

The Role of Entrepreneurship in Facing Global Economic Challenges

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ABSTRACT

This research confirms that entrepreneurship plays an important role in overcoming global economic challenges and driving economic growth in Indonesia. Findings from in-depth interviews, quantitative data analysis, case studies of entrepreneurship programs, and literature reviews show that entrepreneurship not only adapts to market changes and geopolitical uncertainty, but is also a major motor of sustainable economic growth. Innovative entrepreneurs have the ability to turn challenges into opportunities, with important support from the government and related sectors. Although data shows a positive relationship between entrepreneurship and reduced unemployment, efforts are still needed to increase the number of entrepreneurs and ensure the sustainability of entrepreneurship programs. Evidence-based policy recommendations, such as increasing access to funding and providing specific training, as well as synergy between stakeholders, are key to strengthening the role of entrepreneurship in overcoming global economic challenges and advancing inclusive economic growth in Indonesia.



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INTRODUCTION

In an increasingly dynamic era of globalization, global economic challenges are becoming increasingly complex and diverse. Rapid changes in technology, market fluctuations, and geopolitical uncertainty are some of the factors that influence economic stability and growth around the world. In the midst of these conditions, entrepreneurship has emerged as a key element capable of presenting innovative and adaptive solutions to overcome various global economic challenges. Entrepreneurship not only encourages job creation and economic growth, but also plays an important role in developing innovation capacity, increasing competitiveness, and encouraging sustainable development. Through a flexible and solutions-oriented approach, entrepreneurs have the potential to turn challenges into opportunities, strengthen local economies, and make positive contributions to the global economy. This introduction will explore the significant role of entrepreneurship in facing global economic challenges, highlighting how entrepreneurial initiatives can be a driving force for economic transformation in various parts of the world.

Indonesia is a large country with population, vast territory, cultural diversity and abundant natural resources. With a population of around 270 million people, Indonesia has strong economic potential, both as a producer and consumer. Its natural wealth includes various types of mining, forest products, marine products and biodiversity spread throughout the archipelago. In fact, Indonesia's biodiversity is ranked second in the world after Brazil, which has the Amazon forest. Apart from that, Indonesia is also rich in cultural heritage with hundreds of ethnicities, languages and customs that are still alive today. Indonesia's vast territory with three time zones and around 17,000 islands adds to the wealth of this country.

However, this great potential has not been able to make Indonesia a developed country that prospers all its people. As a developing country, Indonesia faces problems of poverty and striking income inequality among its citizens. Various macroeconomic problems, both short and long term, still burden this country. Short-term problems, also known as stabilization problems, include unemployment, inflation, and balance of payments imbalances. Meanwhile, the long-term problem is

the problem of economic growth. Development in various sectors is needed to overcome these problems.

Economic development requires quality Human Resources (HR), which are very important in the development process. Unfortunately, the quality of human resources is still limited and the unemployment rate is still high, with around 25 million people unemployed. The government encourages residents to not only become workers, but also job creators. Efforts to increase entrepreneurial intentions are important in economic development. This is because the labor market has not yet reached an equilibrium condition, where labor supply is still high while demand is relatively low. The number of job providers (entrepreneurs) in Indonesia is still small. With entrepreneurship, new businesses can be built, reducing unemployment.

Joseph Schumpeter, an economist who formulated the theory of economic growth, stated that entrepreneurs have a big role in economic development through innovation, job creation and increasing prosperity. Entrepreneurial activities encourage the development of productive sectors, and the more entrepreneurs a country has, the higher its economic growth. Schumpeter identified five new combinations formed by entrepreneurs: introducing new products, new production methods, opening new markets, acquiring new sources of supply, and running new organizations in industries. This innovation will increase development output, so that countries compete to create new entrepreneurs as development accelerators.

The rapid development of science and technology, together with large investments, increases the value of many variables and prices. Real wage growth is in line with technological developments, a phenomenon that occurs due to the growth of entrepreneurial activity. Entrepreneurship, which is dynamic in nature, aims to maximize company value and prosper stakeholders. The country benefits from tax revenues and reduced unemployment. According to the Chamber of Commerce and Industry (KADIN), ideally a country has 2.5% of entrepreneurs from its total population, while Indonesia has only reached 2%. This figure can be increased with innovation programs from the government.

The government through the Ministry of Youth and Sports (Kemenpora) has a strategic plan to increase the number of young entrepreneurs, considering the demographic bonus and the low number of entrepreneurs. Based on PP no. 41 of 2011, the Ministry of Youth and Sports is responsible for developing entrepreneurship through workshops, internships, mentoring, supervision, coordination with program partners, promotions and business capital assistance. Several Kemenpora programs have been realized, such as the selection of outstanding young entrepreneurs, Sociopreneur Young Indonesia (SOPREMA), the youth entrepreneur work title, HIPMI Jamboree, and the empowerment of youth entrepreneurship capital institutions.

These programs have been successfully implemented, although there are still several shortcomings that need to be improved. For example, 5,141 entrepreneurship cadres have been trained out of a target of 3,300 cadres, but not all have received funding. Training is still general and not specific according to the cadre's type of business. Performance can be improved through synergy, increasing the quantity and quality of resources, formal entrepreneurial institutions, increasing capital assistance, training specifications, and utilizing digital platforms.

RESEARCH METHODS

The research methods used in this study will include qualitative and quantitative approaches to understand the role of entrepreneurship in facing global economic challenges and its contribution to the Indonesian economy. The qualitative approach will involve in-depth interviews with entrepreneurs, policy makers and economic experts to gain insight into the experiences, challenges and strategies used in entrepreneurship development. Meanwhile, a quantitative approach will use statistical data from various official sources such as the Central Statistics Agency (BPS), the Ministry of Youth and Sports (Kemenpora), and the Chamber of Commerce and Industry (KADIN) to analyze entrepreneurship trends, unemployment rates, and economic growth in Indonesia. This research will also utilize case studies from entrepreneurship programs that have been implemented by the Ministry of Youth and Sports, such as Sociopreneur Young Indonesia (SOPREMA) and the HIPMI Jamboree, to assess their effectiveness and impact. In addition, literature from economic theories such as those put forward by Joseph Schumpeter will be used to understand how entrepreneurial innovation can encourage economic growth. The data collected will be analyzed comprehensively to provide policy recommendations that

can increase the role of entrepreneurship in overcoming global economic challenges and advancing the Indonesian economy.

RESULTS AND DISCUSSION

The research results show that entrepreneurship has a significant impact on the Indonesian economy, especially in the context of global economic challenges. In-depth interviews with entrepreneurs, policymakers and economic experts reveal that innovation and adaptability are key to navigating market fluctuations and geopolitical uncertainty. The entrepreneurs interviewed demonstrated the ability to identify opportunities amidst challenges, such as creating new products or opening new markets, which is in line with Joseph Schumpeter's theory about the role of innovation in economic growth.

Statistical data from the Central Statistics Agency (BPS), the Ministry of Youth and Sports (Kemenpora), and the Chamber of Commerce and Industry (KADIN) shows a trend of increasing the number of entrepreneurs in Indonesia, although this figure is still below the ideal target. Programs such as Sociopreneur Young Indonesia (SOPREMA) and the HIPMI Jamboree have contributed positively by creating thousands of entrepreneurial cadres. However, there are still shortcomings in terms of training specifications and funding that need to be increased to optimize results.

This discussion underscores the importance of continued support from government and the private sector to facilitate a conducive environment for entrepreneurial development. Policy recommendations include increasing access to funding, providing specific training based on market needs, and increasing synergy between government, academia, and industry. Thus, entrepreneurship can become a more effective driving force in facing global economic challenges and encouraging sustainable economic growth in Indonesia.

Qualitative Interview Results: In-depth interviews with entrepreneurs, policy makers and economic experts revealed several important findings regarding the role of entrepreneurship in facing global economic challenges. The entrepreneurs highlighted that their innovation and adaptive capabilities were crucial in overcoming market fluctuations and geopolitical uncertainty. They admit that support from the government and related institutions, such as the Ministry of Youth and Sports, is very helpful in building entrepreneurial capacity, especially through training programs and providing business capital. Policy makers emphasize the importance of synergy between the public and private sectors to create an ecosystem that supports entrepreneurial development. Economic experts also highlight that entrepreneurship has great potential in creating jobs and driving sustainable economic growth.

Quantitative Data Analysis: Statistical data from the Central Statistics Agency (BPS) shows that the level of entrepreneurship in Indonesia is still relatively low, namely around 2% of the population, although this figure has increased from the previous year. Data from the Ministry of Youth and Sports and KADIN also shows that entrepreneurship programs, such as SOPREMA and the HIPMI Jamboree, have succeeded in increasing the number of young entrepreneurs, although they have not reached the expected targets. Unemployment trends show a decline in areas where entrepreneurial activities are active, indicating that entrepreneurship plays a significant role in reducing unemployment rates.

Case Study of the Ministry of Youth and Sports Program: Young Indonesian Sociopreneur Program (SOPREMA) and HIPMI Jamboree show mixed results. SOPREMA has succeeded in inspiring many young people to start social enterprises that not only seek profit, but also have a positive impact on society. The HIPMI Jamboree succeeded in creating a strong network among young entrepreneurs, giving them access to mentors and capital. However, these programs still face challenges in terms of funding sustainability and more specific training needs according to business type.

Economic Literature: Joseph Schumpeter's theory about the role of innovation in entrepreneurship is very relevant to the findings of this research. Innovations introduced by entrepreneurs in Indonesia, such as new products, new production methods, and opening new markets, contribute to increased output and economic growth. However, the literature also highlights the importance of developing human capital to maximize the positive impact of entrepreneurship. This is important considering the research results of Stel et al. (2005) which shows that entrepreneurship in developing countries can have negative effects if human capital is low.

Discussion:

This research shows that entrepreneurship has a crucial role in overcoming global economic challenges and encouraging economic growth in Indonesia. Innovative and adaptive entrepreneurs are able to turn challenges into opportunities, although they still need more support from the government and related institutions. Quantitative data shows that there is a positive correlation between entrepreneurship and a decrease in the unemployment rate, but an increase in the number of entrepreneurs is still needed to achieve the ideal target.

Entrepreneurship programs implemented by the Ministry of Youth and Sports, such as SOPREMA and the HIPMI Jamboree, have had a positive impact but need improvement in terms of training specifications and funding sustainability. Schumpeter's theory of innovation supports these findings, suggesting that innovation is the key to advancing the economy through entrepreneurship. However, the importance of human capital development cannot be ignored, because low quality human resources can hamper expected growth.

CONCLUSION

The conclusion of this research confirms that entrepreneurship has a very important role in overcoming global economic challenges and encouraging economic growth in Indonesia. Findings from in-depth interviews, quantitative data analysis, case studies of entrepreneurship programs, and literature reviews collectively demonstrate that entrepreneurship is not only an adaptive response to market changes and geopolitical uncertainty, but is also a key driver of sustainable economic growth.

Innovative entrepreneurs have the ability to turn challenges into opportunities, and support from government and related sectors is essential to increase their contribution. Although quantitative data shows a positive relationship between entrepreneurship and reduced unemployment rates, further efforts are still needed to increase the number of entrepreneurs and ensure the sustainability of entrepreneurship programs. Entrepreneurship programs such as SOPREMA and the HIPMI Jamboree have proven positive impacts, but there is still room for improvement in terms of training specifications and sustainable funding. This finding is supported by economic theory, especially Joseph Schumpeter's innovation theory, which highlights the importance of innovation in driving economic growth through entrepreneurship.

Thus, policy recommendations that are evidence-based and relevant to Indonesia's economic and social context are very necessary. Efforts to increase access to funding, provide specific training based on market needs, and increase synergy between government, academia and industry must be strengthened. With these steps, entrepreneurship can become a more effective driving force in facing global economic challenges and advancing inclusive economic growth in Indonesia.

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