

ISBN : 978 - 602 - 0942 - 37 - 7

CONFERENCE  
**Proceeding**

**ONE  
ASIA<sup>2</sup>**

International  
seminar  
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of One Asia  
community

# Exploring Ideas in Entrepreneurship within Asia Community

PUBLISHER:  
FISIP UNPAS PRESS



**August,**  
11<sup>th</sup>-18<sup>th</sup> 2020

**UNIVERSITAS PASUNDAN**  
IS PART OF ASIAN COMMUNITY



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Community”**

**Bandung, 11<sup>th</sup> – 18<sup>th</sup> August 2020**

**FISIP UNPAS Press**

**Alamat Penerbit:**

**Fakultas Ilmu Sosial dan Ilmu Politik**

**Universitas Pasundan Bandung**

**Jl. Lengkong Besar No. 68 Bandung, Indonesia, 40261**

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**FISIP UNPAS Press**

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**Alamat Penerbit:**

**Fakultas Ilmu Sosial dan Ilmu Politik**

**Universitas Pasundan Bandung**

**Jl. Lengkong Besar No. 68 Bandung, Indonesia, 40261**

**Tlp/Fax: +62 22 4205945, 4262456**

**Email: publikasi.fisip@unpas.ac.id**

**Cetakan Pertama, September 2020**

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# BUILDING THE YOUNG GENERATION OF ENTREPRENEURSHIP OF INDONESIA FROM COMMUNITY ECONOMIC PRINCIPLES ACCORDING TO THE MANDATORY OF THE UUD1945

Amanda Juniar Larasati<sup>1</sup>, Anthon F Susanto<sup>2</sup>, Rosa Tedjabuana<sup>3</sup>

<sup>1,2,3</sup>Faculty of Law, Universitas Pasundan, Bandung  
antonfsusanto@unpas.ac.id

**Abstract.** The legal principle that becomes the basis for the process of achieving people's welfare is Article 33 of the UUD 1945, which has the substance of the value of business democratization, even though the times are changing, human needs are increasingly complex, and community relations are expanding to the global realm which can affect changes in the Indonesian economic system. The people's economy is the national economic identity which is starting to be forgotten because it has been eroded by the liberal economic system. Therefore, the younger generation needs to be encouraged to have an entrepreneurial spirit based on a people's economy in order to maintain the national identity and be able to stabilize the country's economy. Cooperatives are known for their principles of togetherness and mutual cooperation. As a young generation, it must be able to preserve these principles with a more creative and strategic implementation. Therefore, the younger generation needs to be encouraged to have an entrepreneurial spirit based on a people's economy in order to maintain the national identity and be able to stabilize the country's economy.

**Keywords:** Entrepreneurship, Young Generation, Community Economy

## I. INTRODUCTION

Based on Law Number 40 of 2009 concerning Youth, what is meant by youth is Indonesian citizens aged 16 (sixteen) years to 30 (thirty) years. The younger generation who are now often referred to as Millennial Generation and Generation Z are technology literate generations. Technology is the result of the times used by humans to facilitate their work and activities. The younger generation is the golden generation who are expected to be able to make changes and contribute to the nation and the country. The role of the younger generation is very vital in the country's economic development. The younger generation needs to strive to develop themselves to be able to compete in today's competitive era, by continuing to learn and seek experience to find a strategic innovation point so that it can play an active role in development. The role of government in the education sector is also vital to form a competitive and quality generation. A good education will produce a good generation.

The entrepreneurship sector is also a very important issue that needs to be discussed because it is one of the sectors that makes a big contribution to the country's economic development and the improvement of people's welfare. Entrepreneurship is a sector that is able to attract the attention of Indonesia's young generation to be able to see opportunities and generate innovative ideas in order to compete in the domestic area to international coverage. However, as reported by Kompas.com, the standard of entrepreneurship per 2019 owned by developed countries is above 14% (fourteen percent), while Indonesia only has a percentage of 3.1% (three point one percent), and is still below the countries Other Southeast Asia which has a percentage of 4% (four percent). This is a serious problem and must be done accelerated to improve the existence of entrepreneurship in Indonesia. The factor that influences this is the mindset of the community, including the younger generation who prefers to find work in

state agencies or private agencies rather than entrepreneurship. The low quantity of Human Resources in the entrepreneurial sector and regulations that have not been able to accommodate entrepreneurial needs creates these obstacles. The education system in Indonesia that does not provide a curriculum on entrepreneurship is also an inhibiting factor in the growth of the quantity and quality of entrepreneurs in Indonesia. Education is the basis for shaping a more open mindset for the younger generation and implementing it in the form of innovation and creativity that encourages young people to understand the advantages of entrepreneurship. The government must have an effort to attract the attention of the younger generation to start innovating and dare to be involved in the entrepreneurial sector in order to help improve the country's economy.

The people's economy is an important milestone in the Indonesian economy, because the people's economy is considered capable of providing welfare for all people. Cooperative is one of the implementations of the people's economic system that is owned by our nation. However, due to the times and many outside influences, the existence of cooperatives is currently very declining and closed by the number of corporations that exist based on the principles of liberalism and capitalism. The form of corporation or business entity that dominates the business world in Indonesia is a Limited Liability Company such as banking. Where, with the convenience of credit agreements offered by the banking sector, many people are in great demand, including consumer loans, productive loans, and investment loans. Even, from data from the Financial Services Authority (OJK) in the North Sulawesi region in November 2018, bank credit disbursements reached IDR 34.3 (thirty-four point three) trillion. The high public interest in the ease of credit provided by banks can indirectly kill cooperatives. Including the younger generation who have an interest in entrepreneurship and need capital credit, they can be encouraged to take

advantage of the existence of cooperatives that are based on a populist economy and kinship. So, it takes a younger generation who recognize Indonesia's populist economic system and are able to maintain it, one of which is to strive for the existence of an ideal and strategic cooperative.

## II. BASIC THEORY

### A. Entrepreneurship

Entrepreneurship is simply defined as the ability or behavior of a person who can create something useful. An entrepreneur is someone who exerts resources and innovation in creating something new and innovative. Efforts to maximize these resources by finding the right business design, ideas, innovations, processes, controls, and goals. Someone who is entrepreneurial is someone who has a trading spirit. The creativity and innovation of an entrepreneur can be translated into his business management. The elements of entrepreneurship include social, community, innovative, and economic activity values.

### B. People's Economy

The people's economy is a system adopted by Indonesia. In accordance with the mandate of Article 33 of the 1945 Constitution which reads "The economy is structured as a joint effort based on the principle of kinship". "The land, and water and the wealth in it are controlled by the state and used for the greatest prosperity of the people" (Article 33 paragraph 3 of the 1945 Constitution)[1]. Whereas, in accordance with the mandate of the 1945 Constitution in running the economy as widely as possible for the interests of the people.

People's economy (economic democracy) is a national economic system that is structured as a joint effort based on the principle of kinship, where production is carried out by all, for all, under the leadership or supervision of members of society which aims to increase the ability of society (people) to control the running of the economy.

### C. Cooperative

The cooperative was originally initiated by the Founder of the Nation Muhammad Hatta during the era of independence. Cooperatives are motivated by Article 33 paragraph (1) of the 1945 Constitution which is based on the principle of kinship. A cooperative is a legal entity established by an individual or a cooperative legal entity, with the separation of the members' assets as capital to run a business that meets the needs of the community in the economic, social and cultural fields in accordance with the cooperative principles. Cooperatives are one of the implementations of the people's economic system as the identity of the country's economy. Cooperatives have a family principle. Where, cooperatives as a joint venture,[2] Cooperatives have their own characteristics which can be seen from the principles that underlie cooperatives as business entities, namely the principle of kinship.

## III. METHOD

This research is a normative legal research, using a juridical-normative approach. The research data was collected through library research, by collecting and analyzing various primary legal materials, secondary legal materials, and tertiary legal materials. Data was collected through literature study of articles, research results, and statutory regulations. Data analysis was carried out by means of qualitative descriptive in formulating problems.

## IV. DISCUSS

### A. Cooperatives as an Implication of a Populist Economy

The principle of social economy, namely the principle of the economy which carries out activities, supervision, and the results of economic activities can be enjoyed by all Indonesian people. The people's economy is built on the basis of an economic system based on the power of the people which provides opportunities for the wider community to participate in the economy and the country's economic development.[3]The principle of people's economy as a national identity must be maintained and implemented as an economic guideline in accordance with the mandate of the 1945 Constitution. In modern times, with the increasingly rapid development of technology and the expanding market share in the business world, it can result in the people's economic principles being increasingly abandoned, and young people more interested in efforts that lead to liberal. With the existence of free trade and economic globalization, it makes it easy to transact internationally, for example from individuals and individuals, groups and individuals, and groups with groups between countries that seem to have been unable to be blocked by distance due to the influence of this economic globalization. In Indonesia, the application of the people's economy as an implementation of a democratic state, in accordance with the provisions of Article 33 of the 1945 Constitution. According to Prof. Dr. Mubyarto The people's economy is a system based on kinship, people's sovereignty and shows a genuine siding with the people's economy. In practice, the people's economy can also be described as a network economy that connects centers of innovation, production and community business independence into an information technology-based network for the formation of domestic market networks and community business actors.[4]

The people's economy needs to be used as a new paradigm in Indonesia's economic development that is driven by the role of identity-literate young people, and can be done in ways such as:

#### 1. Understand Indonesian characteristics

The application of the concept of economic development which is increasingly influenced by other countries such as European and American countries with liberal economic principles by relying on foreign loan funds for development and investment control will not always work well if applied in developing countries such as Indonesia. There is nothing wrong with following the path of globalization, but it is also not wise if a large country like Indonesia cannot take a firm stance to adapt to the effects of globalization. Developing countries that are vulnerable to the occurrence of supply shock are one of the considerations. Indonesia must take wise and decisive steps in determining its own economic development system that is in line with the mandate of the constitution, the state's political situation and the political situation of the people.

#### 2. Constitutional Mandate

An economic spirit which is based on kinship and joint effort has resided in Article 27 of the 1945 Constitution and Article 33 of the 1945 Constitution. Whereas, the economic system is not based on monopoly, oligopoly, or monopsony. The national economic order is an economic order that clearly distinguishes which goods and services must be produced by

the government and which must be produced by the private sector. Article 33 is interpreted as a form of cooperative, but a cooperative which must adapt to the development needs of society and the environment.[5] The formulation of the Indonesian constitution discusses the economic order that should be built, it is not clear enough, but from history the true meaning and spirit are quite clear.

### 3. Hindered Development

Indonesia needs a strategy to alleviate poverty using a strategy that is suitable for Indonesia.

People's economy is a positive economy, which explains how production units combine production factors to combine production factors to produce private goods and private services and distribute the intended goods and services to consumers, so that maximum profit is obtained for production, and utility. maximum for consumers.[6]

There needs to be awareness from the younger generation to maintain the existence of cooperatives and build cooperative business entities that can help the country's economic growth with new strategies and innovations in cooperatives, for example by establishing an online platform for cooperatives in order to compete with banking companies that are increasingly innovating. Cooperatives can lose their existence due to the lack of internal cooperative innovation, so that the interest of modern society is getting smaller to become members of cooperatives and make good use of cooperatives. Even though it needs awareness from the Government and the whole community at large about the importance of developing cooperatives, it also needs special attention in order to help the mobility of cooperatives so that they can compete in the modern era like now. The role of the government in arranging regulations and policies regarding cooperatives that are made more flexible and can accommodate community needs regarding cooperatives also needs to be done. The government must be one step ahead to be able to provide an effort and certainty for the community in order to increase interest in becoming a member of a cooperative, one of which is in terms of savings and loans to process capital to build MSMEs. With the principle of kinship in obtaining capital and also the main principle of cooperatives, which is the welfare of members, it is difficult for the community to find sources of capital to build their own business, it will be easier to get capital if they join the cooperative. The government must be one step ahead to be able to provide an effort and certainty for the community in order to increase interest in becoming a member of a cooperative, one of which is in terms of savings and loans to process capital to build MSMEs. With the principle of kinship in obtaining capital and also the main principle of cooperatives, which is the welfare of members, it is difficult for the community to find sources of capital to build their own business, it will be easier to get capital if they join the cooperative. The government must be one step ahead to be able to provide an effort and certainty for the community in order to increase interest in becoming a member of a cooperative, one of which is in terms of savings and loans to process capital to build MSMEs. With the principle of kinship in obtaining capital and also the main principle of cooperatives, which is the welfare of members, it is difficult for the community to find sources of capital to build their own business, it will be easier to get capital if they join the cooperative.

The excess of cooperative service capabilities can be used to meet people who are members of cooperatives. The strength of a cooperative is that the cooperative has excess funding capacity and power to serve its members. The cooperative can use this excess capacity to do business with non-members. The goal is to optimize the economies of scale that are meant to increase the volume of the business and reduce the cost per unit which provides the greatest benefit to members and to promote the society of the cooperative.[7]

### B. Economic Development that Rests on the People

Efforts to uphold independence in the economy to minimize or eliminate the existence of foreign debt which is increasingly swollen and to maintain the strength of the national economy must be built through the mobilization of funds from the public and increased participation from all levels of society including young people in the process of better national economic development. and systematically based on a community-based development paradigm. Thus, investment development will run in a sustainable manner and be rooted in the ability of national resources with broad community participation in the business world, including MSMEs and cooperatives as components of the national economy that can be developed with various support from the government and cooperation between communities. Where,[8]

### C. Development of MSMEs and Cooperatives

Menengan Micro, Small and Medium Enterprises (MSMEs) and cooperatives are national entities that have real implications for the people's economy in Indonesia. Thus, the development of MSMEs and cooperatives must be the main strategy in national economic development whose implementation must be realized seriously and sincerely with a strong joint commitment and based on government policies and the awareness of all levels of society starting from the private sector, the community at the national, regional, and locally supported by systematic and conceptual efforts consistently. The concept of developing SMEs and cooperatives in a populist economic system should have a perspective on the importance of: (a) active participation of all components of society; (b) high entrepreneurial spirit and spirit; (c) freedom to do business, create and innovate; (d) equal opportunities in obtaining education, technology and information; (e) an open, transparent and efficient economic system; and (f) fair market mechanism.[9]

The development of MSMEs and cooperatives can push Indonesia's economic development reform towards a more significant direction and build competitiveness in economic resilience and realize the mandate of the 1945 Constitution regarding the people's economy. The national economic recovery program should not only be seen as a temporary crash-program, but must also be seen as a process of accelerating the transformation of structure and consistent development to lay the foundation for the creation of a strong economic structure with community participation.[9]

### D. Empirical Examples of Benefits of Cooperatives for Society and State Socio-Economic Development

Research on Micro Hydro Power Plant (PLTMH) in Cinta Mekar Village ,Serang Panjang District, Subang Regency, West Java. This PLTMH project involves an active role of the surrounding community, including operating PLTMH, education costs, village infrastructure development, improving community welfare through productive efforts.



The empowerment of the local community is carried out through the Mekar Sari Cooperative, which amounts to 50% of the PLTMH energy output which has been reduced by operating and maintenance costs.[10]

Since the Cinta Mekar community has been involved in the construction of PLTMH accompanied by the Ibeka Foundation in this social activity. This community-based PLTMH project is a success of the Cinta Mekar electricity community self-help project. With financial assistance from the United Nations in charge of the Economic and Social sector for the Asia Pacific (UNESCAP), in 2003 this project was started to be built and then a cooperative was built to support the project's operations. Where, the proceeds from PLN's profits are returned to the residents, in the form of assistance with the installation of electricity, education funds, health funds, and business capital assistance.[10]

Community involvement in the development of PLTMH which is supported by the existence of the Mekar Sari Cooperative has a positive impact on local residents, and is a representative of PLN as a State-Owned Enterprise that has profit-oriented goals but does not neglect people's welfare.

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#### V. CONCLUSION

Entrepreneurship is a form of independent business that is built by individuals or individuals in an effort to increase the level of the economy which can be beneficial for national economic development. Entrepreneurship such as UMKM, which is supported by the existence of adequate cooperatives and following the times, can have a good effect on all members of the cooperative and also the wider community because MSMEs and cooperatives are the implementation of the principles of populist economy as mandated by the 1945 Constitution. Young people are the golden generation and the generation which is the hope of creating a change in the development system which is now more inclined towards liberalism and capitalism. With the role of identity-literate youth as human beings, Indonesia must be able to make changes for the country for the better and be able to form a significant and consistent change in building the country's economy by adhering to the pillars of a populist economy based on kinship and the people's welfare. As young people, they must have a high sense of concern for each other and for the progress of the country.