

# Assessing of Poverty Alleviation Model based on the Entrepreneurship Spirit in Tourism Villages

Ni Nyoman Aryaningsih

**Abstract---** *The rapid development of the tourism industry raises various challenges and opportunities for economic activity. As a result, economic agglomeration appears in one region on one side, but there is economic disagreement in other regions that will cause new poverty, especially in rural areas. Village tourism development as a government policy is an alternative to alleviate rural poverty. The purpose of this study was to analyze the pattern of poverty alleviation in tourist villages based on the entrepreneurial spirit. Data were collected by survey, interview, and questionnaire. Data analysis techniques used inferential statistics with multi-variables. The results of the study show that the pattern of poverty alleviation in rural tourism can be done by building time discipline, creativity, access to information, mindset to create a value of opportunity, so as to form habits in life. The benefits of the results of this study can create employment opportunities for rural communities in order to prosper.*

**Keywords---** *Poverty alleviation, Entrepreneurship Spirit, Tourism Villages*

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## I. INTRODUCTION

The topic of poverty is a world issue from the past until now. The problem of poverty, especially in the third world, is the main topic that must be resolved. Poverty is a condition of society where they do not have enough purchasing/income to fulfill basic/primary needs, such as clothing, food, and housing needs. Some countries in the world such as Somalia, Sudan, Ethiopia, poverty are caused by the very low income and purchasing power functions. Even the real 10-year GDP (1989-1990) is negative 1.3% [1]. Real GDP is negative due to the low investment value, so the absorption of employment is low and the input resource factors are also low.

World Bank report [2] stated that poverty in several countries in the world is caused by an index ratio below 50%, financial costs are very high, so the cycle of economic growth does not run normally. Therefore, to maintain economic growth, and to reduce income inequality and poverty at the expected standards, it is necessary to support the government, society, political stability in each region. Based on poverty estimation for the period of 1990-2013 [2], the highest poverty gap ratio occurred in Sub-Saharan Africa by 15.9% the next order occurred in South Asia by 2.8%. Poverty rates throughout the world occur in rural areas, agriculture, non-formal education. The number of poverty seen from the aspect of geography is the highest in sub-Saharan Africa at 50.7%, poverty in the second place in South Asia is 33.4%, and poverty level in the third place in East Asia and Pacific at 9.0%.

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The territory of Indonesia is part of Asia and Pacific, which also has a relatively high poverty rate. [3] that the poverty line in Indonesia in March 2014 was 40%, with a monthly consumption cost per person IDR 302,735.00 world bank standards. Nearing the end of the year the number of household poverty reached 55%. In 2014 rural poverty amounted to 13.5% greater than the urban poverty of 8.2%. The eastern part of Indonesia has a higher poverty than other regions. Indonesia's ratio index is 51%, and 49% national income is enjoyed by the rich. This is a sign that the risk of society in the future is very high, especially the people who are active in the agriculture sector and have a non-formal education.

[3] reveals its impressive results that in the government's 2010-2014 medium and long-term (RPJMP) planning that to reduce the amount of poverty in Indonesia three cluster programs are offered, namely (1) providing social assistance to meet basic needs through direct cash assistance by the government. [4, 5] stated that poverty reduction was done by improving food energy, health and economic growth; (2) strengthening the community through providing funds for the poor to improve social, economic and service needs; (3) strengthening of micro-institutions by providing non-collateral credit for micro-small businesses in 2015-2019 The Government RPJMP focuses on poverty reduction programs through the exclusive growth process with a target of 11.4% in 2014 to 6% -8% in 2019.

The government's program strategy that will be carried out is to create new job opportunities, improve the investment climate, especially labor-intensive industries, and small businesses. The government will also make improvements to infrastructure to support rural economic activities and disaster-prone areas. [6],[7] that the results of the study are suggested that infrastructure improvements and government support be prioritized to achieve economic growth rates, especially rural economies. [8, 9] he said that to increase economic growth from the agricultural sector and reduce poverty, efforts should be made to create jobs by utilizing marginal land into creative economic opportunities, creating linkages/value chains of farmers' production into rural economic values, facilitating access to information and markets, providing capital assistance to create employment opportunities. Effective use of leisure time for rural communities by carrying out various economic activities and utilizing village financial micro finance institutions can help to foster a national economy [10]. This was also obtained by sharing research studies that the contribution of real GDP growth was also contributed by small businesses and rural entrepreneurship as an alternative solution to the problem of poverty [11].

Bali as a world tourism destination is also inseparable from the problem of poverty. Income inequality in urban and rural communities has led to economic transformation and urbanization problems. To prevent urbanization, one of the government's efforts to develop tourism village development programs. [12]-[14] The alleviation of the rural poverty can be done through the development of tourism villages. Given the government's program in Indonesia that the tourism sector is a leading sector as a pre-eminent program for creating high economic growth. Here another village has the economic potential to support the growth of the sector so that it coexists with the agricultural sector. Tourism village development through agro-tourism, nature tourism, cultural tourism as an effort to develop activities and grow new entrepreneurs. Therefore, people who have an entrepreneurial spirit will easily make changes in attitudes, mindset, habit, so that they can generate new economic values and help the housing program solve the problems of rural poverty.

The purpose of the research was to study, analyze and assess entrepreneurship-based poverty alleviation models. The impact of the results of this study is the flight of mindset, creativity, individual independence of rural communities in managing and exploiting the potential of rural economy.

## II. LITERATURE REVIEW

Poverty is a global problem. Poverty is caused by the scarcity of satisfying tools to meet basic needs, as well as difficult access to education and employment. The poverty described by the World Bank is every individual who has an income of less than \$ 2 per day. Around 21% are declared world population as poor. Various expert studies mention the factors causing poverty are behavior, choices, abilities (competencies / skills), education and livelihood sources and natural disasters. The steps taken to reduce poverty by policy makers in various countries are very diverse. Poverty alleviation in China is carried out using the Village Revitalization approach to improve livelihoods with three models, namely material, social, and spiritual [12]. The State of Southern Laos took steps to alleviate poverty through the development of eco-tourism projects, so that the active involvement of the private sector in the development of financial capital and local culture to help the government and society [16].

Empirical studies conducted between 1999 and July 2014 critically analyzed poverty alleviation including issues, namely geographical scope, level of analysis, tourism context, poverty measure. An integrative approach and contribution of tourism as a step to poverty reduction. Recommendations and expectations in the future that poverty reduction can be done with a study on the association between tourism initiatives, poverty levels and the economic, socio-cultural and environmental conditions of the poor [17]. Poverty alleviation is in line with the UN's expectations. Multidisciplinary studies and the development of sustainable tourism programs [18]. Poverty alleviation policies in various countries are very diverse. Indonesia pursues poverty alleviation policies, one of them through poverty alleviation. direct cash assistance (DCA), but DCA is not an effective program to solve the problem, developed countries have a priority in alleviating poverty for very weak people, so that the target of assistance/programs is right on target.

The solution to the problem of poverty has been taken a lot by taking the policy of developing tourism programs, such as developing sustainable tourism, rural tourism, and creative tourism. Research conducted by [19] that the development of tourism villages as alternative tourism can be promoted based on four keys: 1) careful design and planning in accordance with creative ideas, 2) caution in the design and planning of tourism development that is according to the market, 3) the involvement of people who are able to think, plan, use resources, and share consequences, and 4) design tourism that adheres to the concept of sustainable tourism.

The study was conducted by [20] that the tourism industry has brought an inevitable change in the perception of rural populations. The transformation includes the impact of tourism development and economic efficiency on the traditional values of the population, lifestyle, and interpersonal relations in ancient villages as a heritage value. The results of the qualitative analysis show that the impact of tourism development on people's perceptions of changes in moral values. Tourism development is the main catalyst for changing the moral values of the local population, so that the village community can quickly solve the problems it faces. Other researchers such as [21] have analyzed employment growth for ten years (2006-2015). Panel data analysis was carried out to investigate the role and linkage of creative industries in broader economic growth in an effort to reduce the amount of poverty. Efforts to support economic growth as a source of income in the creative industries require the involvement of other economic sectors.

An empirical study was tested by [22] on the influence of two groups of individual-level factors (socio-economic, demographic characteristics and perceptions) and two groups of country-level factors (both formal and informal institutional steps) and macroeconomic variables ) at three stages of the entrepreneurial process. The analysis was carried out on the interaction between individual factors and context in the beginning, young and well-established entrepreneurs in 49 different countries. Data were tested by applying multilevel binary logistic regression models. The findings are that entrepreneurial activities are led by men, highly educated entrepreneurs are more oriented to starting new businesses. The existence of a wider network of people involved in entrepreneurship contributes to updating information about new markets and opportunities, which leads to more accurate entrepreneurial decisions.

The level of development of a country is an important determinant of entrepreneurship but also moderates the relationship between entrepreneurship and institutional factors. Thus poverty alleviation also begins with the formation, training of young entrepreneurs with formal and informal education, both modern and rural urban areas or urban sprawl areas. An increase in individual opinion will indirectly be generated by a young generation of entrepreneurial spirits both living in the countryside or in cities.

Research studies conducted by [23] that the development of rural and urban tourism there is no difference between the effects of positive perceptions on community participation, and the indirect effects of negative perceptions. This study makes a significant theoretical contribution to urban and rural tourism as well as population perceptions by comparing rural and urban populations. Research studies have been conducted by [24] that the formation of positive intentions in managing eco-tourism programs and encouraging community participation. This study is directed at policy makers to take management policies that are relevant to enhance environmental knowledge and sustainable economic development. The benefits of this eco-tourism program are to encourage community involvement in supporting environmental planning to ensure environmental conservation practices among tourists and local residents.

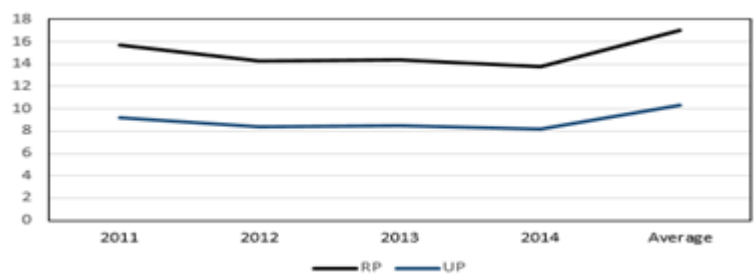
Based on the results of empirical and theoretical studies that poverty alleviation can be achieved through the creation of an entrepreneurial spirit through formal or informal education accompanied by the development of sustainable rural tourism programs by involving community participation. One model that can be drawn up is the poverty alleviation model with an entrepreneurial spirit based on village tourism. The design of this model refers to research studies [25]-[27] that to develop sustainable tourism, we must be brave in dealing with making risky decisions and starting from small businesses from rural areas by involving local communities.

### **III. DATA COLLECTION**

This research used the quantitative-qualitative approach. The quantitative approach is to obtain secondary data information about poverty levels based on urban and rural areas within a certain time period. A qualitative approach is used to access information and individual opinions about economic activities throughout the day that have been implemented in order to meet the needs of life. The information obtained relates to how individuals understand related to rural tourism development programs, decreasing the amount of rural poverty, and the role of individual economic activities in the direction of the entrepreneurial spirit. Data were collected by survey, interview, and questionnaire. Data analysis techniques used inferential statistics with analysis of the effect value in the income per capita group with multi-variables.

### **IV. I. DATA ANALYSIS OF POVERTY IN INDONESIA**

Based on secondary data published by the Central Bureau of Statistics (BPS), [14] Poverty in Indonesia is seen from the geographical area of rural poverty is higher than poverty in urban areas. The results of surveys and interviews with farmers and household industry workers found that the contributors to rural poverty in Bali were sourced from agriculture and manufacturing, non-formal education, and even the majority of farmers and home-based industries were educated only about 84%. The poverty graph in Indonesia is shown in FIG.1 Comparison of poverty levels in Bali and national shows that Bali's poverty is lower than the national average. The poverty line in Bali is shown in Fig.2.



**FIG. 1.** Poverty line in Indonesia (sources: BPS,2015)

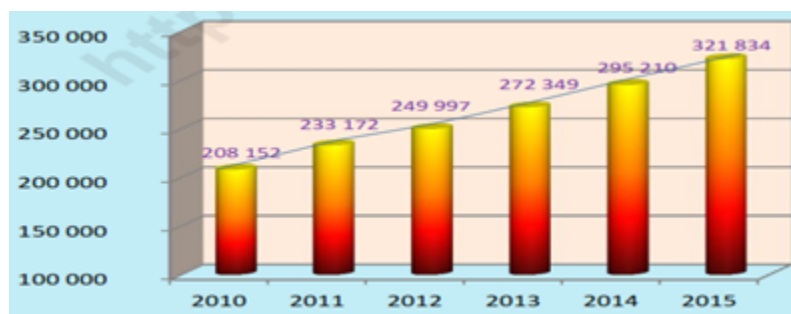
FIG.1 shown the development of rural poverty (RP) and urban poverty. Rural poverty has a tendency to increase greater than urban poverty (UP) for 5 years. For poverty alleviation in Indonesia the government has implemented several programs, namely: (1) providing social assistance to meet basic needs through direct cash assistance by the government of IDR 300,000, per month for poor families; (2) strengthening the community through providing funds for the poor to improve social, economic and service needs; (3) strengthening of micro finance institutions by providing non-collateral credit for micro-small businesses. The impact of this government program, caused the poverty rate to decrease between 0.5%-1.8% in the same period. Therefore, an in-depth study of the implementation of poverty programs is needed to change the amount of poverty with the increasing adoption of technology in various poverty programs in Indonesia.

#### IV. II. DATA ANALYSIS OF POVERTY IN BALI

The number and level of poverty in Bali experienced a change which tends to increase which is shown in “FIG. 2” Changes in poverty in Bali as shown in “FIG. 2”, tend to be caused by changes in people's income levels to decline, so that purchasing power becomes low. The government’s policy through the provision of assistance from the poor tends to be used less optimally if the use of orders is not monitored. For this reason, assistance from universities is needed to work with non-governmental organizations to jointly control the use of such assistance. This is an effort to foster habits and self-discipline in using assistance so that community independence can be built.



**FIG.2.** Number and Percentage of Poor People in Bali Province



**Fig. 3.** Growing of income per capita in Bali Province

#### IV. III. DATA ANALYSIS OF INCOME PER CAPITA IN BALI

The level of income per capita per month in Bali for 5 years also experienced an increase. This indicates that poverty alleviation through rural economic development programs can trigger economic growth. Even in 2015 income per capita in Bali amounted to IDR 321,834.00 above the standard income value set by ADB in 2015 of IDR 302,275.00. The development of income per capita in Bali Province can be shown in Figure 3, the below.

Denpasar, Badung, Gianyar, and Tabanan (sarbagita) of the four districts that had the highest income group was obtained by the city of Denpasar by 44%, Tabanan by 43.88%, Gianyar by 40.62%, and Badung by 39.71%. The regency that has a middle income group is obtained by Badung by 39.58%, Gianyar by 38.79%, Denpasar by 37%, Tabanan by 36.76%. The districts that had the lowest income group were obtained by Denpasar city by 19%, Tabanan by 19.37%, Gianyar by 20.59%, and Badung by 20.7%. TABLE I shown the comparison of income groups of impact spirit entrepreneurship for each district in 2015.

**TABLE I. COMPARING OF INCOME PER CAPITA IN BALI DISTRICT**

Area/Standard	Lower (%)	Midle (%)	Upper (%)
Standard	40	40	20
Denpasar	19	37	44
Badung	20.7	39.58	39.71
Gianyar	20.59	38.79	40.62
Tabanan	19.37	36.76	43.88
Bali	17.84	37.35	44.81

TABLE I shown the comparison of the effect elasticity of per capita income in four regencies in Bali, the effect value/ elasticity of income can be calculated from the aspect of micro economic studies. The value of the income group effect of each district can be calculated: "higher income groups minus lower-income groups then divided by lower income groups in each district".

## V. I. CALCULATING OF INCOME VALUE EFFECT IN BALI

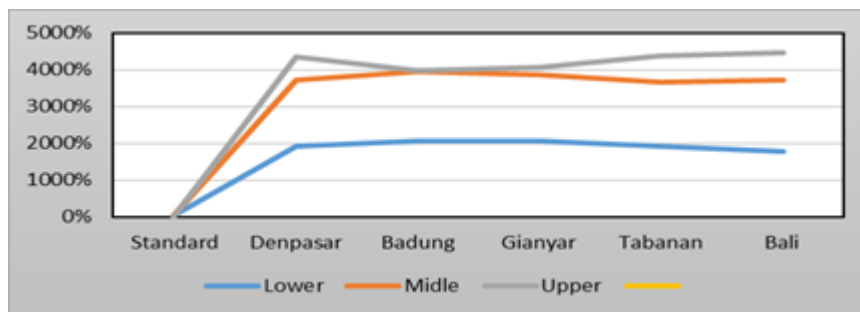
The results of the calculation of the effect value of the income group are four regencies in Bali as shown in Table II. The Lower-Middle (L-M) column is the lowest rating of the income group effect to the middle income group.

In the assessment of the Lower-Middle effect, the highest effect value in the city of Denpasar was 0.94, while the lowest effect value was in Gianyar regency of 0.88. The assessment of the Lower-Upper (L-U) effect is indicated by the highest effect value obtained by Denpasar city at 1.28, the lowest effect value obtained by Badung regency is 0.92. The Middle-Upper (M-U) effect assessment is indicated by the highest effect value obtained by Tabanan Regency by 0.19, while the lowest effect value obtained by Badung regency is 0.03.

**TABLE II. THE EFFECT VALUE OF INCOME CHANGED IN BALI DISTRICT**

AREA/STANDARD	THE EFFECT VALUE OF INCOME CHANGED		
	L-M	L-U	M-U
Standard			
Denpasar	0.947203	1.280188	0.171007
Badung	0.912077	0.918357	0.003284
Gianyar	0.883924	0.972802	0.047177
Tabanan	0.89778	1.265359	0.193689
Bali	1.09361	1.511771	0.199732

To clarify the results from TABLE I and TABLE II as a summary can be described as shown in Fig. 4.



**FIG. 4.** Income per capita distribution of district in Bali Province

FIG.4. shown a comparison of the development of the distribution of income percapita in four districts in Bali including Denpasar, Badung, Gianyar, and Tabanan. The biggest condition of income changes in per capita was shown in Denpasar. The lowest change in income was shown by Badung regency. Gianyar and Tabanan regencies were classified as medium changes. The results of testing the questionnaire for measuring entrepreneurship spirit from four regencies in Bali shown that the greatest economic opportunities and entrepreneurial spirit occur in Denpasar City. Whereas Denpasar, which has the largest population density in Bali with an average of 6,884 people/km<sup>2</sup>, although it is also covered with social, economic and cultural problems. The results of the study and calculated of the value of effect income from micro-economic studies, Denpasar city is able to take advantage of economic and business opportunities by creating an entrepreneurial spirit. Badung Regency which upholds the existence of income sources from the tourism sector and the development of tourism villages can only get the lowest value of the per capita income group effect.

Some of the results of the questionnaire analysis to strengthen the description of the condition of Badung district that the management of economic potential of input resources is still low, the management of information networks of rural communities with the market has not been well developed. Business actors in North Badung especially in an effort to increase

income through market access are only done individually, the habit of working is also pleasure in filling time, lack of professionalism, the lack of cooperation with government institutions, lack of leadership supervision.

This causes poverty problems to be delayed through entrepreneurship. These results strengthen the study [2],[3],[15] that poverty problems from the social, economic, an using of the time, and cultural aspects can be solved by creating income generating. In line with the results of research [12],[14] that the development of tourism villages with the aim of poverty reduction can be done by utilizing effective working time, traditional market access alongside modern markets, utilization of potential community locations, creating local economic potential such as home industry, attention and the closeness of leadership with the community, and the application of supervision through government regulations/policies.

## **VI. STUDY RESULTS, SUMMARY AND CONTRIBUTION**

Based on the description of the problem, objectives, and results of the study discussion, it can be concluded that the assessment of the rural poverty-based poverty alleviation models for tourism village development is calculated from the results of the analysis of the effect value of income percapita group is still relatively low. The management of the potential of input economic resources has not been maximized, market access for the development of tourism villages has not been well developed, supervision of leaders as policy breakers have not functioned optimally. Eradication of urban poverty based on enterpreneurship spirit for the development of tourism villages is very effective. Support government regulations or policies, a creation of income generating, time utilization, traditional market access alongside modern markets, utilization of potential community locations, leadership attention, and community group approaches to foster the spirit of entrepreneurship.

The study found that tourism village of income growth based on entreprenurship spirit had been obtained by the city of den seen from the effect value of income. Income growth compared to other districts is due to Denpasar increasing the productivity of its people by developing the industry of creativity and innovation in young people of productive age. Market information network to open market share is achieved by the city of Denpasar by utilizing e.commerce.

. The study also support academic department and researchers to investigate poverty alleviation models associated to entreprenurship spirit in rural tourism at Bali Province (four district). However the results of this study as a recommendation for the development of more specific research that the spirit of entrepreneurship can increase community participation and individual income. Intra-preneur factors need to be tested as a basis for further research.

## **ACKNOWLEDGMENT**

Author of this study would like to thanks to the ICAST Committee for being the venue for the International Scientific Forum, the Indonesian Polytechnic Leadership, the Bali State Polytechnic Leader, and the entire academic community to share knowledge for future research improvements in vocational colleges. Finally author would like to thank the journal providing the opportunity to publish the valuable findings of this study.

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