

# Revitalization of Youth Entrepreneurial Group (KWP) Empowerment Program to Reduce Unemployment and to Alleviate Poverty (Case Study in Sooko Village, Sooko Subdistrict, Mojokerto District)

Dini Utami Dewi\*, Sanggar Kanto, Sholeh Muadi

Brawijaya University  
Malang, Indonesia

\*Corresponding author's email: dini\_2607 [AT] ymail.com

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**ABSTRACT---** *Rising unemployment especially among the youth becomes a distinct problem for Indonesia. The young man who becomes the next generation was expected to create employment that will be able to absorb workforce to overcome the problems of poverty and unemployment that was still become a complex problem.*

*It should be recognized that employment creation was not the only way to overcome poverty, but employment creation can be an important element in poverty alleviation efforts. Therefore Youth and Sport Ministry create the Youth Entrepreneurial Group program which consists of young people to develop their skills in the field of entrepreneurship, but there are several programs of the Youth Entrepreneurial Group (Kelompok Wirausaha Pemuda/KWP) that was not working properly and needs to be revitalized. Researchers used Case Study method. This study took place in the village of Sooko, Sooko subdistrict, Mojokerto district.*

**Keywords---** Poverty, Unemployment, Youth Group, Youth, Youth Entrepreneurship

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## 1. INTRODUCTION

Poverty and unemployment were two incomplete issues of the nation and would highly affect people's prosperity. Lots of unemployment (either those without skill or high education or unemployment with formal education in bachelor degree or intellectual unemployment) was caused due to low economy growth, or due to long term economy recession, those it cannot accommodate new labor addition with new employment availability (Saiman, 2009:23).

Youth unemployment, those with high education might be caused due to inappropriate competence qualification with its requirement in labor market. Skill learned in school was inappropriate with skill needed in the employment, other phenomenon such as urbanization among youth has the tendency to fill in informal sector in the city, although working condition and life quality in the city was not necessarily better, this was done to eliminate poverty and unemployment in the village, and ignore working opportunity in the village. Youth mindset was still centered on looking for a job and not creating employment.

Therefore, one innovative measure that could bring change for the economy was by establishing an entrepreneurial group in informal sector that could accommodate labor force with unemployment members particularly those in productive age range. Unemployment status was commonly found in youth within productive age range. Productive age range according to Government Regulation No. 41 of 2011 concerning Entrepreneurial Development and Youth Pioneering, also Youth Facilities Provisions, Chapter I General Provision, "Youth is Indonesian citizen who enter the important period of growth and development and range from 16 (sixteen) until 30 (thirty) years old".

Regarding close relationship between unemployment and poverty, Todaro (2000: 321) suggest that "...although unemployment and poverty cannot be assumed as identical, we would conclude that one of the main mechanism to reduce poverty and uneven income distribution in developing countries would be by employment creation..." For poor household in rural areas, long term economy recession would make them vulnerable toward job termination; they were also vulnerable to lose their business due to low market segment while production cost was always increasing.

Youth and Sport Ministry has tried to overcome unemployment and poverty issues by creating a program as an effort to developed entrepreneurial ethos and to improve Indonesian youth productivity which was known as Youth Entrepreneurial Group (KWP – Kelompok Wirausaha Pemuda). Youth Entrepreneurial Group (KWP) was one of productive business unit categorized into micro and small business, also having member of 3-10 young men/women. KWP development program was done by Youth and Sport Ministry in central and regional level.

In this study, author would like to use one development area of Youth Entrepreneurial Group (KWP), particularly in Sooko village, Sooko sub district, Mojokerto district.

## 2. STUDY METHOD

This study used descriptive qualitative approach with case study method where as author would like to describe and explain about implementation of Youth Entrepreneurial Group (KWP) program policies from Youth and Sport Ministry in Sooko village, Sooko sub district, Mojokerto district. Preliminary study in this study site has indicate the need of revitalization program since Sooko village as study site has 2 (two) Youth Entrepreneurial Group (KWP) that earn success and failure after receiving aid. Approach used in this study was using 5P approach and social capital utilization thus producing empowered KWP with productive youngs. This effort would be analyzed by using the causes of poverty in Sooko village by using Chambers poverty trap chain which was: powerlessness, isolation, vulnerability, physical weakness and poverty.

## 3. DATA ANALYSIS METHOD

Data analysis used in this study was using qualitative approach as stated by (Miles and Huberman, 2014:31) which was divided into three activity plot which were (1) data condensation, (2) data presentation and (3) conclusion withdrawing. Data obtained from interview and observation would be subjected to data selection process, paying extra attention toward data simplification, abstracting and transformation thus weighted data was obtained. This condensation data was presented in narrative text, analyzed and discussed until conclusion can be taken.

## 4. RESULT AND DISCUSSION

KWP program's policies from Youth and Sports Ministry in Sooko village can be described through interview with several informants either from Youth and Sports Agency of East Java province or 2 (two) chairman of the Youth Entrepreneurial Group (KWP) who receive *blockgrant*. Business fields of both persons were different, with shoe and sandal embroidery which failed to survive and oyster mushroom cultivation which still survive until now. Thus, in this study author would like to analyze how far does the Youth Entrepreneurial Group (KWP) program policies was implemented in Sooko village.

### a. Implementation of KWP program policies of Youth and Sports Ministry in Sooko village

In implementation guideline for the Youth Entrepreneurial Group (KWP) formation of 2010, the Youth Entrepreneurial Group (KWP) candidate recruitment has several absolute requirements that should be met such as having act of notary, their business has been run for minimum 2 years, having their business incorporation decree and other compulsory requirement. These requirements were quite hard for the Youth Entrepreneurial Group (KWP) candidate since they have to start their business from scratch. Beside, making act of notary was quite costly, and its administration process was quite complicated to be completed.

### b. Recruitment of KWP candidate

Based on implementation instruction KWP of 2010, criteria that should be met by group that wants to apply for financial aid would be as follow:

- They were not a legal entity like cooperatives, PT, CV, NV and other business body corporation.
- Met the criteria for micro and small enterprises. Micro enterprise was an enterprise with maximum net wealth Rp 50.000.000,00 (fifty million rupiahs) and have maximum annual selling of Rp 300.000.000,00 (three hundred million rupiahs). For small enterprise, it was an enterprise with net wealth more than Rp 50.000.000,00 (fifty million rupiahs) until Rp. 500.000.000,00 (five hundred million rupiahs) with annual selling of more than Rp 300.000.000,00 (three hundred millions rupiahs) until maximum Rp. 2.500.000.000,00 (two billion and five hundred million rupiahs).
- Have member of 3-10 young people.

However, those criteria was in contrast with the reality on the field where the group who receive blockgrant should possess act of notary and NPWP (Tax ID) as described by interview result from informants, whereas the cost involved in making act of notary was about Rp 2.000.000,00 and should be paid by blockgrant candidate while those Youth Entrepreneurial Group (KWP) were micro enterprises. According to author, this legality can be processed after they have blockgrant by involving monitoring from Youth and Sports Agency of districts/cities and coordinator of youth in districts/cities. The first determining requirement was that this form of KWP group should be proved by location survey and legal certificate from local village chief and stated the motive of KWP formation. It should be anticipated that those young people were not deliberately forming a group so that they could receive the blockgrant for their private use and should use it for the business development of their group instead. KWP program was designed specifically for micro and small enterprise to help their business expansion. Micro and small enterprises were one way for the people to alleviate themselves from near poverty such as Rudi to stay survive.

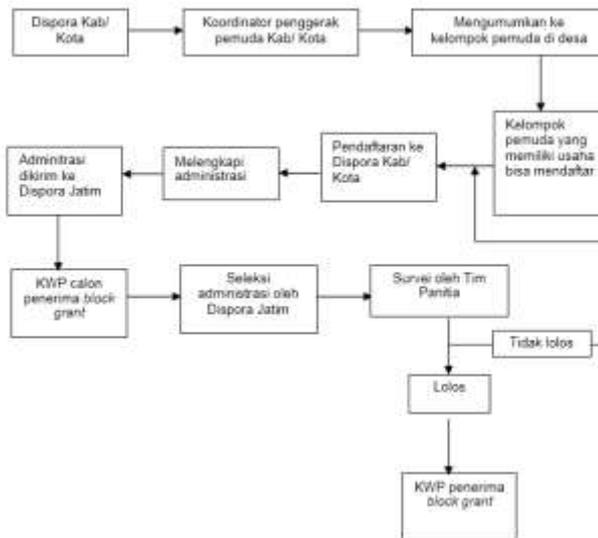


Figure 1. Recruitment flow chart of KWP candidate to become *blockgrant* receiver

## 5. KWP TRAINING

The objectives to conduct training were to give knowledge, insight and skill for young entrepreneur within KWP to improve their independency, capacity, competency, professionalism and competitiveness. This training was done by Youth and Sports Agency of East Java province to the Youth Entrepreneurial Group (KWP) that receive blockgrant once in a year after selection process and before the aid was liquefy as the preparation for business implementation for 3 (three) days by giving managerial material concerning business management. Training was done once a year related with budget constraint in Youth and Sports Agency of East Java province.

## 6. AID DISTRIBUTION OF THE YOUTH ENTREPRENEURIAL GROUP (KWP)

In blockgrant distribution, KWP should submit proposal in accordance with its business field. This was done so that blockgrant use would be transparent so that it would clearly help the business of KWP. After proposal was verified, and aid has been liquefy then financial division of Youth and Sports Agency of East Java would conduct *blockgrant* transfer to bank account of each group. This process was done to avoid corruption and nepotism.

### 6.1. Social Capital Investment

Loury in Coleman (2009:415) define social capital as the collection of source which attached in family relation and in community social organization and one that beneficial for cognitive and social development of young people and children. Social capital would attach to relation structure between people and among people and not in individual or physical production tool. Similar statement was also given by Hasbullah (2006:5) who stated that social capital was more emphasized toward group potential and relationship pattern between individual in a group and inter-group with more attention given toward social network, norms, values, and trust between individual which was born from member of the group and became the group's norms.

Based on this social capital definition, it was important for a group as in KWP to possess social capital so they could create positive relation between members and create positive impact for their group particularly for the business development of the Youth Entrepreneurial Group (KWP).

Hasbullah (2006:9) suggest that the core of social capital study lies on what is the community ability within an entity or group to work together building a network in order to attain common goals. This cooperation was affected by a two way interrelation pattern and mutually beneficial, also build above trust supported by strong social and positive values and norms. This strength would be maximum if it was supported by proactive spirit to create relationship above the principles above. Therefore, according to Hasbullah (2006:9-16) there were 6 (six) main element within social media such as participation within a network, *reciprocity*, *trust*, social norm, values and proactive acts.

First element was participation within a network. One of the success key to build social capital would lies in the desire of the member and its chairman to involve himself in a social relation network.

Second social capital element was *reciprocity*, the tendency to exchange merit between individual within a group or inter group itself (Hasbullah, 2006:10). Exchanging merit among member within Youth Entrepreneurial Group (KWP) or among member and head of the Youth Entrepreneurial Group (KWP) is highly important since it would create openness and more information for the sake of the business. Member within Youth Entrepreneurial Group could give suggestions for business development, and the chairman of the group could also do the same, thus creating a feeling of belonging in the business.

The third social capital element was *trust* or has faith in one another. To found out its implementation, we could see it from interview result toward KWP that receive *blockgrant*. This trust was also given by Youth and Sports Agency of East Java province toward all of the Youth Entrepreneurial Group that receive *blockgrant*, with the authority given toward Youth Entrepreneurial Group to manage *blockgrant* financial aid, this trust should not be abused and they're suppose to be proposal and accountable report for financial aid utilization.

The fourth social capital element was social norms that would highly contribute to control the form of behavior within the community. These collective rules were normally unwritten but it was comprehend by each member and determine behavioral pattern expected in the context of social relation (Hasbullah, 2006:13).

The fifth social capital was value, which was an idea that was considered appropriate and important by member of community (Hasbullah, 2006:14). Social values from Youth and Sports Agency of East Java province was to encourage KWP in developing their business by giving appreciation for successful KWP such as by registering KWP in superior product exhibition held by Youth and Sports Agency of East Java agency or by taking order of their products.

The sixth social capital element was a proactive act, in which they could involved themselves and seek for opportunities that could enrich, not just material but also social relationship and profitable for the group, without giving adverse effect for other, in cooperation (Hasbullah, 2006:16). It can be concluded that by giving routine business development report, it would give positive impact by attention given by Youth and Sports Agency of Mojokerto district and there was also visitation from Youth and Sports Ministry.

## 6.2. Disentangled Poverty Trap Chain in Sooko village

The Youth Entrepreneurial Group (KWP) existed in Sooko village were Karya Muda Mandiri and Bina Insan Mandiri which were start up businesses and micro enterprises. Result of the study obtain that member of KWP were young people that were waiting for employment or purely unemployed. They became member of KWP since they would like to help with their family income since their parent's income was not yet sufficient to meet the daily needs. In average, they would possess Junior High diploma thus their bargaining power to get a decent job was very low. Those young people has a strong desire to continue their education until senior high school but their family needs should be prioritized thus they would helplessly accept it. Therefore, appropriate job for them would be in informal sector such as done by the Youth Entrepreneurial Group. The existed limitation has made the business run by the Youth Entrepreneurial Group still not yet optimized and their income was still insufficient to meet their daily needs. Those young people was demanded to look for other occupation so that they would not dwell in poverty. Those young people was like a prey to poverty trap as wrote by Chamber (1987:133) which consist of powerlessness, vulnerability, physical weaknesses, poverty and isolation.

## 7. CONCLUSION AND SUGGESTION

Policy implementation of the Youth Entrepreneurial Group (KWP) program from Youth and Sports Ministry in Sooko village that was done by Youth and Sports Agency of East Java province was not yet effective. This was due to village apparatus was not involved in recruitment phase although village apparatus could also monitor the development of the program.

The existence of the Youth Entrepreneurial Group (KWP) in Sooko village has its own benefit such as accommodating unemployed young people in Sooko village so that they could help to sustain the business of young people in Sooko village. Unemployment status from open unemployment to closed unemployment means that they do have business but still lacking in its working hours. The working hours were still less than what they desired. Those young people were demanded to be active in looking for other job so that their unused working hour could be useful and raising income for those who came from poor household.

From result of this study, we would like to suggest that Youth and Sports Agency of East Java province should conduct the Youth Entrepreneurial Group (KWP) candidate recruitment by involving village apparatus so that village apparatus could also monitor the development occurs in Sooko village. Furthermore, training for the member of the Youth Entrepreneurial Group should be done more than once or in gradual manner as the strengthening so that the Youth Entrepreneurial Group possess adequate knowledge, insight and skill in managing its own business. If it was possible, training should be given in the form of partnership considering their business condition was as startup and micro enterprises thus it would need an intensive partnership.

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