
| RESEARCH ARTICLE

The Perspective of Rural Entrepreneurs in Indonesia toward the Challenges of Developing Small and Medium Enterprises (SMEs): An Evidence from Sambas Regency, West Kalimantan Province

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| ABSTRACT

The objectives of this study are to understand the condition of entrepreneurial activities in rural regions of Indonesia, particularly in Sambas Regency, West Kalimantan Province. This research used a qualitative research method. The advantage of this research method is the flexibility to form a more comprehensive and deeper understanding of the subject of the study rather than the approach itself. The result of the study reveals several constructs that affect the development of entrepreneurship activities in the distressed region of Indonesia. Isolation territory, lack of infrastructure, and lack of capital funding are the main challenges faced by rural entrepreneurs. Negative social norms of the community also play a major role in hampering entrepreneurship. The fourth construct of the rural entrepreneurship challenge in Indonesia is resource scarcity.

| KEYWORDS

Rural Entrepreneurs, SMEs, Entrepreneur

| ARTICLE INFORMATION

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1. Introduction

The issues of unemployment, urbanisation as well as unequal distribution of wealth in a country have always attracted the attention of numerous researchers from multiple different fields around the globe (Mahadea & Kaseeram 2018). These major challenges are often considered the macro-indicators to measure economic prosperity as well as the quality of life of a nation (Fuller-Love et al., 2006). Many academics from various disciplines, including economics, public policy, and entrepreneurship, attempt to figure out the most effective methods in order to address these vital challenges to come out with efficacious solutions. Researchers argue that entrepreneurship study offers unique and distinct formulas to address these concerns through the maximisation of entrepreneurial activities in the region, which will lead to the empowerment of economic, social, and cultural conditions of the people (Istiqomah & Adawiyah., 2018).

These three challenges are found even bigger in rural region settings as they are often seen as underdeveloped and left behind as compared to urban areas (Imedashvili et al., 2013). This difficult situation causes many rural communities to become poorer and eventually motivated to migrate to economically more developed areas looking for better opportunities (Kovacs & Zoltan., 2017). However, the urbanisation process also creates multiple derivative problems in urban regions, such as illegal settlement, the overcrowded population as well as an increased criminal rate (Richmond, 2021; Kuddus et al., 2020). Therefore, proposing long-term applicable solutions for rural communities to improve their lives in their domiciles has never been this important (Shah et al., 2015).

Some factions contend that the government has to be held accountable for its failure to provide economic benefits for all of the people and promote equality, including for those who reside in rural areas (Sá et al., 2018). However, it is not always the whole picture. Numerous aspects also play significant and vital roles in addressing these issues in order to alleviate the livelihood of the less fortunate communities as well as to give them an equal opportunity as the people who reside in urban areas (Syahraki &

Heydari., 2019). Hence, the wealth can be distributed equally across the nation without discrimination between rural and urban areas (Spencer et al., 2008). Promoting equal opportunities will also lead to higher income, eradicating poverty as well as pressing the unemployment rate in the country, and eventually will bring economic prosperity for all (Barron et al., 2009).

In the context of rural regions, entrepreneurship study acquires distinctive methods to address unemployment, urbanisation, and unequal distribution of wealth issues as compared to other fields, particularly in promoting economic activities and spurring rural development (Imedashvili et al., 2013). It is often awarded as a vital factor in maintaining the sustainability of relatively dispersed, small sized, and dependent populations through maximisation of the use of limited available resources in the distressed region and also anticipating the influence of external damaging trends (Fuller-Love et al. 2006). Moreover, O'brien (2012) postulates that promoting an entrepreneurial mindset and activities in isolated regions will bring economic advantages to society as a whole.

Nonetheless, promoting entrepreneurial activities in rural regions is not without challenges (Istiqomah & Adawiyah., 2018). Their unique characteristics of being far away from the city and the centre of economic civilisation create more difficult conditions to help rural people to develop their regions (Korsgaard et al., 2014). Presently available literature contends that many challenges are in the way of rural regions to actualise their mission to achieve economic prosperity and not be underestimated for their geographic isolation (Kumar., 2016). Moreover, numerous researchers postulate that entrepreneurial challenges encountered by rural areas differ from one region to another and from country to country (Imedashvili et al., 2013). This situation is the result of the unique characteristics of each distressed region, such as its language, culture, custom, and system of belief, as well as the availability of natural resources (Korsgaard et al., 2014). Consequently, conducting research to figure out the unique challenges confronted by entrepreneurs in a specific country or region is fundamental in order to formulate the most accurate strategies to promote entrepreneurial activities in the area as well as to economically benefit all the people in an equal manner (Kasseeah 2016; Mugobo & Ukpere, 2012).

The socio-economic condition in Indonesia is diverse and vary widely, particularly the level of internal migration and urbanisation are considered very high Agustina et al (2019) Central Bureau Statistic of Indonesia (BPS 2020) records increasing trends of urbanisation in the past ten years and projects as many as 66.6% of the total population of the country will reside in urban areas in 2035. In term of wealth distribution, Global Wealth Report (2016) suggests that the top 1% of Indonesian richest people control as much as 49,3% of the total wealth in the country; meanwhile, over 12.82% of the rural population are reported living below the poverty line (BPS., 2020). These circumstances are triggered by the inability of the people to develop entrepreneurial activities in their home distressed regions due to many challenges which hamper them from developing the skill to exploit the opportunities (Istiqomah & Adawiyah., 2018). Furthermore, Istiqomah & Adawiyah (2018) postulate that the challenges confronted by rural folks in Indonesia remain ambiguous and unclear, as there are not many studies piloted about the concern in the region. A considerable number of the literature suggest that countries that can maximise their strength in the entrepreneurship sector will possess the prospect to acquire economic benefits, including higher income and standard of living, low unemployment rate through job creation, more equal distribution of wealth as well as regional and national development as a whole (Kasseeah., 2016). Thus, Supporting the people to develop entrepreneurial activities, particularly small and medium enterprises (SMEs) in Indonesia, is critical, as their share in the economy is very dominant. In addition, the strength of SMEs has been widely pointed out as the reason why Indonesia's economy survived during the monetary crisis in 1998 (Tambunan., 2000). The objectives of this study are to understand the condition of entrepreneurial activities in rural regions of Indonesia, particularly in Sambas Regency, West Kalimantan Province.

2. Methods

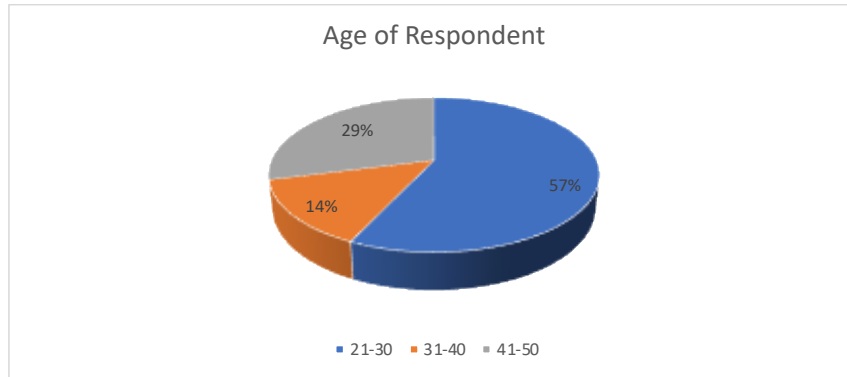
As this research is concerned with the real challenges experienced by rural entrepreneurs, qualitative research methodology is selected because this method allows researchers to interpret and combine data and information collected from cases of study. The advantage of this research method is the flexibility to form a more comprehensive and deeper understanding of the subject of the study rather than the approach itself (Imedashvili et al., 2013). It also allows researchers to add and raise more issues that are not included in the research planning and design, such as the unique challenges of rural entrepreneurs that might not be included in the conceptual model. The qualitative research method is also seen as an advantage since the researcher's interest is the experiences of micro, small and medium enterprises owners. In this context, semi-structured face-to-face interviews are seen as an effective method in order to obtain more complete and reliable data, which allows the researcher to collect some additional information beyond the theoretical model. This might happen, as explained earlier, that rural entrepreneurship challenges vary from region to region. This study employs both primary and secondary data in order to facilitate systematic and structured research. Primary and secondary data were used in such a way to produce theoretically backed results. In addition, the preliminary interview questions are proposed in the appendix (see the last page). In order to narrow the research scope, the population of this research is limited to 7 owners of small and medium enterprises (SMEs) in Sambas Regency, West Kalimantan Province, Indonesia. The researcher employs qualitative research software to input the data, code them and analyse them to produce structured quality findings.

3. Results and Discussion

Semi-structured interviews have been conducted with as many as 7 local entrepreneurs in Sambas Regency, particularly in Teluk Keramat Subdistrict, and the data of the respondents, as well as the result of the interviews, are elaborated as follows:

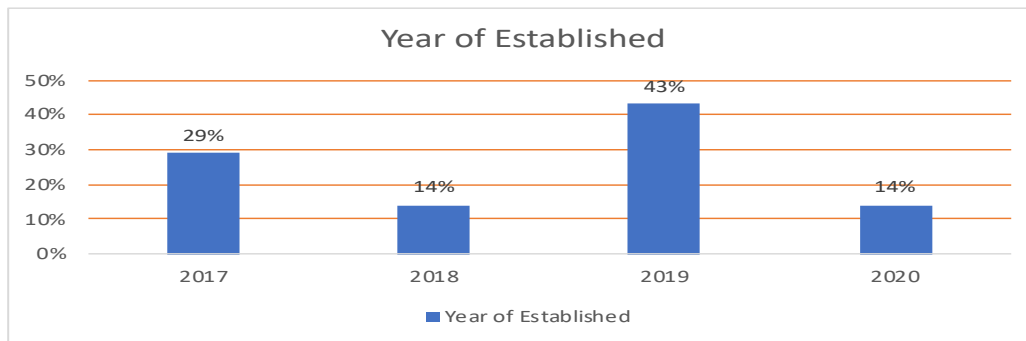
3.1 Demographic of Respondents

3.2 Age of Respondent



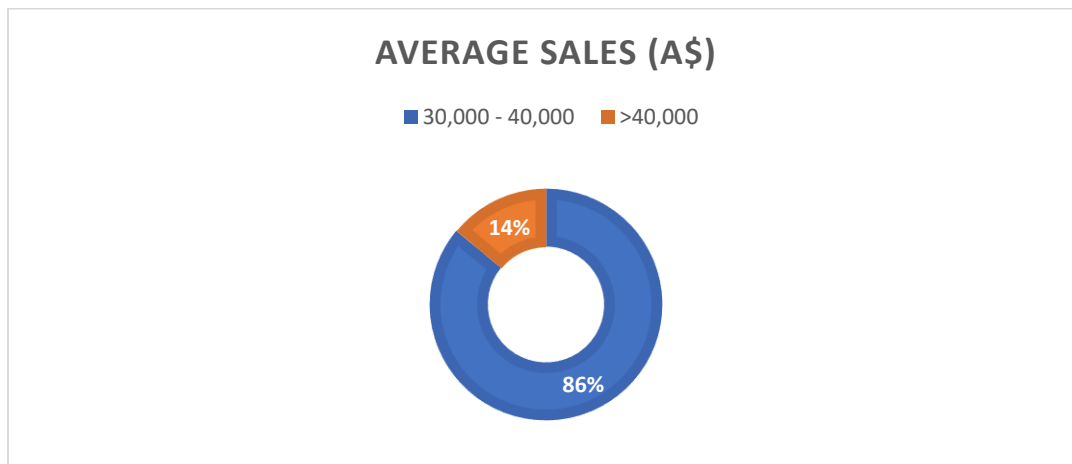
Over 57% of the respondents of the study are aged between 21-30 years old, 29% are aged between 41-50 years old, and as many as 14% of the respondent is aged between 31-40 years old.

3.3 Year of Business Established



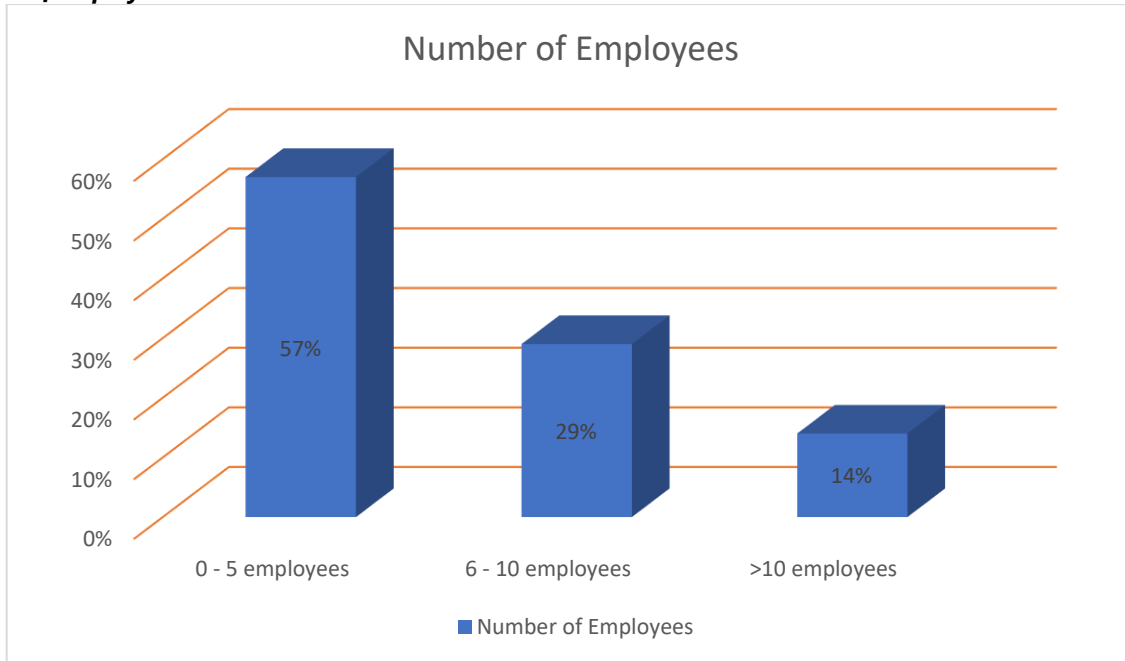
Most of the business is established in 2019 with 43% of samples, followed by year 2017 with 29%, year 2018 with 14% and 2020 with 14% of the samples.

3.4 Average Annual Sales



The pie chart above indicates that 86% of the respondent are categorised into a small business group with annual income between A\$30,000 – A\$40,000 and 14% of the respondent business generates annual income above A\$40,000.

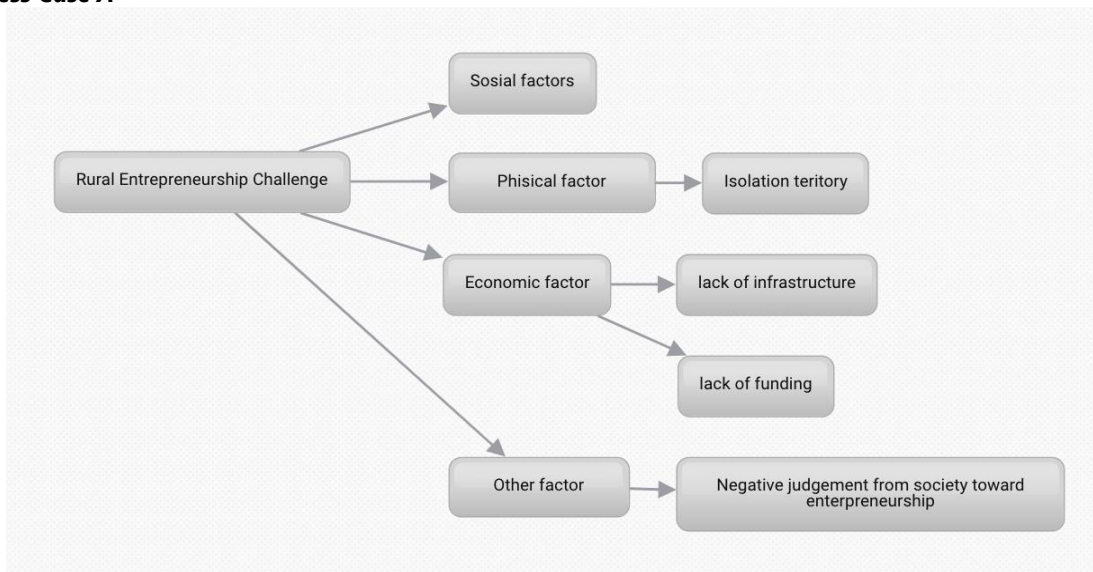
3.5 Number of Employees



57% of the respondents employ as many as 5 people in their business, followed by 29% employ 6 to 10 people and 14% employ above 10 people. This indicates that most of the respondents are categorised into a small business group according to the perspective in the Indonesian context.

3.6 The Business Case Result

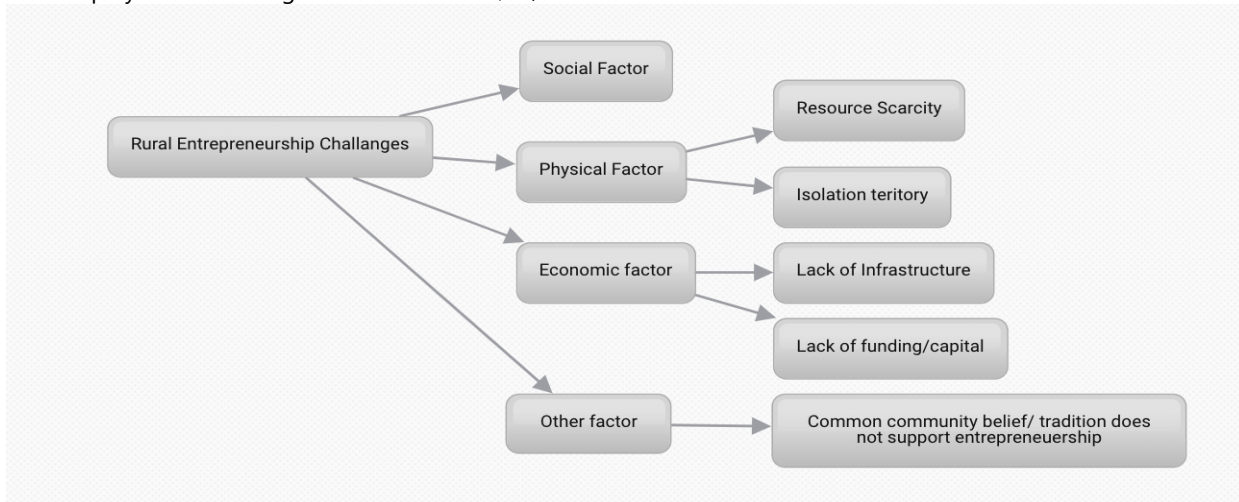
3.6.1 Business Case A



The first interview is held with a local entrepreneur who grows and sells vegetables such as tomato, spinach, and chilli, as well as breeds cows to meet local demands and employ 7 people (mostly relatives) and average annual sales of A\$32,000. The interview finds that challenges from social factors such as fear of risk, lack of skill, no supporting policies from the government, illiteracy or family tradition are not encountered by the entrepreneur. The respondent mentions several challenges such as isolation territory, lack of infrastructure as well as lack of funding as the most dominant factors that hamper leveraging the business. Interestingly, the respondent raises the concern of negative judgement from society as other factors as the challenge to develop the enterprise. He thinks the community where he lives does not count entrepreneurship as a career, but instead as a hobby or part-time job which is done during his free time. This factor discourages respondents from bringing the business forward since it has become a local belief.

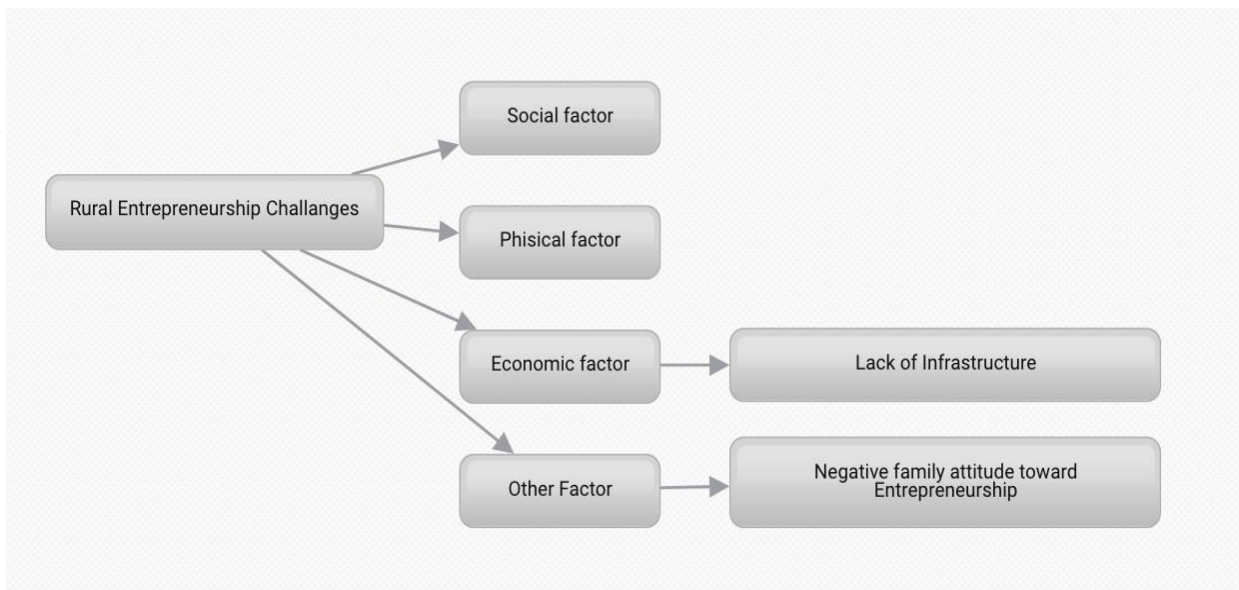
3.6.2 Business Case B

Business case B is a small enterprise which grows and sells citrus fruit to the market. This business is owned by a young entrepreneur who has 5 employees and average annual sales of A\$34,000.



The respondent states that he is not satisfied with the current business size and is planning to expand the business and broaden the market reach. Social factors that challenge rural entrepreneurs, such as illiteracy, fear of risk, no family tradition, lack of skill as well as no supporting policies from authorities, are not encountered in the respondent’s context. He mentions that he started everything from the bottom and got the first funding from selling his parents’ land. He believes that it will be very hard to start a business without capital. In addition, the respondent states that the basic infrastructure, such as roads in the area, is very poor and disturbs his distribution channel to reach the market. Sometimes he needs to spend more money to fix his vehicle as a result of poor road conditions. He also thinks resources in rural regions are abundant but mostly owned by the rich; thus, it is another issue he encounters. Being far away from an urban area is also another issue since the company needs to sell the product cheaper to a third party that distributes the product to shops in Pontianak City. Lastly, another factor that intrudes on him as an entrepreneur is the community’s attitude toward entrepreneurship in the area is not supportive. People often look down on him and perceive him as unemployed because the community still holds the old belief that treating government servant or civil servant as real jobs and entrepreneurship concept is still new to them, which sometimes make respondent demotivated to pursue their career. It is because the cohesiveness of local people in the region is still high and society’s standard is not something easy to against.

3.6.3 Business Case C

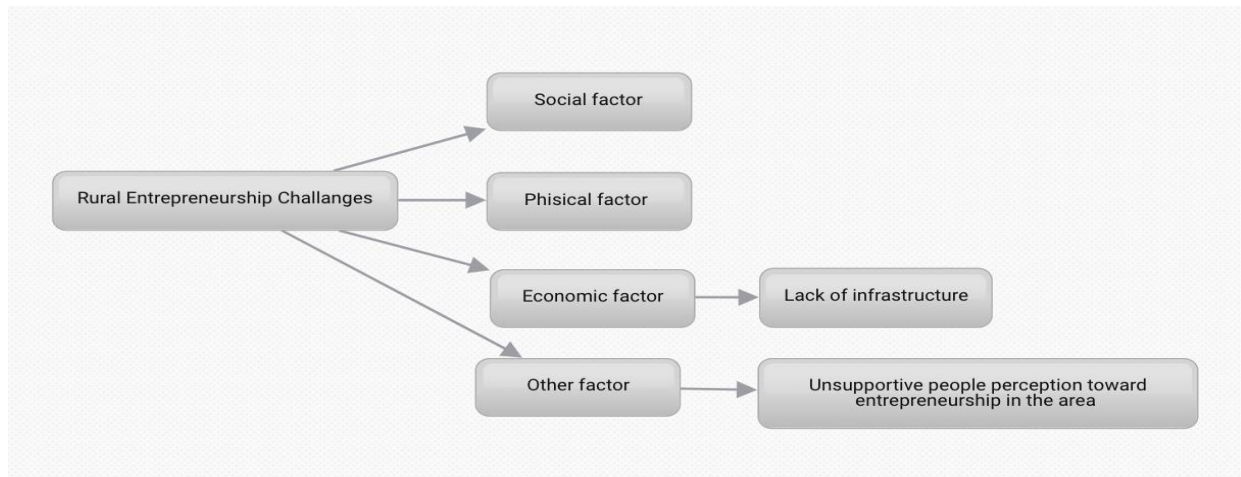


Business case C is an enterprise in the service industry providing accommodation and tour packages. The business was established in 2019 and employed 5 people with average annual sales of A\$38,000. The owner of the business is currently unsatisfied with its business size and is eager to reach a wider market, provide more services and open new destinations in the region. He mentions

several top destinations, such as Danau Sebedang, Pantai Temajuk, and Bukit Piantus, which tourists are most interested in. The respondent admits that he had no skill and learn everything along the way through experiences. Furthermore, he mentions that he first funded the business with his own money and believes that everyone can start their own business with zero or less money if they have courage and creativity and not being afraid of failure. He also states that he does not have any family members or family traditions in business before, and everything is working just well. The business does not receive any government funding despite the owner knowing that there are such programs from the local and central governments. The respondent sees the opportunity and resources are abundant in a rural region, but most people cannot see them. Being far away from urban areas is seen as an advantage, not as a challenge, as it offers a unique perspective and atmosphere which can be valuable to capitalise on. The interview finds that the respondent raises concerns about poor road conditions as the main challenge as it will affect the convenience of visiting tourism sites. Furthermore, the respondent also expresses concern about his family and close circle, who do not take his job seriously and always suggest finding a real job.

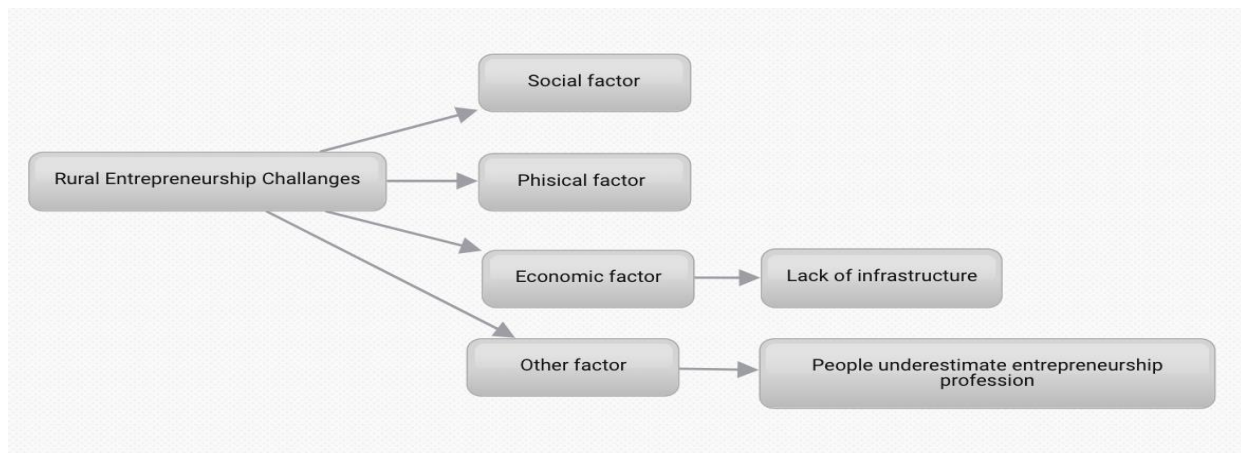
3.6.4 Business Case D

The study case of business D is a business that sells various bikes and spare parts with annual sales of A\$70,000 and 14 employees.



The company was founded in 2017 and is planning to open a second branch shop in other areas. The respondent states that entrepreneurship in a rural area is attractive because the people are still conservative, and their knowledge of products is limited. The respondent comes from a family that has been working in the business for decades and got funding of the business from the family to start the company. The respondent learned the skill to run the business from their parents, who taught him since childhood and fears no risk of failing as he acquires the skill to manage the enterprise. The respondent also mentions that the business receives government benefits such as tax cuts for small and medium enterprises as well as small-interest loans to expand the business. The interview finds that the challenge experience by the entrepreneur is poor road condition that affects his distribution as well as no bridge to cross the big river, which makes the business pay more to cover extra transportation cost. Lastly, the interview also discovers that people's perception toward entrepreneurship in the region is not supportive, thus can negatively affect the mentality of the entrepreneur.

3.6.5 Business Case E

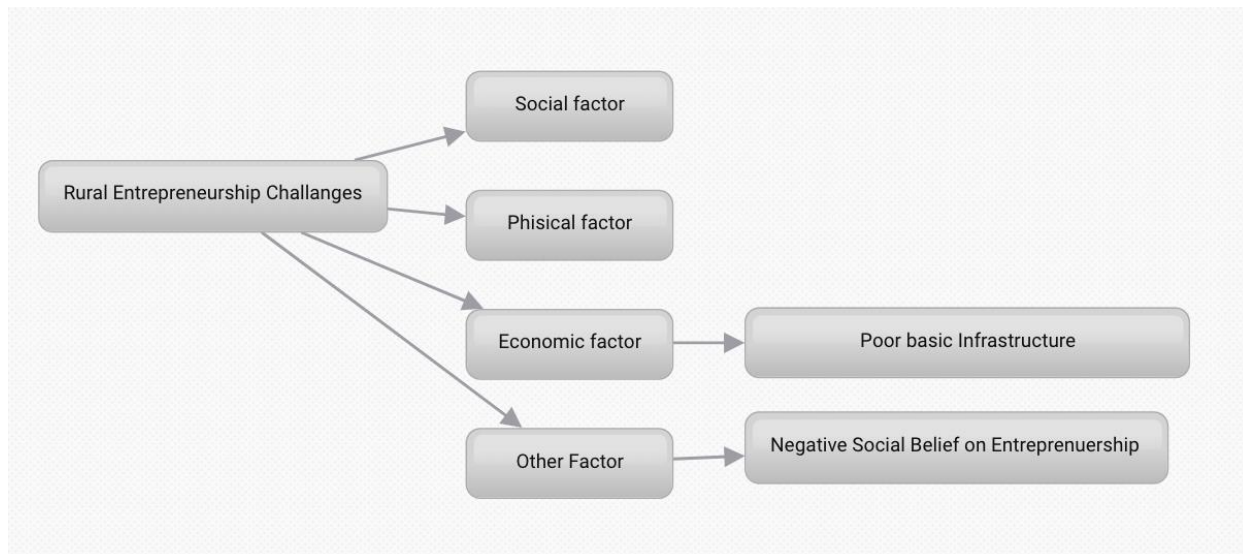


Business case E is an enterprise that produces and sells cakes with average annual sales of A\$36,000. The business was started by a woman entrepreneur in 2017 and employed 5 people. The respondent states that she is not complacent with the current business size and is willing to make the business bigger but faces certain issues. The interview finds that respondent sees rural areas as attractive to start a business as there is not much competition yet. When she first started the business, she admitted that she had very little skill and learned how to bake through trials and errors before finding a good receipt. The first funding came from her own saving and only herself alone in the company. She is not afraid of losing the investment as they are not much money. There is no family tradition in business before herself, nor do other family members own any business. The respondent also mentions that she is aware of a local government program that trains people to skill how to bake good cakes, but she did not join any program and believed that she was just fine. In the context of resources in a rural area, respondent conveys that they are abundant and not an issue. Being far away from urban areas is not seen as a challenge to develop the business as currently; the entrepreneur produces to meet the local market.

However, the respondent states that the basic infrastructure, such as roads, is poor in the area, and it becomes a challenge to distribute and market the product to other villages. In addition, the rural entrepreneur states that people often look down on her job and make her discouraged to expand the business. It is because the people in her village do not recognise entrepreneurship as a profession and often underestimate it.

3.6.6 Business Case F

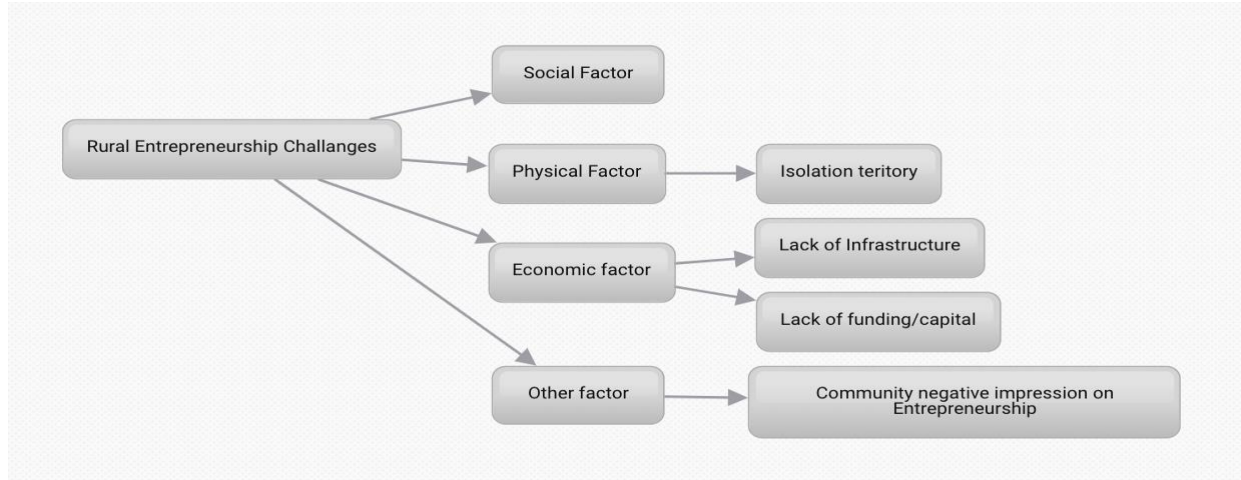
Business case F is a company that runs a food and beverage business with 7 employees. The company was established in 2019 and generated annual sales of A\$30,500 on average. The respondent states that he is not complacent with the current business size and is eager to open a second branch of the business in other areas. It is because the respondent finds rural areas as an attractive place to run a business since the option for the people is still scarce. At the beginning of the business, the respondent says that he only had the skill to make coffee which he learned from barista training provided by a private party and harnessed the skill throughout the year as an entrepreneur. Furthermore, he believes that the skill is not necessary to be possessed to start a business if the person has the curiosity to learn. The business admits the first funding of the company comes from its own saving and rent the place cheaply from a friend. The interview also finds that the risk of losing all investment in the business is not relevant in business case F's context. Family tradition is not part of the challenge encountered by the respondent as he mentions he does not have any family owning a business before him.



The respondent stated the unawareness of any government program to support SMEs and did not receive any benefit from it. However, it is not the challenge any entrepreneur should be afraid of, as one can learn autodidact through practice. The interview also finds that resource scarcity, as well as isolated location, are not part of the challenges personally experienced by the respondent. The rural entrepreneur indicates a strong complaint about poor road conditions in the region that affects his business negatively as the convenience to reach the shop will be significantly reduced. In addition, the interview also finds that the people in Teluk Keramat Sub-District are still unaware of entrepreneurship and do not consider it as a serious job. He often feels discouraged by what people say about his entrepreneurship career, which mentally affects him to develop the business in the long run.

3.6.7 Business Case G

Business case G is a business that produces customised handcrafted art with estimated average sales of A\$30,500 annually. It was established in 2018 and owns 5 employees. The respondent states the importance of the skill to start this type of business. He thinks he is lucky to have the talent to start a business in the art industry. The respondent also mentions that he does not encounter any issues with having no family tradition in business before him. In addition, the illiteracy issue is also not a concern to worry about in his case.



Several challenges he strongly conveys are poor road conditions in his village, lack of funding, as well as isolation territory to expand the business in the near future. The respondent states that more sophisticated machines and equipment, as well as hiring more employees, are needed to increase production capacity. They are not easy to realise as they will require a decent amount of funding which the business is currently unable to fulfil. The basic infrastructure is also an issue that challenges the business to grow as, in most areas, they are still poor. Furthermore, being far away from urban areas is also another challenge he personally encounters as the closest expedition company branch is 40 minutes away through poor road conditions. Thus, the cost will be higher to sell the product. Lastly, another significant challenge the business encounter is the negative impression of the community toward entrepreneurship itself. Entrepreneurship is not a very popular job in his village and is often treated as a part-time hobby rather than a promising career path. Against community custom and belief are not something easy to do as the community in the region still treats them as an important part of their lives.

3.7 Cross-Case Study Analysis

From these seven study cases, a summary can be drawn in order to figure out the pattern of factors that hamper rural entrepreneurs in Indonesia from developing their businesses, particularly in the small and medium enterprises (SMEs) context. The figure below illustrates the summary of variables that are perceived as challenges to developing rural entrepreneurship in Indonesia.

Business Case	Rural Entrepreneurship Challenge Variables									
	A1	A2	A3	A4	A5	B1	B2	C1	C2	D1
A							•	•	•	•
B						•	•	•	•	•
C								•		•
D								•		•
E								•		•
F								•		•
G							•	•	•	•

Figure 1. Summary of business cases variables

Variable denotations:

A1: Illiteracy

A2: Fear of risk

A3: No family tradition

A4: Lack of skill

A5: Inadequate supporting policies

B1: Resource scarcity

B2: Isolation territory

C1: Lack of infrastructure

C2: lack of funding

D1: Community's negative perception toward entrepreneurship

3.7.1 Illiteracy

Illiteracy is one of the factors that hamper rural entrepreneurs from being successful in their businesses (Ignat 2012; Kumar 2016). However, this variable is not relevant in the context of rural entrepreneurship in Indonesia. None of the business cases states that illiteracy is part of the challenges to developing their businesses. Most of the people in the region pursue entrepreneurship industry that aligns with their interests and existing knowledge. This causes them to not face any issues with illiteracy variables.

3.7.2 Fear of Risk

The interview reveals that there is none of the business cases in that state fear the risk of losing their capital as the challenge to broaden the existing businesses they run. This can be explained through the nature of the business, which is small and does not require expensive, sophisticated equipment to begin with. Most of the business cases indicate that they spent less amount of funding when they first started the enterprises; therefore, they are not afraid of the risk of losing all their investments.

3.7.3 Lack of Skill

Kumar (2016), in his research, found that a lack of skill is one of the challenges in developing rural entrepreneurship. However, in the context of rural Indonesia. Business cases A to G do not experience any challenges with the variable. This is because the people in rural Indonesia do not pursue businesses beyond their skills. Business cases D, E, and F explicitly state that they have the basic skill that can be harnessed through practice along with running a business. Meanwhile, business case G strongly indicates he had the skill when he first started the enterprise.

3.7.4 No Family Tradition

Family tradition is one of the factors that help entrepreneurs in the rural region to pursue entrepreneurship careers, and not having them might become a challenging concern (Ignat, 2012). The interview finds that only business case D has family tradition in business, while other business cases clearly state that they are the first in the family who own businesses. This indicates having no family tradition in business is not a challenge encountered by rural entrepreneurs in Indonesia.

3.7.5 Lack of Supporting Policy

Business Cases A and D are aware of the government program to support SMEs in the region and explicitly state that they receive the incentives that can benefit their businesses. Meanwhile, business cases C and E are aware of the government programs and policies, but they do not receive any of the benefits. Businesses B, F, and G state that they are not aware of all of the government programs for SMEs and thus do not receive any of them throughout their business career. This finding indicates that most of the SMEs in the region are aware of the government program to support their businesses, but most of them do not receive any of the benefits.

3.7.6 Isolation Territory

The isolation territory of businesses in rural regions of Indonesia can be an important variable that hampers businesses from developing their size. Through the interviews, this study finds that business cases A, B, and G are among the businesses that perceive isolated territory as the variable that hampers the development of SMEs. Meanwhile, business cases C, D, E, and F do not perceive the isolated territory as a challenge. This is because most businesses are producing only to meet local demand.

3.7.9 Resource Scarcity

Literature postulate that entrepreneurs in rural regions experience a scarcity of a resource that hamper them from developing their businesses (D'aoust, 2018; NZIRE, 2020). This study supports the motion as the interview reveals that business case B conveys that resources in the region are scarce and owned only by a few rich families. Therefore, it will be harder for the entrepreneur to expand the business and increase the production capacity.

3.7.7 Lack of Infrastructure

All the business cases from interviews strongly indicate that lack of infrastructure, such as poor road condition in the region and no bridge that connect two separated areas, as the challenges they encounter. Poor road condition disturbs the distribution channel of the business as well as decreases the reach of the customers to direct users in the region.

3.7.8 Lack of Funding

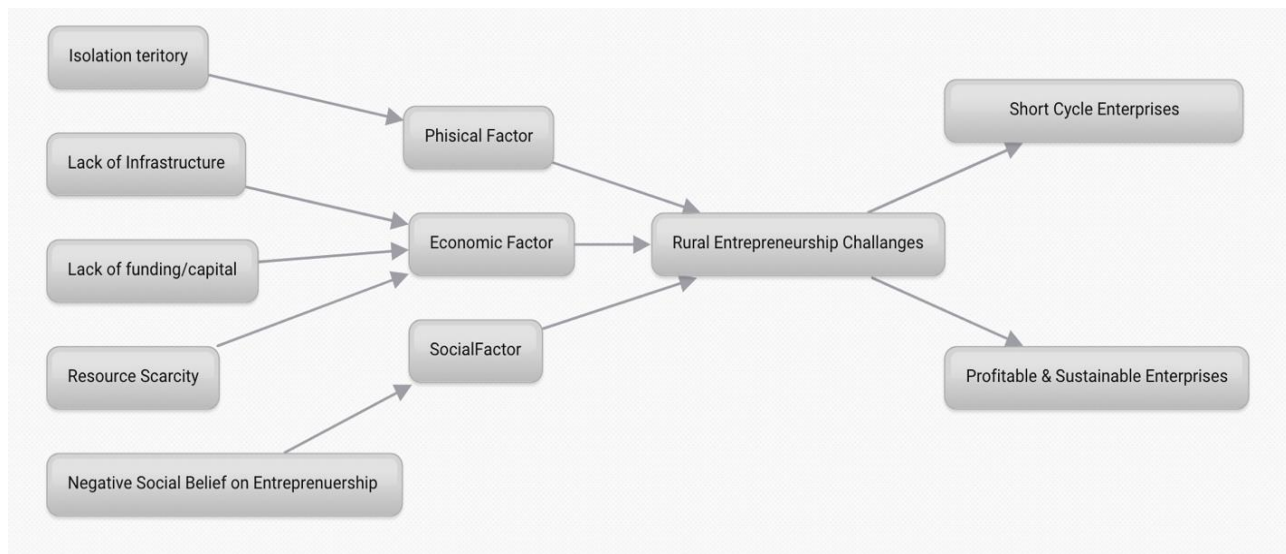
Lack of funding is the most classic issue in developing any business. In the context of rural entrepreneurship in Indonesia, the study reveals that business cases A, B, and G are concerned with funding in order to develop their businesses. Increasing production capacity is found linear with the need to increase the number of employees, more sophisticated equipment as well as bigger factory and storage. Meanwhile, business cases C, D, E, and F do not encounter any problems with funding as they are able to generate enough income to broaden the businesses.

3.7.9 Community Negative Perception Toward Entrepreneurship

This research found that one of the challenges encountered by rural entrepreneurs in Indonesia is the negative perception of the community toward entrepreneurship. The interview of business cases A, B, C, D, E, F, and G express their concerns with the accepted social norm in the community that perceives entrepreneurship not as a serious profession but instead as a hobby to do during free time. Most people in the region believe that only working for the government, bank, or other jobs with offices is a real job. Against accepted norms of community which have been inherited from generation to generation, is not an easy obstacle to overcome, particularly for people who are conservative. The rural people of Indonesia are known for their traditions and cohesiveness, which perceive community norms and beliefs above individual aspiration

3.7.10 Construction Model of Rural Entrepreneurship Challenges in Indonesia

This study finds that several variables of challenges to developing rural entrepreneurship, as found in the literature, are relevant in the context of Indonesia. In addition, this research also reveals a unique challenge encountered by rural entrepreneurs in the country that was not found in any literature in the past. Therefore, a construction model of rural entrepreneurship in Indonesia is proposed as follows:



The physical factor that hampers entrepreneurs in rural Indonesia is the isolated territory. Meanwhile, in terms of the economic factor, the study reveals several constructs, such as lack of infrastructure, lack of capital funding as well as resource scarcity in the region, as the main challenges experienced by rural entrepreneurs. Lastly, the social factor that hampers the development of entrepreneurial activities in the region is the negative social norms of the community toward entrepreneurship. Further elaboration will be explained in the discussion section.

This study has revealed several relevant constructs that affect the development of entrepreneurship activities in the distressed region of Indonesia. The first construct is isolation territory which is acknowledged by the New Zealand Institute of Rural Entrepreneurship (2020) as one of the challenges to developing enterprises in distressed regions. This study has confirmed that isolation territory is a factor that can hamper rural entrepreneurs from pursuing bigger entrepreneurial aspirations. Being far away from urban areas can negatively impact the performance of enterprises in rural areas as they will need to spend extra costs for transportation and distribution of their products to the wider market.

The second construct of the rural entrepreneurship challenge in Indonesia is the lack of infrastructure. The respondents of the study strongly acknowledge that the basic infrastructure in the region is very poor. This affects the distribution of the product or services in the region and can be hampered. If the basic infrastructure, such as roads and bridges, is not fulfilled, the business needs to spend more of its income to fix its transportation and distribution vehicle, therefore will affect the business in the long run. Increasing the price to cover the extra cost is not an option, as the market might react negatively toward an increased price of the product.

The third construct of the rural entrepreneurship challenge in Indonesia is the lack of funding. Adequate capital funding is one of the most important factors in developing enterprises, particularly for small and medium-scale enterprises. This study reveals that most of the enterprises in the region experience capital shortage to develop their business and broaden the reach of the market. The capital is required to purchase more sophisticated equipment, hire more people as well as rent bigger space to increase the production capacity or serve more people. Most of the enterprises in the region face difficulty in raising more capital; therefore, they maintain the size of the business.

The fourth construct of the rural entrepreneurship challenge in Indonesia is resource scarcity. This finding supports the study of Cieslik & D'aoust (2018) and the New Zealand Institute of Rural Entrepreneurship (2020), which acknowledge resource scarcity as one of the challenges to developing entrepreneurship in distressed regions. However, the scarcity of resources in the distressed region is not strong enough as it is only backed by 14% of the respondent of the research. Despite this figure, this construct is worth noticing because it might increase as the number of samples taken broadens

The last construct of the rural entrepreneurship challenge in Indonesia is a negatively accepted social norm of the community toward entrepreneurship. The findings of this study strongly support the acknowledgment of Mugobo & Ukpere (2012); Imedashvili et al. (2013), who postulate that the challenges of developing entrepreneurial activities in the distressed region vary from country to country and region to region. Accepted social norms of a community are not considered a challenge to develop entrepreneurial activities in the distressed region, and there is none of the literature speaks about the issue. In the context of rural entrepreneurship in Indonesia, the community perceives entrepreneurship as merely a hobby or something to be done during the period of waiting to find 'real jobs', not as a promising profession. Fighting social belief in the community, which has been inherited from generation to generation, is not an easy task to do, particularly among the people who are still conservative and strongly hold onto their traditions.

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4. Conclusion

The study has revealed several constructs that affect the development of entrepreneurship activities in the distressed region of Indonesia. Isolation territory, lack of infrastructure, and lack of capital funding are the main challenges faced by rural entrepreneurs. Negative social norms of the community also play a major role in hampering entrepreneurship. The fourth construct of the rural entrepreneurship challenge in Indonesia is resource scarcity. This finding supports the study of Cieslik & D'aoust (2018) and the New Zealand Institute of Rural Entrepreneurship (2020), which acknowledge resource scarcity as one of the challenges to developing entrepreneurship in distressed regions.

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