

The Role of Local Potential-based Entrepreneurship through Community Empowerment in Tourism Village Development: Case Study: Ponggok Village, Polanharjo Subdistrict, Klaten Regency, Indonesia

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Abstract: The acceleration of development in Indonesia began to focus on rural/village development. The connection between entrepreneurship and the development of Ponggok Village is proven by the business management under the BUMDes (Village-owned Enterprise) Tirta Mandiri. The purpose of this study was to determine the relationship between village entrepreneurship with the development of a spring-based tourism village (natural pond) and to find out the comparison of community entrepreneurial abilities based on gender. The methodology used was descriptive analysis with correlation statistics. The results of this study indicated that there was a positive relationship between village entrepreneurship and village development by an increase in BUMDes' contribution to village revenue. The comparison of entrepreneurial abilities between men and women was observed by using indicators of independence, motivation, tolerance, attitudes in facing risk challenges and future orientation. The results of this study indicate that male entrepreneur groups have better entrepreneurial abilities than female groups. Female entrepreneur groups are only superior in terms of independence, so based on these characteristics, the efforts made by female entrepreneurs are relatively more sustainable, but the business scale that is relatively less developed compared to male entrepreneur groups. Indicators of entrepreneurial endurance both men and women in the tourism sector, especially tourism village, can be developed and tested further by simulating what happens when there are shocking cases such as an economic crisis and security instability by using econometrics.

1 INTRODUCTION

Poverty and economic gap among regions is an important issue in Indonesia's development including rural and urban development based on BPS data regarding the number of population below the poverty line in 1970 - 2017 among villages and cities in Indonesia issued by the Central Statistics Agency. The number of poor people in villages and cities is significantly different. Although in number, the poor population in the villages has a decreasing trend from year to year. Law No.6 of 2014 about villages aims to accelerate Indonesia's development through village/rural development. Village development requires a new breakthrough in the form of innovation, one of which is the development of entrepreneurship.

Ponggok Tourism Village emerged from the

initiative of "agent of change" who had the entrepreneurial spirit to develop Ponggok Village into a tourism village by utilizing the local potential and community empowerment. This is supported by research conducted by Nur Firdaus (2014) and Fajar Sidik (2015) which stated that social entrepreneurship plays a real and important role in solving social problems. The creation of social values and innovation are the main instruments in social entrepreneurship. Using an entrepreneurial approach as an effort to solve social problems is a tremendous breakthrough.

Utilizing local potential such as agro-tourism can make the village more advanced and independent (Pribeanu, Gheorghe, 2014) and can reduce unemployment (Nordin, Aleff Omar Shah, 2014). The biggest potential of Ponggok Village is water, so it is utilized for tourism. The community later

formed a village-owned enterprise namely BUMDes Tirta Mandiri to manage the water-based tourism. BUMDes Tirta Mandiri is the main economic driving force of Ponggok Village which manages almost all the economic activities of the village community. Before the BUMDes was established, the community-managed village's potential and the management was not well organized. Through the existence of BUMDes, the management can be improved to be more organized including water management and cropping patterns. The management succeeded in bringing great development to Ponggok Village. In the period of one year which is in 2010, Tirta Mandiri BUMDes generated a profit of IDR 100 million or around \$ 7,142 (exchange rate \$ 1 = IDR 14,000). The revenue was deposited to the Regional Government as a PAD (Local-generated Revenue) of IDR 30,000,000 or \$ 2,142 (30% of profit). The allocation of the 10% profit was used to pay the second level of BPJS (life and health insurance) premiums of all Ponggok Village residents.

The acquisition of raw revenue of BUMDes Tirta Mandiri in 2012 - 2016 showed an increase. The highest increase occurred in 2015, which increased 6 times from 2014. BUMDes Tirta Mandiri is supported by the Ministry of Village, Development of Disadvantaged Regions and Transmigration which has priority programs to build villages through the village's superior product development program, Village-Owned Enterprise (BUMDes), as well as building ponds and sports facilities. The implementation of the program is carried out by utilizing Village Funds and Village Fund Allocation from the APBN/APBD (State Budget/Local Government Budget). Regarding this, each village does not only find its potential, but also determines the village's superior products and develops them to improve the welfare of the community. Currently, BUMDes Tirta Mandiri has been developed and is able to create new entrepreneurs who can contribute to the development of the village.

The management carried out by BUMDes Tirta Mandiri was able to encourage the growth of productivity of Ponggok Village community. The success in managing local potential to improve the economy of the local community proven by the fact that Ponggok Village won the award as the Community Empowerment Village and the best BUMDes in the category of Community Empowerment in the 2017 BUMDes Expo organized by the Ministry of Village, Development of Disadvantaged Regions and Transmigration. Ponggok Village is also considered one of the 10

Best Tourism Villages according to the Ministry of Village, Development of Disadvantaged Regions and Transmigration. In line with Crant (1996), Timmons and Spinelli (2004; 93) conveyed that there are differences in entrepreneurial abilities based on gender (Solano and Rooks, 2014; Ordaz, 2016). The entrepreneurial ability of men and women is different (Dahalan, 2013; Sherlywati, 2017). In line with gender, Jurdana, Dora Smolčić, Ines Milohnić, Lorena Dadić (2015) stated that educational background, work experience and motivation also influence the entrepreneurial conditions.

2 LITERATURES

The tourism sector is one of alternative to achieve rural development because tourism has a number of distinctive economic characteristics, leading to a special economic impact analysis. Globally, tourism is a major industry and is a major sector in many countries. According to the United Nations World Tourism Organization (UNWTO), over the past six decades, tourism has experienced sustained and diversified growth to become one of the fastest growing and largest economic sectors in the world. The World Travel and Tourism Council (WTTC) estimates that tourism accounts for 9.2 percent of global GDP and estimates that this will continue to grow to more than 4 percent per year over the next ten years to reach around 9.4 percent of Gross Domestic Product (WTTC, 2010). Over time, more and more tourist destinations have been opened, and this increases investment in tourism development, turning modern tourism into a major driver for socio-economic progress. (Tourism Economic Summary, 2010).

Tourism development is fundamentally driven by business. However, the government plays an important role as a partner in tourism development to a level which is not replicated in most other industries through their broad involvement, by all levels of government, in tourism planning and strategy, marketing, infrastructure development, land use planning and responsibility. (Tourism Economic Summary, 2010).

Rural development, according to some experts is part of the "Regional Development". Regional development is an effort to develop and to improve inter-dependency relationships and interactions between economic systems, people (social systems) and the environment as well as the natural resources (ecosystem). This is manifested into the

development of economic, social, political, cultural and security defense that should be in the context of balance, harmony and conformity. Regional development conception, in addition to ensuring the harmony of inter-regional development, also aims to set up a link to the relationship between national development plans and regional development plans.

Nowadays, tourism village becomes an opportunity to develop rural area. The following factors: (1) Scarcity, or in other words, the rare nature of tourist attractions that cannot be found in other places; (2) Naturalness which is the nature of tourist attractions that have never experienced changes due to human intervention; (3) Uniqueness which is the nature of tourist attractions that have comparative advantages compared to other tourism objects; (4) Community empowerment which is able to encourage the community to participate and be empowered in managing tourist attractions in their area.

Village owned enterprises as an entrepreneurship venture of village. According to Kasmir (2013), entrepreneurship is the ability to create something new and different. Additionally, an entrepreneur is a person who has the ability to create something that has never been there before, or it could be by creating something different from what is already there.

Associated with entrepreneurship, Kaswan and Akhyadi (2015:8) emphasize that there are two essential things in an entrepreneurial society: innovation and entrepreneurship, which are the activities that sustain integrated life. Likewise Suryono and Sumarno (2013) stated that in entrepreneurship, there are at least three components, such as entrepreneurship learning, the existence of entrepreneurial incubators and entrepreneurial centers.

According to the Minister of Home Affairs' Regulation No. 39 of 2010 Article 1 paragraph (6), BUMDes are village enterprises formed/established by the village government whose capital ownership and management are carried out by the local government and the community. The establishment of this village-owned enterprise is also based on the Regulation No. 4 of 2015 concerning the Establishment, Management and Maintenance, and Dissolution of Village-Owned Enterprises and The Minister of Home Affairs' Regulation No. 39 of 2010 in Chapter II on the establishment of village-owned enterprises. This formation comes from the district/city government by establishing regional regulations regarding the guidelines for the establishment and management of BUMDes.

Furthermore, the local government formed a village-owned enterprise implementing village regulations following the regional regulations.

As an institution that is expected to encourage village independence and to be a driving force of the village economy through various village business units, the Local Government has been implementing BUMDes in many villages. It applies also in Klaten Sub-District Government. Since 2009 until now the Klaten Sub-District Government has been implementing the BUMDes program in many villages so that the village's potentials can be developed to improve the economy of the village community itself. Klaten Sub-District Regional Regulation Number 21 of 2013 concerning BUMDes, has the aim to provide guidance, certainty and clarity about the establishment and management of BUMDes, which hopes to become a legal basis for BUMDes in the Klaten Sub-District. For each region, it is obligatory to have BUMDes so that later they can improve the welfare of the village community itself in terms of economy, health, education and even foster the mutual cooperation among communities.

3 METHODOLOGY

3.1 Data

This study was done in Ponggok Village, Polanharjo Subdistrict, Klaten Regency. This research was quantitative descriptive. The study was conducted in May - July 2018. The types of data used in this study were primary and secondary data. Primary data was obtained through questionnaires examining the comparison of entrepreneurial abilities based on gender. Secondary data were the outcomes of village business recorded in the APBDes (Village Budget) that were used to explain the village entrepreneurship variables as a form of BUMDes' contribution in Village-generated Revenue, and Total Village-generated Revenue (PADes) explained Ponggok Tourism Village development variables. Respondents in this study were the community groups that carried out business/entrepreneurial activities under the management or in partnership with BUMDES Tirta Mandiri. There were 76 respondents taken by using purposive random sampling technique.

3.2 Analysis Tool

This study employed descriptive analysis with correlation analysis. The correlation analysis used Pearson Correlation Test to determine the relationship between village entrepreneurship and the development of tourism village and the Mann-Whitney Test which is a form of Non-Parametric Test to determine the mean difference between the 2 groups. The Mann-Whitney test was intended to find out the comparison of the entrepreneurial ability of the community based on gender, whether there were significant differences or not. In this study, indicators of entrepreneurial abilities tested were independence, risk challenges, future orientation, tolerance and motivation. Indicators of independence, risk challenges, future orientation and tolerance were adopted from Sherlywati, Rini Handayani, Asni Harianti's research (2017), while indicator of motivation was adopted from the research of Dora Smolčić Jurdana, et al., (2015) citing from Megginson (2017) about one of the characteristics of successful entrepreneurship, which is motivation.

4 RESULTS AND DISCUSSION

4.1 The Relationship between Village Entrepreneurship and the Development of Ponggok Tourism Village

Village entrepreneurship was observed from how large the contribution of BUMDes as an economic institution managing village business units that produces village-level entrepreneurs. BUMDes' contribution to village development can be seen from the data of village business outcomes in the APBDes. PADes data (Village-generated Revenue) was used as a proxy for village development in 2012 - 2017. Previously, normality tests were conducted to find out whether the data was normally distributed or not. The results showed that the data was normally distributed with P-Value greater than 0.05 or 5%, so that Parametric Test could be applied. The Parametric Statistical Test used was Pearson Correlation, with the following results:

From employing Pearson's correlation test, a positive Pearson Correlation value of 0.966 was obtained. This positive relationship illustrates the relationship between Village Business Outcomes and PADes. If the Village Business Outcomes

increased, the village-generated revenue (PADes) became higher too. Based on the 99% trust level, the BUMDes' contribution and the village-generated revenue in Ponggok Village had a relationship of 96.6%. With a 99% trust level it obtained a significance value of 0.002. If the significance value is more than 0.05, Ho is accepted. If it is smaller than 0.05, Ho is rejected or H1 accepted. From this test, the significance value was <0.05, so Ho was rejected. It means that there was a significant relationship between BUMDes' contribution and village-generated revenue. As the manager of the Village business, BUMDes Tirta Mandiri contributed to the increase of Village-generated Revenue through the outcome of village business in the APBDes.

4.2 Community's Entrepreneurial Ability based on Gender in Ponggok Village

4.2.1 Respondent Identity

In this study, the majority of respondents came from the male group which was 39 people, whereas the female group was comprised of 37 people. The majority of male and female respondents were in the range of 26-45 years old.

Table 1: Demographic characteristics of sample.

	Age 12-25	Age 26-45	Age 46-65		
Male	13%	24%	14%		
Female	4%	28%	17%		
	Tourism Operators	Merchandise	Cullinary Non Fish	Fish Cullinary	
Male	8%	3%	10%	30%	
Female	3%	8%	13%	25%	
	<1 year	1-3 years	3-5 years	>5 years	
Male	13%	20%	4%	15%	
Female	10%	25%	6%	7%	

Source: Primary Data Processing, 2018

The majority of male group was working in fisheries business such as fish farmers. The majority of female groups were working in the Small and Medium Enterprises (processing Tilapia fish). The education level of the majority of male and female groups were Senior High School/Senior Vocational School. The majority of respondents did not come from BUMDes managers or employees. The majority of male and female groups has been running business in the range of 1-3 years, meaning their business emerged after the establishment of the tourism village or BUMDes Tirta Mandiri. Observing the indicator of time spent for entrepreneurship, female groups spent longer hours

of 4-8 hours compared to male groups who spent 2-4 hours in overall. This is because on average, males were working at the fishery business from 8.00am to 12.00pm. Drawing from the previous job, the majority of male groups worked as traders while the majority of female groups were housewives. Along with the existence of a tourism village or BUMDes Tirta Mandiri, there was a change in the livelihoods where the majority of male groups became fish farmers and the majority of female groups worked in SME of Tilapia fish processing. It shows that the role of the PKK Women in collaboration with BUMDes Tirta Mandiri succeeded in encouraging housewives to use their spare time to be productive in business. The existence of tourism village also made changes in the income of the residents. If previously the majority of male and female groups earned below the Minimum Wages Standard, recently their income are increasing to a range of IDR 1,662,001 - IDR 4,000,000 (\$ 118- \$ 285) per month, which is above the Minimum Wages Standard of Klaten Regency.

4.2.2 Validity and Reliability Test

Validity test in this study employed a formula of corrected item – total correlation. This value was the value of item validity. Validity test was done by comparing the value of validity per item with R table in $DF = N-2$ and probability 0.05. This study used a 2-way test so that the R table value with DF 74 was 0.2257. Thus the statement item was confirmed valid. The method used to test the reliability in this study employed the Cronbach Alpha coefficient. The measurement of reliability according to Sekaran in Sugiono (2011) is seen from the value of Cronbach Alpha. If it is above 0.6 it can be concluded that the research instrument is good or reliable.

All statements in each variable had fulfilled the validity test because it had $r_{count} > r_{table}$ value (0.2257) and reliability, so the instrument was valid and reliable to use.

4.2.3 Mann-Whitney Test

The Mann-Whitney test was used due to the condition that the research data came from a number of respondents who were classified into groups that were mutually independent, which is based on Gender (Male and Female). The data was observed to see a comparison of community entrepreneurial abilities based on gender.

Based on the results of the Mann-Whitney Test, table of Ranks showing the Mean Rank or average

rank of each group was obtained.

The table shows that the variable of independence in the female group is higher than the male group, which is $39.94 > 37.20$. The second variable is the risk challenge. In the male group this variable has a greater value than the female group that is equal to $39.41 > 37.49$. The third variable is the future orientation. It shows that the male group has a higher value than female group, which is $39.96 > 36.88$. The fourth variable shows that the male group has a higher tolerance compared to the female group, which is $43.50 > 32.94$. The fifth variable regarding the motivation shows that the level of males' motivation is higher than that of females, which is $41.16 > 35.54$. Therefore, male group is considered having higher entrepreneurial abilities than female. Male group has higher value on 4 out of the 5 indicators. Nowadays gender difference was no longer a barrier in business or a barrier to become entrepreneurs especially in terms of tourism sector for promoting tourism and hospitality. The number of women entrepreneurs grows rapidly, which is relevant to the emergence of new tourism destinations such as village tourism, agritourism, ecotourism. For some reasons, cultural background, norms and religion influence entrepreneurship performance of women in rural areas. Based on the significance of women's roles in rural development through entrepreneurship, improving the environment and employment of women in rural areas should be seen as an important aspect in tourism development planning and policies.

5 CONCLUSIONS

The development of Ponggok Village is associated with its success in utilizing local potential and empowering its people through BUMDes. BUMDes is one of the strategies to develop new entrepreneurs that support the improvement of community welfare. The results of this study indicate that there is a positive relationship between village entrepreneurship and village development as indicated by an increase in BUMDes' contribution to village income. Entrepreneurial growth turns out to have relationship with gender. The comparison of entrepreneurial abilities between men and women employs indicators of independence, motivation, tolerance, attitudes in facing risk challenges and future orientation. The results of this study indicate that male entrepreneurial groups have better entrepreneurial abilities than females.

Table 2: The Statistics on Mann-Whitney Test.

	Test Statistics ^a				
	Independence	Risk	Future	Tolerance	Motivation
Mann-Whitney U	668.000	683.500	661.500	520.000	613.500
Wilcoxon W	1488.000	1349.500	1327.500	1186.000	1279.500
Z	-.544	-.384	-.617	-2.100	-1.113
Asymp. Sig. (2-tailed)	.586	.701	.537	.036	.266

a. Grouping Variable: Gender

Source : Primary Data, 2018 (processed)

Female entrepreneur groups are only superior in terms of independence. Therefore, based on these characteristics, the efforts made by female entrepreneurs are relatively more sustainable, but the business scale is relatively less developed/growing when compared to male entrepreneurial groups.

6 LIMITATIONS

This study has limitation in research sampling because the number of population of the study was not known. In this case, the population was a community that has an entrepreneurial entity under BUMDes Tirta Mandiri, Ponggok, Klaten. Another limitation of this study lies in the factors that become indicators of entrepreneurial ability, namely independence, risk taking, future orientation, tolerance, and motivation; while there are still many other factors that can become indicators of entrepreneurial ability.

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