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# **Are Wealthy Regions Also Entrepreneurial? The Case of Indonesia**

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# Entrepreneurship and regional development

- Entrepreneurship is a regional event ( Sternberg and Rocha, 2007)
- It derives both by opportunity and necessity
- Research in developing countries is less advanced
- Entrepreneurship as a cornerstone of economies policies



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# TO WHAT EXTENT DO REGIONAL DIFFERENCES PLAY A ROLE ON SHAPING LOCAL ENTREPRENEURIAL ACTIVITY IN INDONESIA?



## SHARE OF FIRM BY SECTOR



**#1**  
**WHOLESALE OR RETAIL  
TRADE, RESTAURANTS  
AND HOTEL**

**Establishment**

**Start-up**



47,7

58,5



3,0

5,0



6,8

6,7



13,0

10,8



## SHARE OF FIRM BY SECTOR



### Establishment Start-up



1,8

2,5



26,2

15,9



0,1

0,1



1,4

0,6

#2  
MANUFACTURING  
INDUSTRY



## SHARE OF FIRM BY SECTOR



**#3  
SERVICES**

**Establishment**

**Start-up**



**47,7**

**58,5**



**3,0**

**5,0**



**6,8**

**6,7**



**13,0**

**10,8**



## SHARE OF FIRM BY SECTOR



### Establishment Start-up



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### Establishment Start-up



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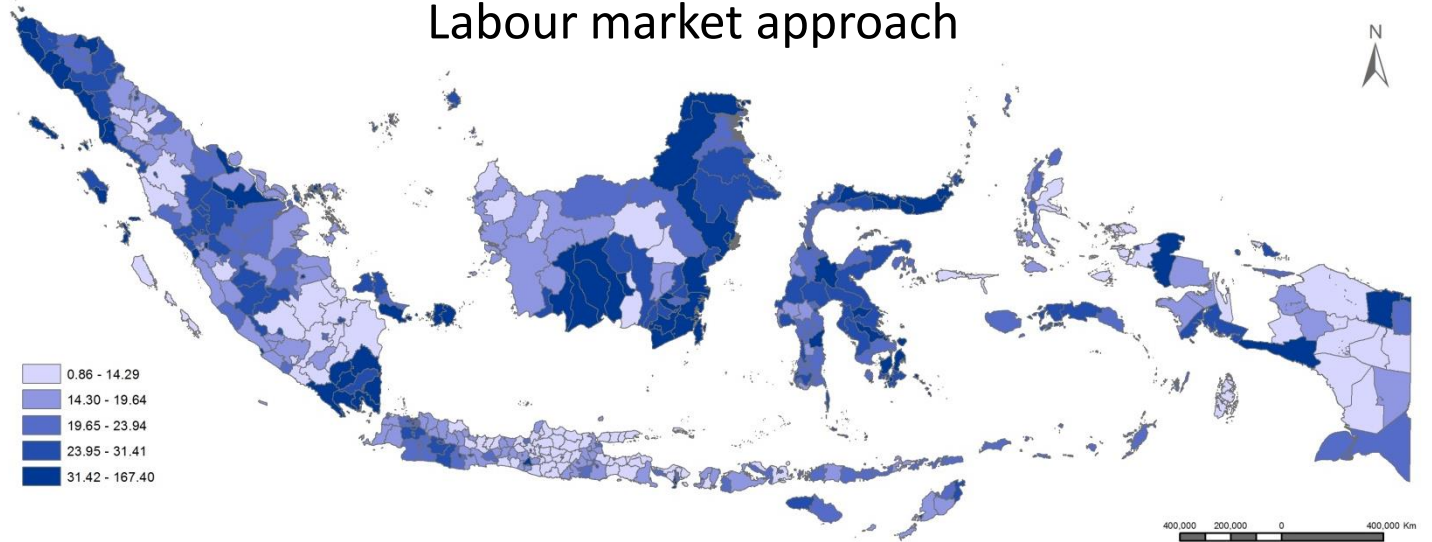


# MAPPING START UP

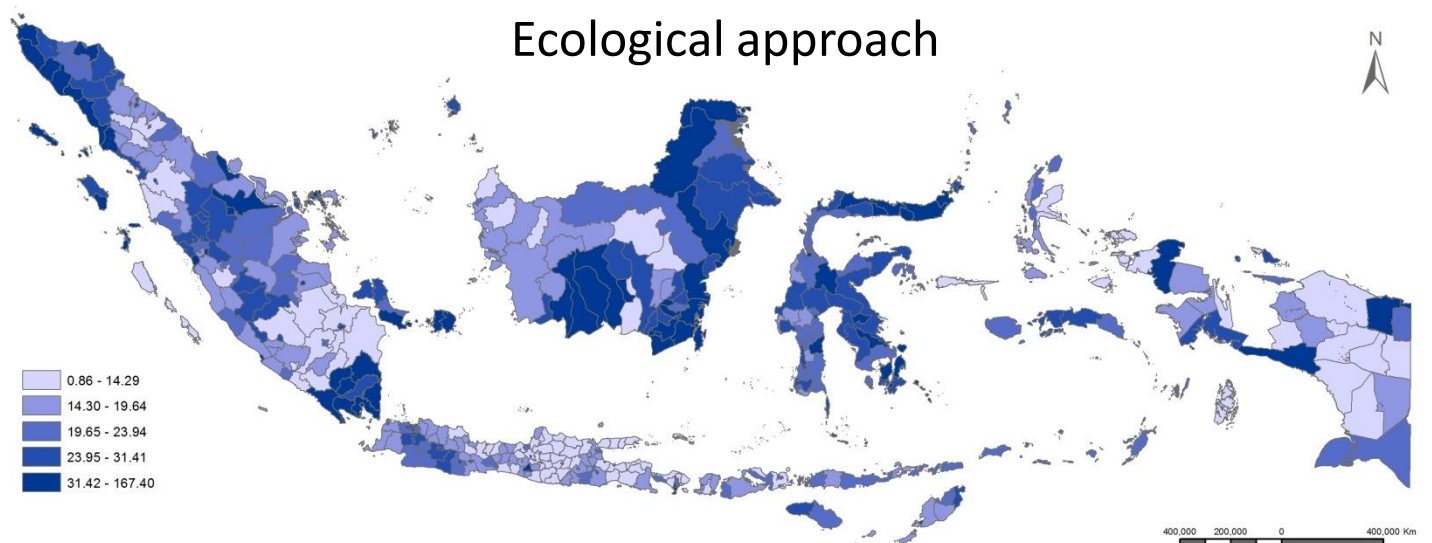


- Regional variation of start-up is present
- Start-up in Java and Bali are generally lower partly due to
  - ❖ Job opportunities
  - ❖ Minimum wage
  - ❖ Fiscal Transfer
- Regional variations in the informal start-up rates are higher

Labour market approach



Ecological approach







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# THE EFFECT OF ECONOMIC DEVELOPMENT ON START UP



**MOST OF START-UP ARE UNREGISTERED INFORMAL BUSINESS**

**REDUCE COST AND SHORTEN PLANNING PERIOD**

**LACK OF BENEFIT AND WEAK OF CONTROL BY  
GOVERNMENT (LAW ENFORCEMENT)**

**UNEMPLOYMENT TRIGGER ENTREPRENEURSHIP --- SUPPLY**

**SIZE OF MARKET DEMAND (POPULATION DENSITY)  
INFLUENCE ENTREPRENEURSHIP ---- DEMAND**



**THE ACTUAL START-UP ARE POTENTIALLY HIGHER**

**#1 IDENTIFICATION OF SURVIVAL FACTOR**

**#2 TO WHAT EXTENT DO GOVERNMENT PLAY ROLE IN  
INCREASING THE SURVIVAL RATE OF START-UP**



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# Thank You

