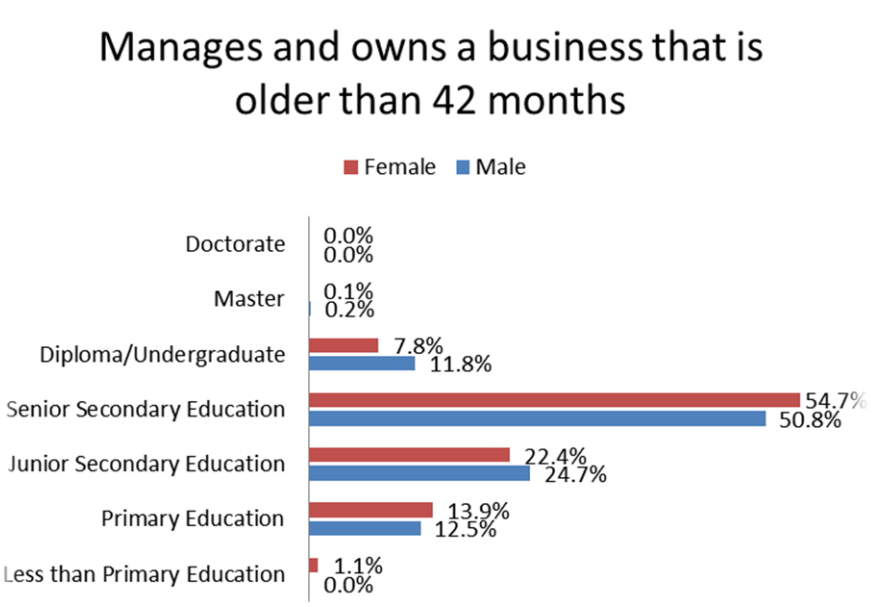


Figure 4.6. Established Business Gender Rates for Education Background Categories

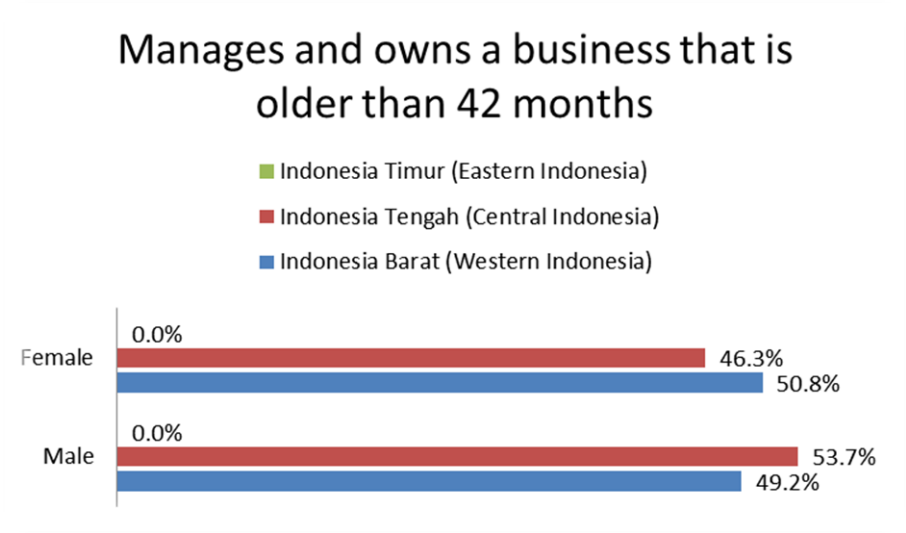


Figure 4.7. Established Business Gender Rates for Area of Living Categories

4.3 Necessity and opportunity motives of entrepreneurship

For the early-stage entrepreneurs, we further explore their motives in starting up a business. We categorise the motives into necessity and opportunity driven. Necessity-driven TEA means that the adults became entrepreneurs because they were forced to (for instance because of situation). Opportunity-driven TEA, on the other hand, means that the main reason for the adults becoming the entrepreneurs was because they saw opportunity for their future by becoming entrepreneurs. Furthermore, we also see the third categori of motives, which is improvement-driven motive. Improvement-driven entrepreneurs are those who choose to be entrepreneurs because they want to improve their life quality.

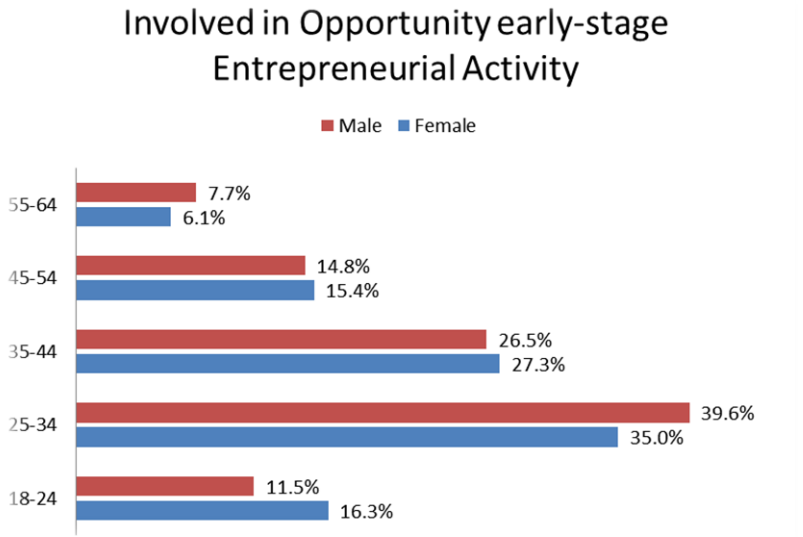


Figure 4.8. Opportunity Motive – TEA, Gender Rates for Age Categories

In Indonesia, the trend of necessity-driven TEA is similar with the opportunity-driven TEA and the improvement-driven TEA. The highest necessity TEA, opportunity TEA and improvement-driven TEA is in males between 25 – 34 years old (see Figure 4.8, 4.9, and 4.10).

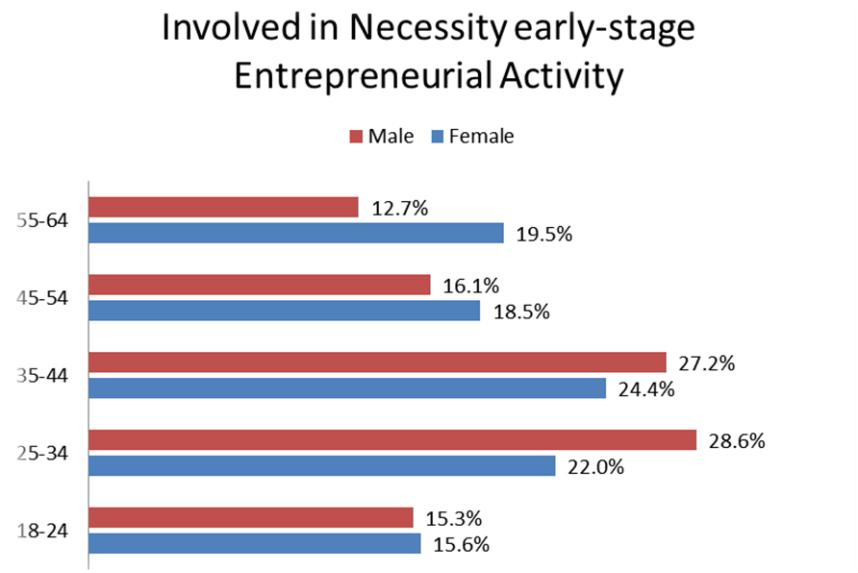


Figure 4.9. Necessity Motive – TEA, Gender Rates for Age Categories

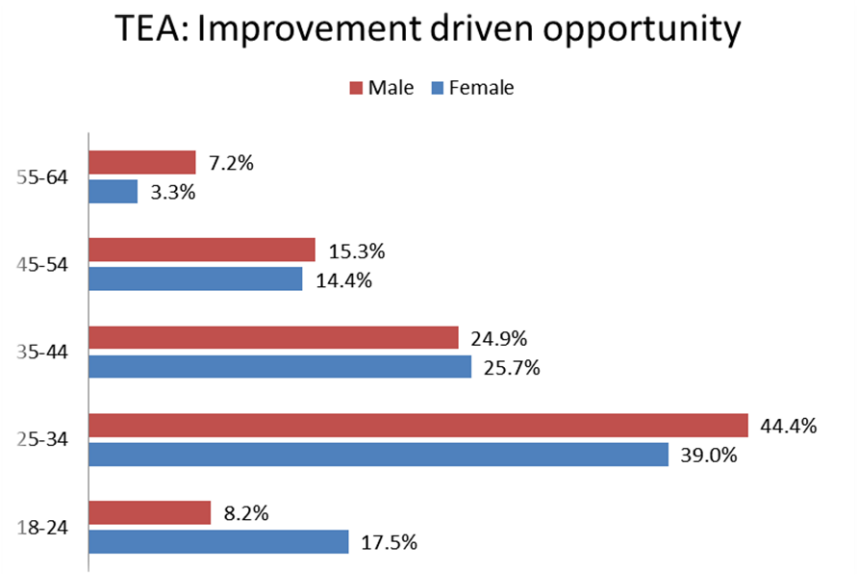


Figure 4.10. Improvement Driven Motive – TEA, Gender Rates for Age Categories

5 SOCIAL ENTREPRENEURSHIP IN INDONESIA

The concept of social entrepreneurship emerged in the 1980s from the work of Bill Drayton at Ashoka, which funded social innovators around the world, and Ed Skloot at New Ventures, who helped non-profits explore new sources of income. Social entrepreneurship is part of entrepreneurship, which implement the innovative solutions to social, cultural, or environmental issues. Social entrepreneurs plays an important role in entrepreneurship in general, which can be seen from two perspectives; individual attributes and social value.

GEM in 2015 explores how social entrepreneurial activities developing in GEM participating countries. This chapter starts with social entrepreneurship definition, followed by the social entrepreneurship condition in Indonesia based on GEM findings.

5.1 Defining Social Entrepreneurship

The concept of social entrepreneurship emerged in the 1980s from the work of Bill Drayton at Ashoka, which funded social innovators around the world, and Ed Skloot at New Ventures, who helped non-profits explore new sources of income.

According to Schwab, the term social entrepreneurship means the transformation of social and environmental-based ideas into products or services (Schwab, 2008), which includes business with social objectives as main goals, and that they reinvest their profits back to the enterprise or into the community (Morris, 2007).

Social entrepreneurship's focus on intentions and outcomes is firstly well-defined as "innovative efforts to solve constant social problems of poverty and marginalization that, to some point, have been successful in increasing their impact and accelerating social transformation" (Alvord et al., 2004, p. 137).

The Schwab Foundation as practitioner for Social Entrepreneurship, describes social entrepreneurship as "applied approaches that are practical, innovative and sustainable, to benefit general society, emphasised on those who are marginalized and poor" (Schwab Foundation, 2008). It is a unique approach to economic and social problems regarding its common values and processes to each social entrepreneur. (Schwab Foundation, 2008)

Another focus of social entrepreneurship is on opportunities and needs. Social entrepreneurs are "people who realize that there is an opportunity to satisfy some unfulfilled needs that the state

welfare system will not or cannot fulfil" (Thompson et al., 2000). These individuals know exactly who pool the necessary resources. (Thompson et al., 2000)

The Skoll Foundation indicates "social entrepreneurs are individuals whose approaches and solutions to social problems are proved to help improving the lives and circumstances of countless underserved or disadvantaged individuals" (Skoll Foundation, 2008).

Not different with traditional entrepreneurs, social entrepreneurs are depending on the process of innovation, mainly associating, questioning, observing, networking, and experimenting. Social entrepreneurs have to find out the social problems needed to be solved by pursuing series of questions and observations. They have to build their own spider web of professionals including academician, practitioners and the communities themselves, to strengthen their argument and help them develop ideas. The ideas needed to be tested using series of experimentation. Finally, the most important task of a social entrepreneur as an innovator is to make a connection between dots of ideas, knowledge, facts, situations and test results to become a whole project to benefit the societies.

Bill Drayton, the founder of Ashoka argued that social entrepreneurs are "everyone who dares to make social changes by using innovation as their motor" (Drayton, 2006). The difference between social and traditional entrepreneurs may lies on the motivation. Entrepreneurial activities are undoubted but the motivation for social entrepreneurship is based on empowering underserved, disadvantaged and neglected populations that lack financial means or political power to see that benefit for them (Martin and Osberg, 2007, p. 35).

Social enterprise according to UK DTI is "a business which has social purpose as its primary objective, which surpluses are principally reinvested for that (social) purpose in the business and the community" (DTI, 2002). Pearce then emphasised that there is a primacy of social aims and a primary activity that involves trading goods and services (Pearce, 2003). Dees stated: "commercial to the point that it operates like a business regarding how it acquires resources and distributes its goods and services" and. "combines philanthropy and commerce" (Dees, 2001).

Muhammad Yunus brought prominence to the concept of social entrepreneurship when he was awarded the 2006 Nobel Peace Prize for the establishment of the Grameen Bank in Bangladesh. Yunus was moved by the conditions of exploitation and harassment experienced by poor market women from a small village of Bangladesh. He decided to address the problem of exploitation and disempowerment of these women by providing them with access to credit. The dominant assumption why there was an exclusion of these women from the credit market was their lack of adequate collateral. To address the collateral issue, Grameen Bank relied on trust and social capital by introducing the concept of group (Abed & Matin, 2008). Borrowers are part of a five members- group, which oversees the behavior of the member. Repayment responsibility solely rests on the individual borrower, while the group and the center work together that everyone behaves in a responsible way and no one falls into repayment problems. Group members are not responsible to pay on behalf of a defaulting member. Yunus designed the bank where its

ownership and control would remain in the hands of the very people it lends to. As soon as a borrower accumulates sufficient savings, she buys one (and only one) share in the bank, which costs $3. Grameen Bank disseminates and scales up the innovation, through expanding the market of credit and creating a systemic social change that provided benefits to its targeted population. Grameen Bank redefined the industry, introduced new standards, norms, and set of services that did not exist before the innovation.

5.2 Social Entrepreneurship Structure in Indonesia

The concept of social entrepreneurship has been known in Indonesia since the 20th century, when the first vice president Mohammad Hatta introduced the concept of Cooperation (Koperasi) to eliminate economic problems in Indonesia. As a developing country, Indonesia has several social problems needed to be solved. For example, around 105 million people in Indonesia still live without electricity. Small-scale, or "micro", hydropower generation has been proposed and experimented with for many years. Although the technology works well, financial and regulatory obstacles have always limited its potential as a large scale solution. Despite the capacity of natural resources for hydro power, half of Indonesia's population, found mostly in rural areas, still lives without electricity. To feed the demand, the government has tried to create mega hydropower supply infrastructures at high social costs. The projects result in major environmental damage and human rights violations due to corrupt land compensation and resettlement programs.

To address this problem, Tri Mumpuni emerged as a female social entrepreneur who helped rural Indonesia realize its best option for a reliable power supply by creating economic incentives and financing programs to unlock the power of hydro. For Mumpuni, the key to bringing about rural electrification is keeping the system community-based. The sustainability of the project depends heavily upon the community ownership of the system. It allows the community to have equity in funding the system, make decisions for its design and operation, and develop the rural programs that will benefit from the generated revenue. All of these endeavours are made possible through the local cooperative mechanism Mumpuni has introduced.

Social Enterprises in Indonesia operate without specialized legal structure or certification programs. Social Enterprises in Indonesia work by using existing legal enterprise structure, such as:

- Enterprise (PT) – A limited liability organization owned by shareholders, with a profit-making characteristic and it is allowed to seek investors.
- Organization (Perkumpulan) – A social purpose intended association without profit making intention.
- Foundation (Yayasan) – A cause-driven organization which does not operate for profit but can receive tax benefits and grants to be distributed for charity.
- Micro Financial Institution (PT LKM) – An organization that may earns a profit but receives no tax benefit. It releases loans as microfinance for Social Enterprises.

- Cooperative – An organization that is allowed to obtain funding and receives no tax benefit. It is a membership-based organization.

Nevertheless, by the examples of Grameen Bank and Tri Mumpuni community-based micro hydro system, there are two approaches of social entrepreneurship. First approach is that social entrepreneurship focuses on the enterprise, on how the business or entrepreneurial activity is processed to get profit or surplus where the surplus is reinvested for social benefits. Second approach of social entrepreneurship is that it focuses on the innovation process, where innovative individuals as entrepreneurs, are the key to solve social problems, regardless the surplus that they might or might not get.

5.3 Social Mission, Value Creation and Value Capture

The Boston Consulting Group identified four criteria to define social entrepreneurship and distinguish it from both donation-based nonprofits and for-profit businesses. A true Social Enterprise must meet not only one but all four criteria, which are:

- Social impact is the main purpose of Social Enterprises – The vision and mission, as well as the main goal of Social Enterprises is to solve social issues. Social issues can be defined broadly, including, but not limited to poverty and the population of the disadvantaged. Social Enterprises consistently convey their commitment to social impact in their public communication.
- Social Enterprises use a business model that states a social purpose – The business model delivers financial returns to sustain operations and serves an underserved group or the population that remains on the Base of Pyramid (BoP).
- Social Enterprises balance social impact target and profitability – The Social Enterprise not only sets performance targets, but also tracks social metrics. Its goal is not necessarily to maximize profit while the business model seeks a return. This practice distinguishes Social Enterprise from either donation-based nonprofits or for-profit businesses.
- Social Enterprises reinvest profits in the Social enterprise Model – Social Enterprise maximizes its social impact by reinvesting a majority of its profit in its Social Enterprise model, another social cause-driven activities.

According to Based on its Social Entrepreneurship model, there are four types of Social Enterprise in Indonesia:

1. **Community-Based Social Enterprise**

   The establishment of Community-Based Social Enterprise is generally departs from the needs of the community which have similar conditions, interests, problems, or needs of local communities in the same geographical location. In general, consumers are also beneficiaries. Members of this enterprise join the community and work together to solve

their problems. Community-Based Social Enterprise is a Social Enterprise with the most traditional business process. In Indonesia, many of this type of enterprise are found in the form of cooperatives. Usually this type of Social Enterprise only have simple organizational targets, which is to solve community problems, without any intention to increase their scope or scale of their business venture.

2. **Not-for-profit Social Enterprise**

This type of Social Enterprise established to deliver social impact. Its activities directly address social causes. The establishment of Not-for-profit Social Enterprise is generally initiated by people who care and have the intention to help solving the problem of society, not by the members of community who experience the problem. Primarily, this type of Social Enterprise fund itself through donations, but its income is supplemented with revenue from sales of goods and services.

3. **Hybrid Social Enterprise**

Hybrid Social Enterprise generally has sustainability and development oriented target. The composition of the funding is diversified by rather balanced composition of social funds, semi-commercial funds, and commercial funds. These enterprises generate most of their revenue from the sale of goods and services. However some small percentage of their budget still comes from donations.

4. **Profit-for-benefit Social Enterprise**

In addition to targeting sustainability and development, this type of enterprise targets growth in its activity or business unit. It is able to fund its mission with revenue from sale of goods and services only, and reinvest its profits into the business. It is in order to be fully independent and eliminating dependence against individuals or institutional funders.

5.4 Social Capital in Entrepreneurial Activity in Indonesia

Social entrepreneurial activity is increasingly acknowledged in many countries. Baron and Markman (2000) argued that social entrepreneurs are 'value creators' which covering to both social and environmental goals. This ability is supported by the characteristics of specific behaviour in social entrepreneur activity showed through actors' passion and commitment for long-lasting social change with the ability to find opportunities for innovation. The ability is called as social capital. The social capital is a quality derived from the structure of an individual's network relationships. Supported by Sandefur and Laumann (1998) stated that the core of social capital is goodwill which is showed through family, friends, workmates or other acquaintances who provide a range of valuable resources i.e. information, influence and commonality.

Thornton argued that social capital provides the relationships through which an entrepreneur receives opportunities to use human and financial capital.. Thornton wrote about how an individual entrepreneur network determine the entrepreneur social capital value and ability to act in an entrepreneurial manner. This indicated actors' social capital is found in social entrepreneurs' environment as well.

Social entrepreneurs are 'value creators', thus GEM assessed each entrepreneur's commitment to value creation with a positive response to the statement: 'For my organisation, generating value to society and the environment is more important. Based on Indonesia GEM survey 2015, from 5625 respondents who were randomly selected from 23 provinces, and from both operational (established or new) and Nascent, it showed that only 127 who starts social entrepreneurs in Indonesia. Seven statements are used to identify the involvement of social capital in Indonesia social entrepreneurial activities: (1) my organization, generating value to society and the environment is more important than generating financial value for the company; (2) my organization puts more emphasis on social value than on environmental value; (3) my organization operates in the market by producing goods and services; (4) my organization offers products or services that are new to the market; (5) my organization offers a new way of producing a product or service; (6) Profits will be reinvested to serve the social or environmental purpose of my organization; and (7) my organizations puts substantial effort in measuring its social or environmental impact.

Figure 5.1. Social values of Indonesian social entrepreneurs

Findings across 127 respondent showed that Indonesia social entrepreneurs showed characteristics that organizations value substantial effort in measuring its social or environmental impact (3.91) and argued that profits will be reinvested to serve the social or environmental purpose of my organization (3.8). While finding also showed that respondent organization

generates value to society and the environment is more important than generating financial value for the company (3.75) and organization puts more emphasis on social value than on environmental value (3.66). This is supported by Thornton who argued that social capital provides the relationships or networks to get opportunities to use human and financial capital. Findings showed that actors value financial impact for the organization lower than value creation for society. This is consistent with characteristics of social entrepreneurs in Indonesia, which still pursue an opportunity that has an explicit social or environmental objective, as stated in the initial mission. This findings is shown in Figure 5.1.

Networks defines by Thornton as relations with individuals that provide access to resources such as investors, customers, experts, strategic alliances, influence makers of any kind. This is supported by findings showed that organization operates in the market by producing goods and services (3.36). It indicates that entrepreneurs do some networks in conducting entrepreneurial activities. While, opportunities are innovative ideas which create a competitive advantage is showed through question raised regarding organization offers products or services that are new to the market. This statement is supported by findings across 127 respondent argued that their organization tried to offer new products or services (3.10) and organization offers a new way of producing a product or service (3.28). All findings explained is based on figure 1. social capital in entrepreneurial activity in Indonesia.

5.5. Social Entrepreneurship Attitudes and Activity in Indonesia

Entrepreneurship has been one of the most desirable career choice in Indonesia. On the other hand, Indonesia is on the second place in terms of entrepreneurial intention, and has 17.67% of early-stage entrepreneurial activity, which is the highest number in 2015 among the five ASEAN countries. This phenomenon shows that Indonesia has the potential to develop more established entrepreneurs.

In terms of social entrepreneurship, Figure 5.2 shows the rate comparison between the social entrepreneurs, nascent & baby entrepreneurs, established entrepreneurs, and the population among the individual attitudes; know startup entrepreneur, perceived opportunities, and perceived capabilities. From Figure 5.2, we can see that 85.1% of the the social entrepreneurs in Indonesia personally know someone who started a business in the past two years, followed by the nascent entrepreneurs and the established entrepreneurs. This shows that the social entrepreneurs in Indonesia are more likely to engage with one another to solve the issues in the society. The nascent entrepreneurs are following not too far behind with 82.6% of know startup entrepreneur rate, considering their businesses which are still in the early stage of development and require a lot of insights from the other entrepreneurs.

The nascent and social entrepreneurs have the highest rate of perceived opportunity, which shows their confidence in their businesses (Figure 5.2). Social entrepreneurs are more likely to engage with their environment, and that could give them more understanding about their

environment. On the other hand, the nascent entrepreneurs should have involved in setting up their businesses and have more experiences about their surrounding.

Figure 6.12 also shows that nascent entrepreneurs have the highest rate of perceived capabilities, likely caused by their vigor, confidence, and vision for the future of their businesses. In this case, the social entrepreneurs are on the third rank, not too far behind the established entrepreneurs. The established entrepreneurs are those who have run their businesses for more than 42 months, which indicates that their businesses could survive for more than three years and they have that capabilities to keep their businesses alive. The perceived capabilities from social entrepreneurs are lower than traditional entrepreneurs (both TEA and established ones). It might happen because social entrepreneurs need to exercise social innovation higher than other entrepreneurs, thus they were expected to have higher capabilities.

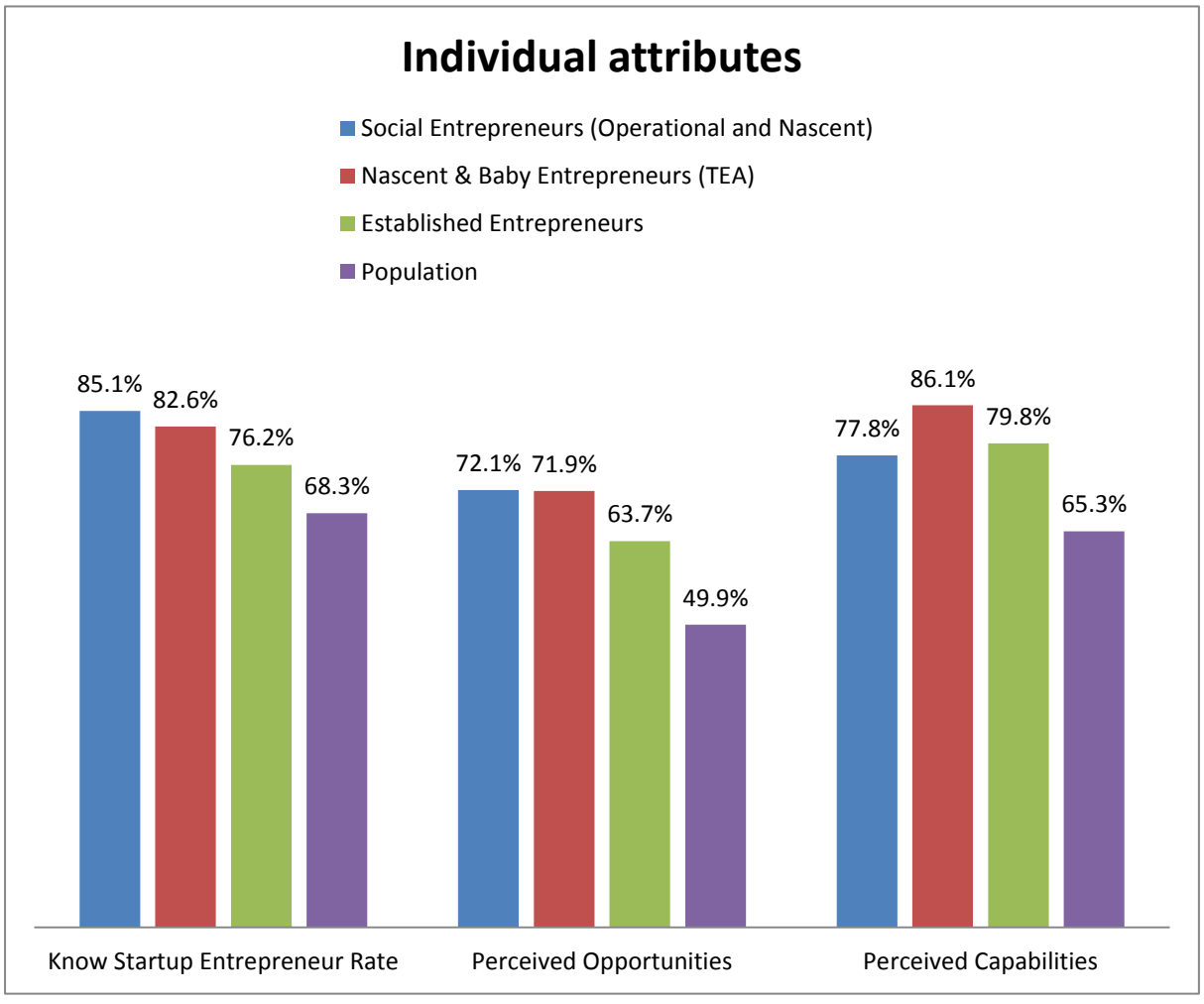


Figure 5.2. Comparison between the social, nascent, and established entrepreneurs among the individual attributes

Figure 5.3 shows that the social entrepreneurs have the slightly lower rate of people agree that starting a business is most people's desirable career choice, compared with the nascent and the

established entrepreneurs. The rate of the three cohorts of entrepreneurs are not far from each other knowing that they have involved in entrepreneurship activities.

The social entrepreneurs are aiming to change the society into a better one. They can be considered as a successful social entrepreneur when the society perceived the benefits of their businesses. The social entrepreneurs would receive higher status in the society when their businesses could affect and change the society positively, and exceedingly when their businesses are exposed by the media. This phenomenons is reflected in Figure 6.13, where the social entrepreneurs have the highest rate of high sstatus successful entrepreneurship and media attention for entrepreneurship.

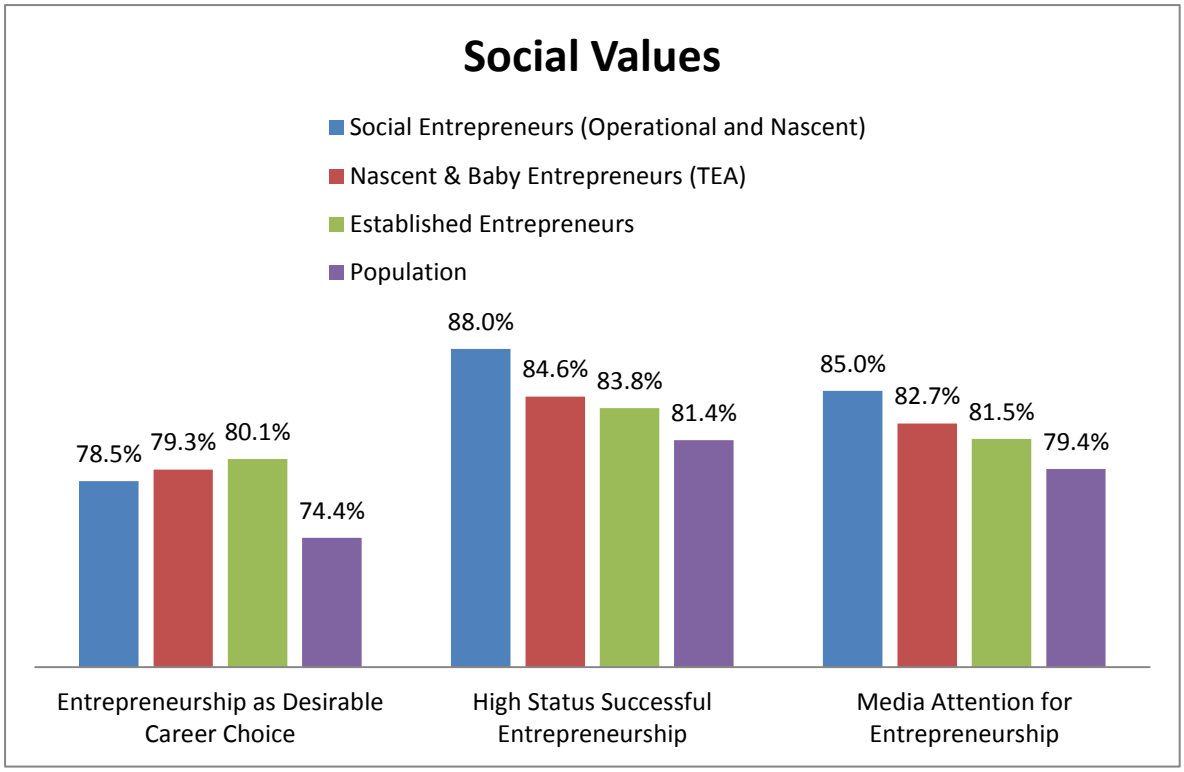


Figure 5.3 Comparison between the social, nascent, and established entrepreneurs among the social values

6 INDONESIA ENTREPRENEURSHIP IN ASEAN

CONTEXT

This chapter focuses on each stage of the entrepreneurial pipeline in ASEAN i.e. Indonesia, Malaysia, Thailand, Philippines and Vietnam, namely: entrepreneurial intentions (first phase), nascent entrepreneurs (second phase), new entrepreneurs (third phase) and established entrepreneurs (fourth phase). As entrepreneurial pipelines describe a process rather than an event, there are some definitions for stages in this context.

1. Intention is defined as the percentage of individuals who expect to start a business within the next three years (those who are currently already entrepreneurially active are excluded from this measure).
2. Nascent entrepreneur is defined as individuals who are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages, or any other payments to the owners.
3. A new entrepreneur is defined as a person who owns and manages a running business that has paid salaries, wages, or other payments to the owners for more than 3 months but less than 42 months.
4. Established entrepreneurs are defined as those who own and manage a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.

6.1. Entrepreneurial pipelines in ASEAN

Based on the APS survey for adults in the perception of entrepreneurial activities, 21.39% have the intention to start a business within the next three years, 4% are nascent entrepreneurs, 9.3% are new entrepreneurs and 14.8% are established entrepreneurs. Figure 6.1 shows the rates of the entrepreneurial pipelines in ASEAN in 2015.

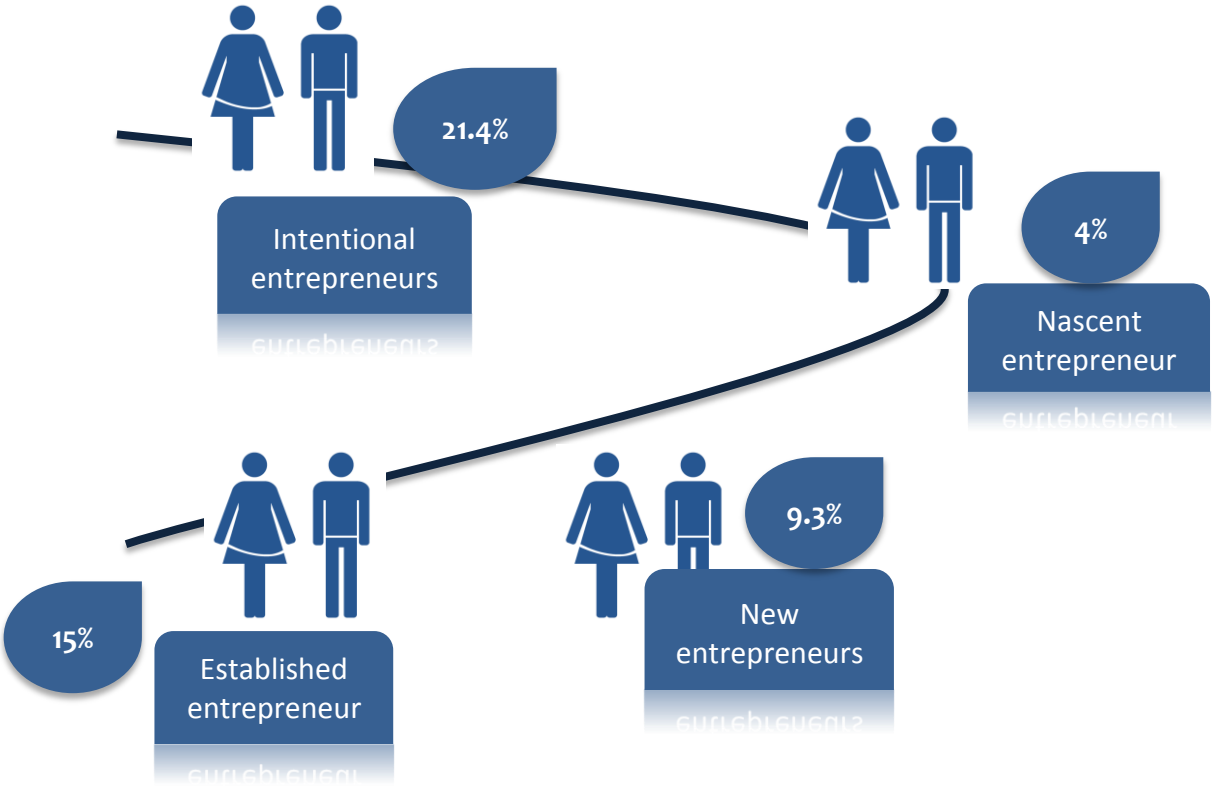


Figure 6.1. ASEAN Entrepreneurial Pipeline 2015

6.2 Entrepreneurial attitudes in ASEAN

In the last three years (2013-2015), most adults in the six ASEAN countries perceive entrepreneurship as a positive value, for both social and individual values. Entrepreneurship seems to be appreciated by adults from the 6 ASEAN countries as a desirable career option as they have the opportunities and capabilities in doing so.

Table 6.1 Individual values in ASEAN countries (in percentage of the country's adult population)

	Entrepreneurial Intention	Know Startup Entrepreneur	Perceived Opportunities	Perceived Capabilities	Fear of Failure
Malaysia	6.60	36.94	28.24	27.83	31.46
Indonesia	30.85	68.29	49.91	65.29	51.37
Philippines	45.60	46.16	53.77	68.99	36.32
Thailand	19.97	32.56	41.00	46.22	52.27
Vietnam	26.18	64.78	56.80	56.83	52.05

Individual attributes in entrepreneurship are measured by entrepreneurial intention, know startup entrepreneur, perceived opportunities, perceived capabilities, and fear of failure. Table

6.1 summarises the rate of each attribute in five ASEAN countries; Vietnam, Thailand, Philippines, Indonesia, and Malaysia.

Figure 6.2 shows the rate of population who intend to start a business within three years. The Philippines has the highest rate among all the five ASEAN countries, and is followed by Indonesia with 30.85% of entrepreneurial intention rate. This number has not changed too much in the last three years (39.65% in 2013 and 30.69% in 2014), which shows the constancy in entrepreneurial intention. Vietnam and Thailand are following on the third and fourth place, with constant rates, and Malaysia in on the last place with the least rate of entrepreneurial intention with the highest variance among all the five ASEAN countries.

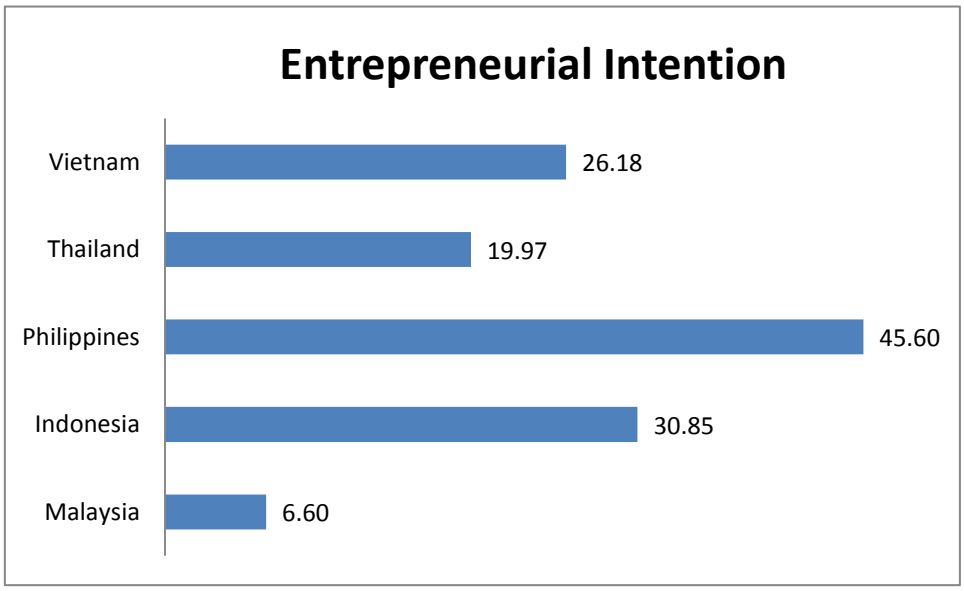


Figure 6.2 Entrepreneurial Intention Rate of Five ASEAN Countries (in %)

Figure 6.3 shows the percentage of population who personally know someone who started a business in the past two years. Indonesia has the highest rate of 68.29%, which is the third consecutive highest rate in the past three years. This result shows that Indonesia has the high rate of new businesses recognition, which might be the result of its high population. On the other hand, Thailand has the lowest rate of know startup entrepreneur of 32.56%, which is its lowest rate in the past three years.

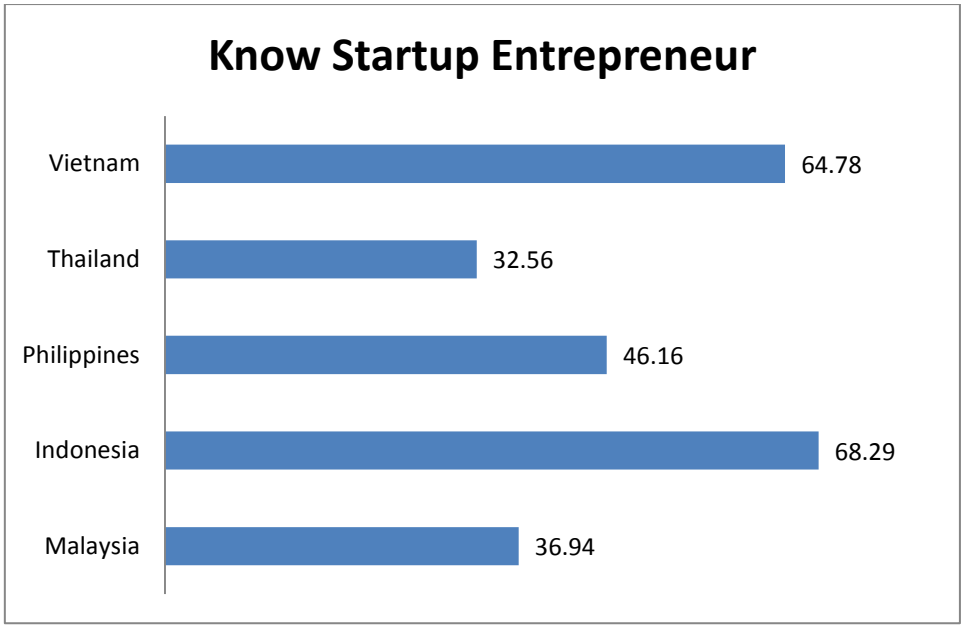


Figure 6.3 Know Startup Entrepreneur Rate of Five ASEAN Countries (in %)

GEM considers those who perceive good opportunities for starting a business, as well as believe they have the required skills; these are the potential entrepreneurs in a society. Opportunities play an important role in determining whether an individual will consider starting a business. Entrepreneurs recognize opportunities well in advance or just before they set up their businesses.

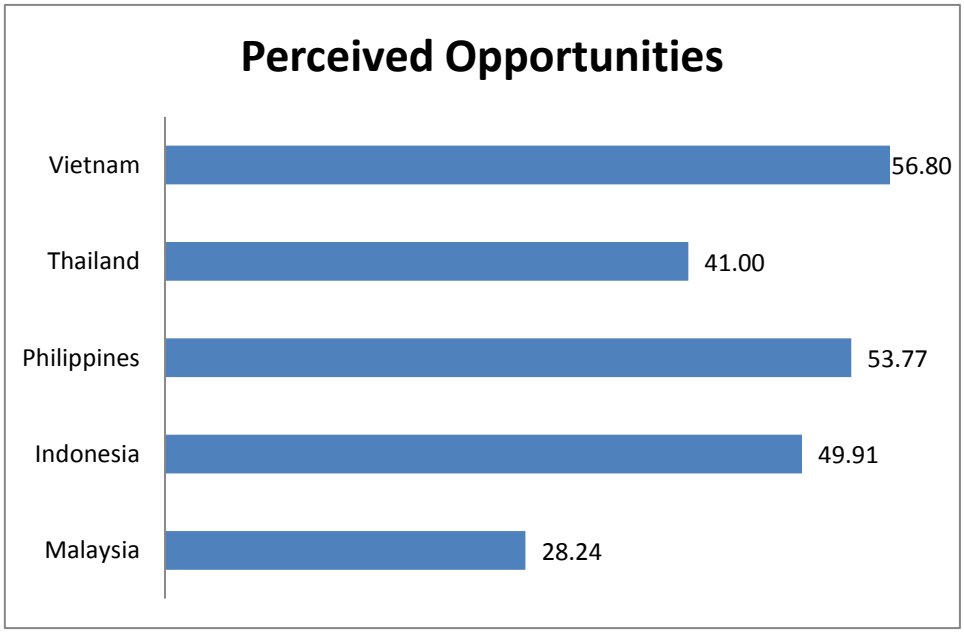


Figure 6.4 Perceived Opportunities Rate of Five ASEAN Countries

From Figure 6.4 we can see the percentage of population who see good opportunities to start a firm in the area where they live. Vietnam has the highest rate of perceived opportunities in 2015, then followed by the Philippines and Indonesia. Indonesia has the third highest rate in 2015,

which is slightly higher than its rate in 2013 and 2014. The high rate of perceived opportunities symbolizes the good opportunities that could be the result of either the supportive environment that is waiting to be discovered, or the opportunities that are created by the entrepreneurs themselves.

The rate of perceived capabilities refers to the percentage of the population who believe to have the required skills and knowledge to start a business. From the Figure 6.5, we can see that the Philippines has the highest rate of 68.99%, and is followed by Indonesia with 65.29%. The high rate of perceived capabilities could positively affect entrepreneurial intention through perceived opportunities. The higher rate of perceived capabilities may lead to the higher chance of having the higher rate of entrepreneurial intention, which can be seen on Figure 6.11.

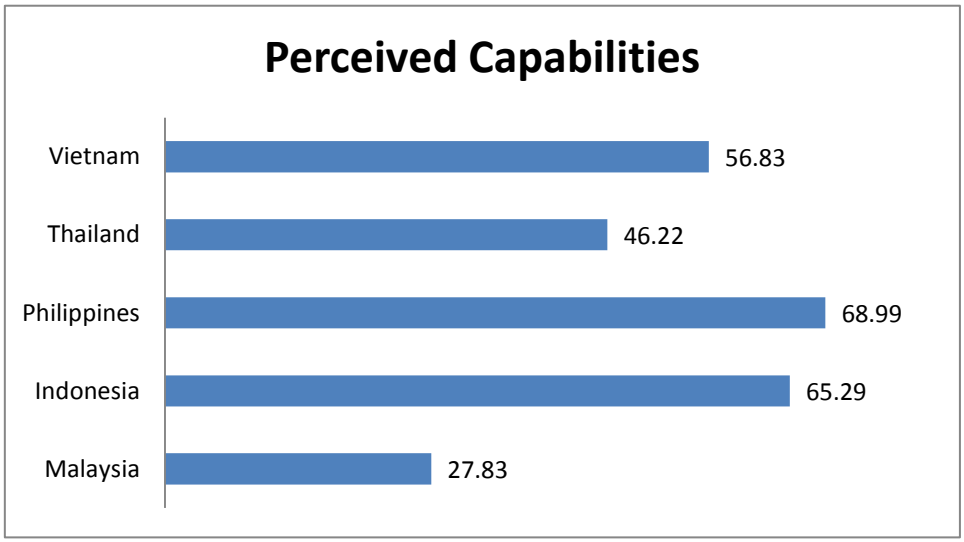


Figure 6.5 Perceived Capabilities Rate of Five ASEAN Countries

The social values for entrepreneurial attitudes are given three attributes : entrepreneurship as desirable career choice, high status successful entrepreneurship, and media attention for entrepreneurship. Table 6.2 summarises the social values of entrepreneurial attitudes in five ASEAN countries : Malaysia, Indonesia, Philippines, Thailand, and Vietnam.

Table 6.2 Social values in ASEAN countries (in percentage of the country's adult population)

	Entrepreneurship as Desirable Career Choice	High Status Successful Entrepreneurship	Media Attention for Entrepreneurship
Malaysia	39.28	50.98	63.91
Indonesia	74.38	81.45	79.35
Philippines	74.63	76.15	81.46
Thailand	71.50	69.39	72.46
Vietnam	73.29	75.77	73.53

At an individual country level, Indonesia comes slightly second after the Philippines in terms of choosing entrepreneurship as desirable career choice with the highest rate of successful entrepreneurship and high level of media attention for entrepreneurship. Overall, the social environment in Indonesia has been really supportive which resuts in developing more successful business.

Figure 6.6 indicates the percentage of population who agree with the statement that in their country, most people consider starting a business as a desirable career choice. The Philippines, Indonesia, Vietnam, and Thailand have more than 70% of population who consider entrepreneurship as their desirable career choice. In this case, Malaysia is the outlier with 39.28% rate who choose entrepreneurship as their desirable career. Compared to the previous two years, the rate in 2015 is more evenly spreaded, with Malaysia as the only outlier. This result indicates the high popularity of entrepreneurship in ASEAN.

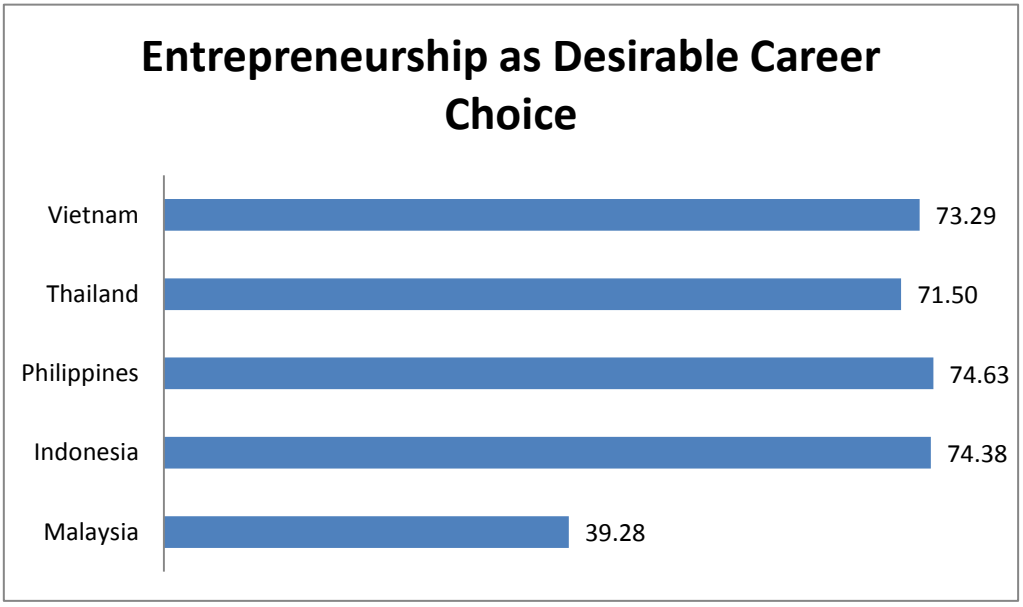


Figure 6.6 Entrepreneurship as Desirable Career Choice Rate of Five ASEAN Countries

Figure 6.7 points to the percentage of population who agree with the statement that in their contry, successful entrepreneurs receive high status in society. Indonesia has the highest rate, which indicates the high recognition and appreciation to the entrepreneurs. On the other hand, Malaysia has the lowest number of high status successful entrepreneurship, which is the impact of the less number of population that choose entrepreneurship as their desirable career choice (Figure 6.6).

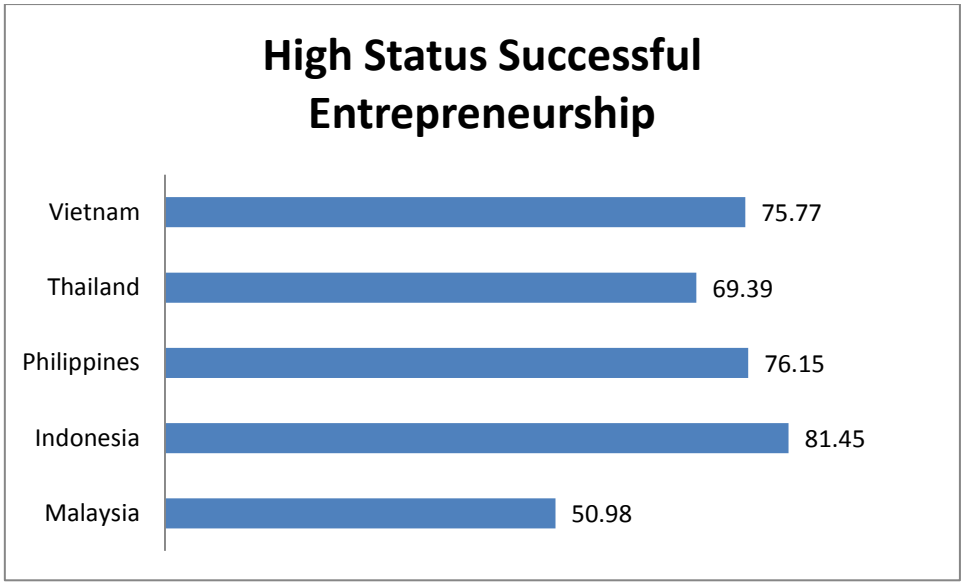


Figure 6.7 High Status Successful Entrepreneurship Rate of Five ASEAN Countries

Media attention for entrepreneurship refers to the percentage of population who agree with the statement that in their country, you will often see stories in the public media about successful new businesses. From Figure 6.8, we can see that all five ASEAN countries have more than 60% of media attention for entrepreneurship, leaded by the Philippines with 81.45% of media attention and followed by Indonesia with 79.35% of media attention. Media attention has an important role to raise the exposure of entrepreneurial activities, and most believe that there is high media visibility for successful entrepreneurs. This is shown by the high level of media attention for entrepreneurship.

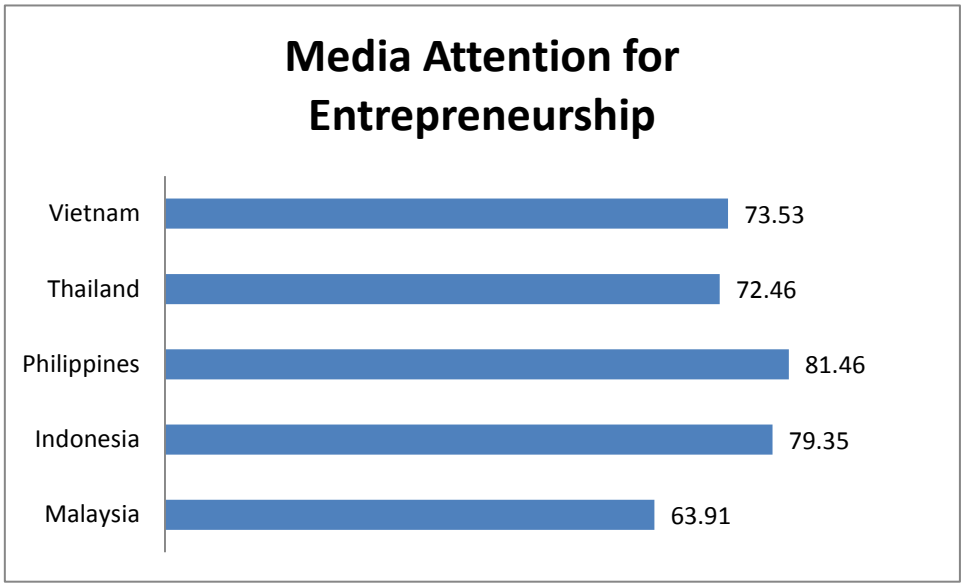


Figure 6.8 Media Attention for Entrepreneurship Rate of Five ASEAN Countries

Figure 6.9 again refers to entrepreneurial intention in ASEAN countries. The Philippines has the most consistent scores in both individual attributes and social values, and this result can be seen clearly in Figure 6.10, where the Philippines has led the ASEAN countries in the last three years in terms of entrepreneurship. Indonesia has always been following the Phillipines on the second place for the last three years. This is the result of Indonesia's consistent high scores in both individual attributes and social values.

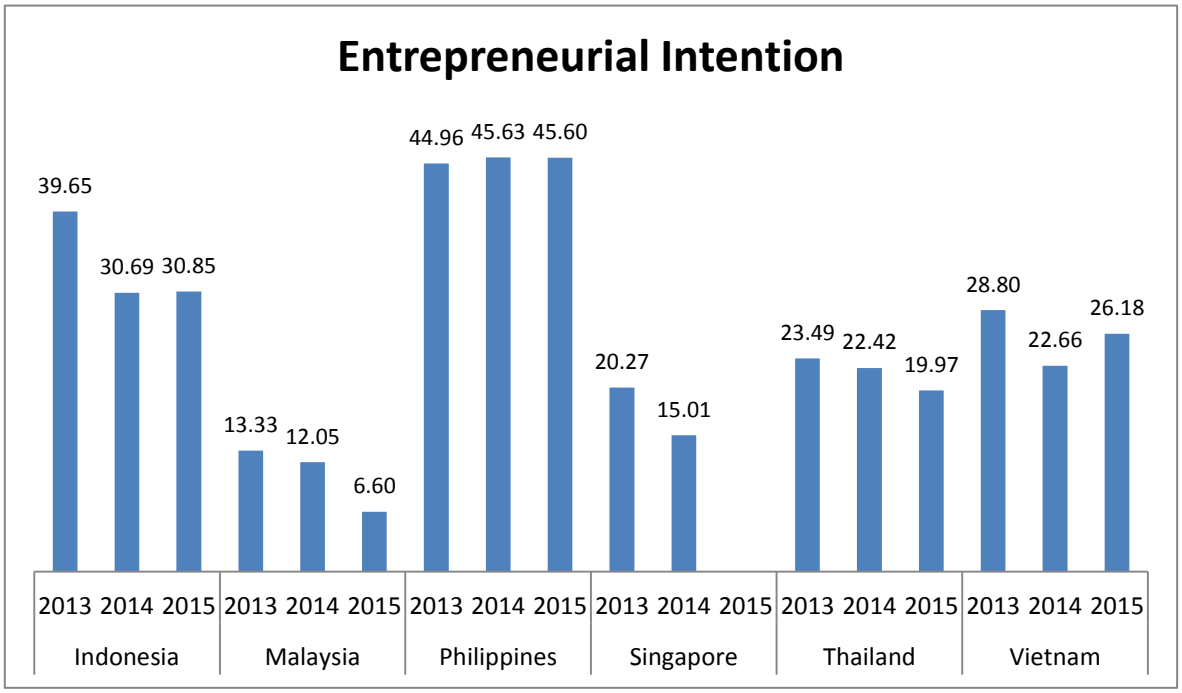


Figure 6.9 Entrepreneurial Intention Rate of Six ASEAN Countries

Figure 6.10 indicates the percentage of population who are either a nascent entrepreneur or owner-manager of a new businesses. In 2013, Indonesia had the highest number of TEA, which decreased by 55.64% in 2014, then slightly increased in 2015 and was the highest number of TEA in the six ASEAN countries region in 2015. This shows that entrepreneurship in Indonesia has more potential, especially with the support of the individual attributes and social values.

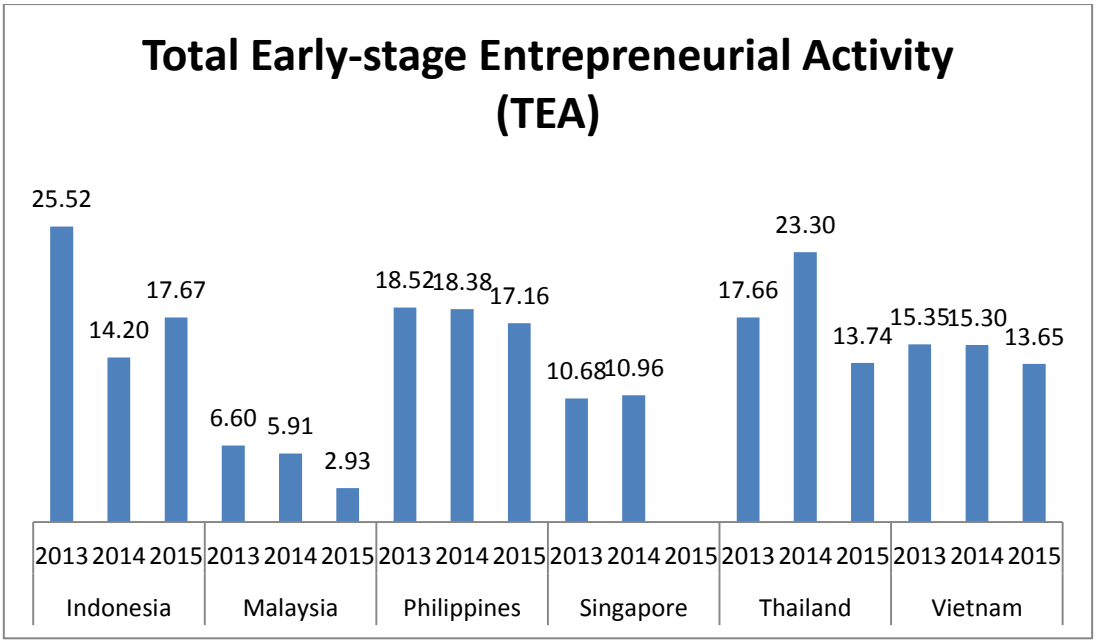


Figure 6.10 Total Early-stage Entrepreneurial Activity (TEA) Rate of Six ASEAN Countries

7 CONCLUDING REMARKS AND IMPLICATIONS

Indonesia has still lots of homework to improve its ease of business and the quality of human capital. In the entrepreneurship context, there are some recommendations are given to support entrepreneurial ecosystem as well as entrepreneurial attitudes and aspiration to create higher opportunities for Indonesians to do their business properly and sustainably.

Stronger entrepreneurial condition is identified by the new startups creation and the ability of existing entrepreneurs to scale up and strengthen their businesses. To be able to create stronger entrepreneurial condition, Indonesian GEM study shows that education level affects the nascent and new entrepreneurship rate with opportunity-motive, with a significant difference of being an opportunity motive of those who have graduated from high school and tertiary education degree. Thus, improving educational quality in entrepreneurshop, especially for high school and university students or graduates is important.

Also, to support higher aspiration in innovation for entrepreneurs, some initiatives need to be taken collaboratively between governments, academics and research institutions in Indonesia. The collaborative works in R&D transfer and business innovation can work in its best performance when tertiary education institutions are involved. Thus, to enable R&D transfer, it requires education, particularly higher education.

While Indonesian entrepreneurial attitudes for both social values and individual attributes have considerably high, the entrepreneurial aspiration needs an enhancement. There is no gender gap in entrepreneurial activities in Indonesia. Indonesian women have an equal rate in entrepreneurial activities compared to the male counterparts. It occurs for early-stage entrepreneurs as well as the established ones. However, when it comes to female labour force participation over male value, based on World Economic Forum data (2015), there is a gap between female and male workers. It indicates that women who cannot enter the job market prefer to start a business in their limited capabilities.

This fact limits the capabilities of women entrepreneurs and, as a result, it gives low aspiration to grow the business, either in creating job opportunities or to increase their market.Thus, there is a need to create stringer networking and good grasp of technical and managerial skills to upscale their business. It requires the entrepreneurs itself to improve their knowledge and skills and the support from the entrepreneurial ecosystem. What are still lacking in Indonesia is the appropriate regulation (as no one size fits all) and professional and physical infrastructure to support different needs of business growth and sustainability.

9 786026 980335 >

Centre of Excellence for
Small and Medium Enterprises (SME) Development
Institute for Research and Community Service
Parahyangan Catholic University (UNPAR)
Bandung - INDONESIA

UNPAR PRESS