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THE ROLE OF FINANCIAL INSTITUTIONS AND SOCIAL SECURITY FOR INDONESIAN HOUSEHOLD OPPORTUNITIES TO OPENS BUSINESSES

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ABSTRACT

The purpose of this study was to test Fahim Khan's model. The model states that the existence of government assistance and social security will increase one's chances of becoming entrepreneurs. The model has the argument that government assistance and social security will provide better risk protection for entrepreneurs. By analyzing more than 15.000 sample data from the Indonesian Family Life Survey, this study examines the proposed Fahim Khan model that Islamic economics encourages entrepreneurship with two important factors, financial and funding social security institutions. The results of this study are obtained from the logistic regression method stating that there are influences of social security and financial institution financing on the opportunity to open a business. Furthermore, this study produced several important findings, such as bank loans and social security have an impact to the opportunity for Indonesian household of opening a business. Either partially or simultaneously all independent variables (bank loans, pension security, insurance claims, national healthcare security membership, national accident care security membership, national pension care membership, national death care security membership) have a significant effect on the business. The results show that there are three variables that have a negative relationship with business, namely the national healthcare security membership variable, the national accident care security membership variable and the national pension care security membership variable.

INTRODUCTION

Islamic economics emphasizes the importance of real economic development. Real economics has a direct effect on human economic activity. Many factors influence real economists and one of the factors considered an important factor is the number of unemployed and the number of entrepreneurs. Unemployment is a problem faced by many countries. Unemployment creates a stagnant productivity of a nation. Unemployment is also closely related to poverty (Obansa & Moses, 2015). Opportunities for crime will rise if a country has a high unemployment rate (Sharkey et al., 2016). The main cause of unemployment is the abundance of human resources but

not balanced by the number of requests for labor (Sinclair, 2017). Islam as a comprehensive teaching also has a strategy to overcome unemployment.

Fahim Khan is a Muslim economist who has tried to summarize the essence of how Islamic strategies in overcoming unemployment. This strategy is outlined in his book Essays in Islamic Economics (1995). This book is considered as the first book to discuss in full how and what the Islamic economy is. Khan (1995) highlights the problem of unemployment. According to Khan, unemployment is caused by the number of job finders that are more than job offers. The high employment offer comes from a surplus of labor and the surplus comes from an abundance of people. According to Khan, many Muslim countries indicated a surplus of labor. The majority of the countries in this category is classified as a third world country. As mentioned by Todaro and Smith (2003) Examples of these countries are Bangladesh, Pakistan, Sri Lanka, Indonesia, Malaysia, Nigeria, Egypt and so on.

In his model, Khan (1995) explains how economy works. The supply of labor will be absorbed by the following division: first, unemployment will be absorbed into permanent labor with a fixed wage or in other words this worker works for other parties and is paid in a continuous or sustainable manner. They work according to their expertise and level of skills and are paid according to standards. The second is the group that gets a job but is forced to do so that they do not work according to the standards of skills owned and not paid according to their expectations. This group believes that it is better to get a job than not at all. Working means trying to meet the daily needs of life. The third group is unemployed, that is, the group that does not succeed in getting a job. This group is unwilling to be paid lower than expectations or this group is not willing to work which is not in accordance with their expertise. Another reason for this group is the low level of education, expertise and skills so that they have no chance to get a job (Sinclair, 2017).

Khan (1995) rejects the notion that the poor are lazy so they have no job. The poor do tend to not have sufficient skills and skills to compete in the world of work. However, if they are given the opportunity, they will also be able to avoid unemployment. Other groups in the economy that influence the unemployment rate are those who open a business. Business is an act to generate profits or profits by producing and trading goods and services. This group of four, according to Khan (1995), can be an option for the poor and unemployed. By opening a business, the poor unemployed can improve living standards and well-being (Blattman & Ralston, 2019).

The drive to become an entrepreneur is a source of progress. Many developed countries in the world have a large portion of entrepreneurs from the entire population. With entrepreneurship it will reduce unemployment and grow the economy (Naudé, 2013). Thus, the driving factor for entrepreneurship plays a key role so that entrepreneurship can grow well. Khan (1995) believes that in Islam this problem has been considered and integrated with worship.

Entrepreneurial driving factors include unemployment status (Barba-Sánchez & Atienza-Sahuquillo, 2017), poverty status (Ypeij, 2000), education (Mohamad et al., 2015), skills, (Abdullah et al., 2018), capital availability (Matlay, 2009), knowledge (Matlay, 2009), and the existence of legal certainty (Iswanto, 2016) and low business risk and high yield rewards (Hamilton, 2000).

Islam encourages entrepreneurship because the Islamic economics system makes the risk of businesses lower than conventional economics. Khan (1995) states in his book, that a businessman faces several risks in the face of bankruptcy. The first risk is that he cannot return the loan principal, business failure impacts on the inability of a businessman to fulfill his obligation, namely to pay off his business debt. The second risk is that if a businessman goes bankrupt he cannot pay interest debt. The price of a capital in a conventional economy is interest. Interest is an addition to the principal loan. The interest rate risk is also referred to by Horvath (2018) if there is a business failure, then the principal interest debt can also not be paid so that the interest will grow larger along with the passage of time. Interest that increases as a result of late fines and penalties is calculated to be even greater interest.

The third risk is the loss of collateral; the businessmen pledge valuable objects or property such as a certificate of home ownership. This collateral cannot be saved when entrepreneurs are unable to repay money loans. Hence, a failed businessman will lose his valuable object that was pawned as collateral. This third risk was also echoed by Hopkin (2018). The fourth risk is about fulfilling the basic life that is threatened. Primary human needs such as food, home and clothing are essential in life. Entrepreneurs who fail to run a potential business cannot meet basic living needs because they do not have enough income to buy these primary needs. This happens because all money is used to repay loans and interest.

Khan (1995) argues that Islamic teachings encourage people to become entrepreneurs because the business risks that exist in Islam are low. This is for several reasons as follows: First, that the prohibition of the interest system. Interest is illegal and is considered a major sin in Islam. The mechanism of capital lending in Islam is regulated by the scheme of profit loss sharing. This scheme does not use interest but rather for risk and profit (Al-Suwailem, 2006).

The second reason that shows Islam encourages entrepreneurship is that there is a third pillar of Islam, namely the existence of *zakat* collection. *Zakat* serves as a tool for income redistribution. *Zakat* is collected from people who are economically capable and distributed to the poor and weak. In addition to compulsory levies called *zakat*, Islam recognizes other orders such as *infaq*, alms and endowments. Some of these instruments serve as income distribution (Abu Bakar & Abd Ghani, 2011)

With the existence of several instruments of *zakat*, *infaq* and almsgiving can be used as social security (Khan, 1995). Social security is a kind of insurance for the poor and destitute. With the existence of social security, it can guarantee basic needs for the poor. In Islamic economics, novice entrepreneurs need not worry about the risks

of basic needs if they experience failure, so they feel calm. Peace comes from the existence of social security that comes from *zakat, infaq*, alms and endowments.

Kaseke (2010) refers to the International Labor Organization stating the definition of social security as "Protection provided by the government to its citizens through a series of public actions, to compensate for the absence of substantial income reduction from work resulting from various possibilities (i.e. illness, pregnancy, occupational injury, unemployment, old age and the death of the breadwinner)."

The role of Social Security is very important for the economy. This can be referenced from the opinion of Kaseke (2010) arguing that social security is useful for rural people especially for those in need and cannot help themselves. The importance of social security is also suggested by Lee and Chang (2006), both of which state that social services are policies aimed at satisfying the needs of recipient communities, namely those affected by social change. This policy also aims to meet basic needs for survival and to strengthen family harmony and social harmony. Lee and Chang (2006) emphasize that pension plans will encourage workers to retire on time and for companies to buy elderly people out of the workforce and thus produce a higher overall output than the elderly. Social Security also has a role in fighting unemployment (Wang, 2015).

Aside from being a social security, Alam Choudhury and Syafri Harahap (2008) argues that *zakat* instruments can also be used as funds for poverty alleviation projects and sources of financing business capital for the poor. In Islamic economics there is a *Qardul Hasan* scheme which is a loan of virtue without interest, then there is *Mudharabah,* a profit or loss sharing scheme that can be used by the poor to participate in contributing their labor in this scheme by using the share of merged *Zakat* and Trade Financing (in which projects, *Zakat* can be made to revolve for the benefit of the *Zakat* recipients).

Besides social security, another influential factor according to Fahim Khan is a factor of financial institutions. The biggest obstacle to the process of opening a business is capital adequacy. Banks and other financial institutions play an important role in providing capital for new entrepreneurs (Han et al., 2014). An important component that is responsible for the growth of small and medium enterprises is financial capacity Offei et al. (2019). Financial institutions in the world can generally be divided into two, namely conventional financial institutions and Islamic financial institutions. Their roles have been investigated by experts such as Aliyu et al. (2017) investigating the role of Islamic microfinance banks (IMFBs) in Nigeria, micro entrepreneurs in Nigeria are those who have assets of less than five million naira (excluding land and buildings) and fewer than ten employees (Small and Medium Enterprises)., ideal IMFBs borrowers in Nigeria are expected to be within the range of the specified amount. MFB was established in Nigeria to focus on clients in the range of low income, low income households, no bank accounts and underserved (such as) vulnerable groups.

While in Indonesia, the role of Islamic Microfinance is also examined by Pratiwi (2016). The researcher notes that several schemes for financing Islamic finance such as *Musharakah* and *Mudharabah* contracts from Islamic banking in Indonesia have a close correlation with the financial performance of Micro, Small and Medium Enterprises in Indonesia. Pratiwi (2016) suggested that Islamic banking in Indonesia continue to focus on financing MSMEs with these two contracts (*musyarakah* and *mudharabah)* and to add value and volume. The financing of MSMEs is in line with the vision to build a socioeconomic foundation in Indonesia

On the other hand after Islamic banking, the existence of conventional banks also played a role in encouraging the growth of micro, small and medium enterprises. Like what was done by Armstrong et al. (2013). Availability of financial facilities for small and medium enterprises can be obtained from Islamic financial institutions. The capacity of Islamic financial institutions to provide capital funds for SMEs is confirmed by Beck (2013) and Rahim Abdul Rahman (2010) Some schemes such as the *qardhul hasan, murabahah and ijarah* schemes are relatively easy to manage and will ensure capital requirements *(qardhul hasan),* equipment needs can be provided by the *murabahah* scheme and rented equipment can be met by the *ijarah* scheme, the scheme can be used for prospective micro entrepreneurs and the poor. Participatory schemes such as *mudharabah* and *musharakah*, on the other hand, have great potential for microfinance purposes because this scheme can meet the risk sharing needs of micro entrepreneurs.

In the introduction in this paper, it can be concluded that Fahim Khan wants to show that Islamic teachings have a strategy to encourage entrepreneurship because:

1. There is no interest factor, so the risk is lower
2. The existence of social security that guarantees the life of prospective entrepreneurs
3. The existence of financial institutions that is able to provide capital loans
4. There is a legal guarantee that covers the upright contract.

Indonesia is the country with the largest number of Muslim population in the world (the proportion reaches 85 percent of the total population or equivalent to 210 million people) and also the country with the largest population in the world which currently ranks number 5 (equivalent to around 250 million people). According to The World Bank (2020), Indonesia is included in developing countries. One prominent feature of developing countries is the high level of population growth. The result is a large surplus of labor in Indonesia. The large number of workforces also contributes to unemployment in Indonesia. Unemployment occurs because there is a gap between the number of employment opportunities and the demand for work.

This study wants to examine whether the model proposed by Fahim Khan (1995) can provide empirical evidence that Islamic economic strategy in reduce unemployment is to encourage entrepreneurship through an interest-free system, support for social security, legal guarantees and financing of financial institutions.

The paper would investigate the social security factor that indicated influence the decision of the household in Indonesia to open a business, second the factor of financial institutions indicated will be influence on the decision of the head of the household in Indonesia to open a business. The results of this study can be used as a basis for consideration for prospective entrepreneurs to have social security facilities. This research helps overcome concerns over the risk of business failure among prospective entrepreneurs. Several studies have shown that there is a close relationship between interest in business and tolerance for risk. Social security will help manage these risks so that employers will not suffer greatly if they suffer a loss.

LITERATURE REVIEW

There is a close relationship between interest in doing business and taking risks. Susanta and Sapta (2017) state that tolerance for risk has a strong role in entrepreneurial interest. He said that entrepreneurship is someone who takes risks. Entrepreneurship in taking action should not be based on speculation, but careful calculation. Employers must have the courage to take risks on their work because they have been calculated.

Therefore, entrepreneurs are always brave enough to take moderate risks, meaning that the risks they take are neither too high nor too low. Courage to face risks, supported by strong commitment, encourages entrepreneurs to continue to fight for opportunities until they get results. The results must be tangible/clear and objective, and provide feedback for the smooth running of activities. The results of research by Susanta and Sapta (2017) state that there is a strong and positive correlation between risk tolerance and interest in doing business in Indonesian students. This is also supported by a study conducted by Suprianto (2020) which states that teenagers in Indonesia are reluctant to become entrepreneurs for fear of facing risks. Of course, risks can happen to anyone, including entrepreneurs. These risks include bankruptcy, marketing failures and risks related to life such as death, illness, accidents and other risks. For entrepreneurs when they go bankrupt it is better for them to have social security for their social protection. Many people believe the best way to mitigate risk is to follow a social security system. In Islam, social security is reflected in the existence of a system of zakat, *infaq* and alms and in the conventional economy social security is usually administered by the Government and the fees are partly borne by the government and partly charged to social security participants.

Many studies have investigated the role of social security in people's lives. Kaseke (2010) has investigated the role of social security on poverty problems. He concluded that social security is very helpful for lower-income citizens, unemployed and orphaned teenagers to get financial support and other facilities. Kaseke (2010) asks that social security also plays an important role for those who are vulnerable to poverty and prevents them from falling into the poverty line. Accident insurance effectively protects workers against risks in the workplace and it helps those blue collar

workers who are generally low-income workers. Social security membership is common in Indonesia. However, a study of perceptions and interest in using social security. One of the few studies conducted by Endartiwi et al. (2017). Their study used primary data and secondary data in the form of interviews with social security actors and social security services in the city of Yogyakarta. The results showed that firstly, the users of free and affordable health services and the second factor was the precaution against bad health problems and self-protection. Another study on health social security was conducted by Andria and Kusnadi (2017) who investigated the level of funds availability prepared to guard when sick. The results showed that out of 100 workers, 33 stated that there was no such fund, 13 people said they were there and 54 people were not willing to provide information.

Another factor that triggers business interest is the availability of capital. Rahmah (2018) explains that the capital availability factor determines the interest in women entrepreneurs in Jambi Province. The existence of financial institutions is very important. Azmi and Thaker (2020) state that microfinance institutions help entrepreneurs who do not have access to banks. Microfinance institutions are able to distribute funds to entrepreneurs in villages and the informal sector. Microfinance institutions are believed to have lower levels of bad credit and better returns than banks.

From the descriptions in the previous paragraphs, it can be found that there has never been any research examining the relationship between social security ownership and capital availability and opportunities to open a business. This research attempts to fill that gap. To the best of the authors' knowledge, this is the first study examining the role of social security presence and capital availability on business interest. This study uses a social security measurement approach using indicators of ownership of health social security, pension social security and accident social security. On the other hand, the measure of the availability of capital is represented by debt ownership in banks and financial institutions. These measures are micro and secondary data. This research, to the best of our knowledge, is one that investigates the effect of social security and loans.

The existence of an entrepreneur is very important for the economy because the entrepreneur is the driver of production and distribution. The results of this study are useful for the government to maintain business interest by using social security mechanisms and access to capital for prospective entrepreneurs. The results of this study can be used as the basis for a study, namely testing whether there is a relationship between social security and interest in doing business. The results of this study can provide information and insights, especially for economic and financial researchers.

RESEARCH METHODS

The approach taken in this study is a quantitative approach. Goertzen (2017) cites the opinion providing a simple definition of quantitative research as a systematic investigation that includes descriptive or inferential statistical analysis. Examples are experiments, survey research, and investigations that use numerical comparisons.

This study uses the Logistic Regression Method. According to (Menard, 2014), Logistic Regression is the development of the foundations of logistic regression analysis which owes every bit as much to log-linear and logit analysis as it does to ordinary least squares (OLS) linear regression analysis, and an understanding of log-linear and logit analysis provides a fuller understanding of the logistic regression model.

Data is taken from the survey results of the RAND Corporation Research Institute. This survey report is known as the Indonesian Family Live Survey (IFLS).The subjects of this study were the heads of households in Indonesia surveyed in IFLS. The survey was done in several periods and data was taken from the IFLS 4 from 2007 to 2008 and IFLS 5 collected from 2014 to 2015. The research restricted only period the head of the household did not have a business. In IFLS 5, or period 2 survey, the same head of households from period 1 was taken and the head of the household has social security, financing of financial institutions, whatever they have businesses or not.

Binary Logistic Regression Analysis

Logistic regression is part of the regression analysis used for analyze the dependent variable which is categorical and the independent variable is category, continuous, or a combination of the two. Binary logistic regression model was used to analyze the relationship between one response variable (dependent variable) and several independent variable, with the response variable in the form of dichotomous qualitative data that is worth 1 to denote the existence of a characteristic and a value of 0 to represent the absence of a characteristic (Ghozi et al., 2018).

The logistic regression model is:

$$\mu(x_i) = \frac{e^{(\beta_0+\beta_1+\beta_{1x1i}+\cdots\ldots\ldots+\beta_p x_{pi})}}{1+e^{(\beta_0+\beta_{1x1i}+\beta_{2x2i}+\cdots\ldots+\beta_p x x_{pi})}} \quad \ldots\ldots (1)$$

Equation (1) has a non-linear form, for it to be linear then use log transformation or so-called logit transformation. So that logit from $\pi\,(xi)$ are:

$$ln\left(\frac{\mu(xi)}{1-\mu(x_i)}\right) = e^{(\beta_0+\beta_1+\beta_{1x1i}+\cdots\ldots\ldots+\beta_p x_{pi})} \quad \ldots\ldots (2)$$

To determine the effect of the independent variables, a significance test was carried out parameters both as a whole and individually. Test statistics used in the overall test is the G test or likelihood ratio test. While the test statistics are used in the partial test is the Wald test statistic (Hosmer & Lemeshow, 2000).

Overall Significance Test

The first test carried out was testing the role of the parameters inside the overall model is with the following hypothesis:

H_0: $\beta_1 = \beta_2 = \cdots = \beta_p = 0$ H_1: there is at least one coefficient βI = 0 (model is meaningless)

H_1: there is at least one coefficient $\beta i \neq 0$ (model means) i = 1,2, 3,… p

Test statistics used:

$$G = -2\left[log\left(\frac{lo}{l1}\right) - log(l_1)\right] = -2(L_0 - L_1) \quad \text{(3)}$$

where l_0 = the maximum value of the likelihood function for the model under the null hypothesis; l_1 = the maximum value of the likelihood function for the model under the alternative hypothesis; L_0 = the maximum value of the likelihood log function for the model under the null hypothesis; L_1 = the maximum value of the likelihood log function for the model under the alternative hypothesis.

The G value follows the Chi-square distribution with df = p. If using the real level is α, then the test criterion is reject H0 if $G \geq X\ (p)$ or p-value ≤ α, and accept H0 in another case.

Significance Test Individually

Individual parameter significance tests were performed using Wald Test with the hypothesis formulation as follows: H0: βi = 0 (the logit coefficient is not significant to the model) H1: $\beta i \neq 0$ (significant logit coefficient on the model) i = 1,2, 3,… p (Ghozi et al., 2018) With test statistics:

$$W^2 = \left[\frac{\widehat{\beta}}{SE(\widehat{\beta}_i)}\right] \quad \text{(4)}$$

where (β)̂ = estimation value of regression parameters; $SE(\hat{\beta}_i) =$ is the standard error value.

The value of squared W follows the Chi-square distribution with df = 1. If W or p-value ≤ α then H0 is rejected, and H1 is accepted otherwise.

Goodnes of Fit Test

The test used to test the fit of the model in logistic regression is test Hosmer-Lemeshow with the following hypothesis:

$$H_0 = \mu(x_i) = \frac{e^{(\beta_0+\beta_1+\beta_{1x1i}+\cdots\ldots\ldots\ldots\ldots+\beta_p x_{pi})}}{1+e^{(\beta_0+\beta_{1x1i}+\beta_{2x2i}+\cdots\ldots\ldots+\beta_p x x_{pi})}} \quad \text{(5)}$$

(the model fits or doesn't match the difference between observations and predictions)

$$H_1 : \mu(x_i) = \frac{e^{(\beta_0+\beta_1+\beta_{1x1i}+\cdots\ldots\ldots\ldots\ldots+\beta_p x_{pi})}}{1+e^{(\beta_0+\beta_{1x1i}+\beta_{2x2i}+\cdots\ldots\ldots+\beta_p x x_{pi})}} \quad \text{(6)}$$

(the model fits or doesn't match the difference between observation and prediction i = 1,2, 3,… p)

The Hosmer-Lemeshow statistic follows the Chi-square distribution with df = g - 2 where g is the number of groups (Hosmer & Lemeshow, 2000), with the formula as follows:

$X_{HL}^2 = \sum_{i=1}^{g} \frac{(0_i - n_i\mu_i)^2}{N_i\mu_i(1-\mu_i)}$ ..... (7)

where Ni = total observation frequency for group I; Oi = frequency of observation of group I; πi = the average probability of group i estimated

The model fit test is done by comparing the Chi-square value obtained with the Chi-square value in the table with df = g - 2. If X_{HL}^2 then H_0 is rejected and H_1 is accepted.

The following shows the steps for the logistic regression analysis method. This step is based on a study conducted by Ghozi et al. (2018) such as:

1. identify operational variables and definitions;
2. collecting primary data with a questionnaire to research respondents;
3. creating descriptive statistics based on the data obtained;
4. testing the likelihood ratio for the initial logistic regression model;
5. establishment of the initial binary logistic regression model;
6. wald test for the initial binary logistic regression model;
7. establishment of the final model of binary logistic regression;
8. estimating parameters based on the best model obtained;
9. goodness of fit testing for the final binary logical regression model;
10. conclude the results of the analysis.

Dependent Variable

The dependent variable in this study is categorical or dummy. This variable is categorized as follows: 1 if in the first period the head of the family or family member does not have a business and then in period 2 already has a business and is rated 0 if the head of the household or family member in the first survey and in the second survey period does not have a business. Data are obtained from the Indonesian Family Life Survey 4 (data taken from 2007 to 2008) and Indonesian Family Life Survey 5 (data taken from 2014 to 2015).

Independent Variable

Independent variables in this study can be divided into two, namely social security and financial institutions. Sources of variable data are obtained from the Indonesian Family Life Survey 4 (data taken from 2007 to 2008) and Indonesian Family Life Survey 5 (data taken from 2014 to 2015).

The independent variable in the first group is debt ownership of financial institutions owned by the head of the family or family members. The IFLS (Indonesian Family Live Surveys) does not provide further information on whether the institution's debts are from Islamic financial institutions or conventional financial institutions. Therefore, research uses bank loan data in general as its independent variable.

The independent variable in the second group is social security. Social security in this study is represented by ownership of social security by the family head or family member in the second survey period. Social security consists of the participation of the

pension program, insurance participation, the participation of the national health care security membership *(BPJS Kesehatan),* the participation of National Accidents Care Security Membership (*BPJS Kecelakaan*), national death care security membership (*BPJS Kematian*), and national pension care security membership (*BPJS Hari Tua*).

Data Sample

Table 1 illustrates the distribution of sample data in all Provinces in Indonesia and is complemented by the proportion of presentation of representatives of provinces in Indonesia.

Table 1
Distribution of Samples based on Provincial Level

Code	Prov Name	Freq.	Percent	Cum.
11	Aceh	2	0,01	0,01
12	North Sumatera	1146	7,59	7,6
13	West Sumatera	650	4,3	11,9
14	Riau	126	0,83	12,74
15	Jambi	21	0,14	12,88
16	South Sumatera	686	4,54	17,42
18	Lampung	607	4,02	21,44
19	Bangka Belitung	92	0,61	22,05
21	Riau Islands	37	0,24	22,29
31	DKI Jakarta	968	6,41	28,7
32	West Java	2156	14,27	42,97
33	Central Java	1853	12,27	55,24
34	DI Yogyakarta	806	5,34	60,58
35	East Java	2056	13,61	74,19
36	Banten	601	3,98	78,17
51	Bali	725	4,8	82,97
52	NTB	1068	7,07	90,04
61	West Kalimantan	2	0,01	90,05
62	Central Kalimantan	25	0,17	90,22
63	South Kalimantan	670	4,44	94,65
64	East Kalimantan	62	0,41	95,06
73	South Sulawesi	716	4,74	99,8
76	West Sulawesi	29	0,19	99,99
91	West Papua	1	0,01	100
Total		**15105**	**100**	

Source: Indonesian Family Life Survey 2008 and 2015

Table 2 describes the statistical summary used in this study such as the number of observations, the mean and standard deviation of each research variable**.**

Table 2
Variable Description

No	Variable	Observation	Mean	Std. Dev.	Min.	Max.
1	The ownership of Business	15105	0,555048	0,4969769	0	1
2	Bank loan	15105	0,277193	0,4476274	0	1
3	Pension	15105	0,0492552	0,2164076	0	1
4	Insurance claim	15105	0,0082092	0,090235	0	1
5	National health care security membership	15105	0,2571334	0,437068	0	1
6	National accident care security membership	15105	0,0541543	0.2263293	0	1
7	National pension care security membership	15105	0,0466071	0,2108028	0	1
8	National death care security membership	15105	0,0260841	0,1593907	0	1

Source: Data Proceed

RESULT

Model Specification

$$\mu(x_i) = \frac{\left(\begin{matrix}0{,}21709692+0{,}34489x1+\ 0{,}1666843x2+0{,}7054833x3- \\ 0{,}25599868x4-0{,}4866228x5-0.4562577x6-0{,}4562577x6-0.4215976x7\end{matrix}\right)}{1+\ e^{\left(\begin{matrix}(0{,}21709692+0{,}34489x1+\ 0{,}1666843x2+0{,}7054833x3- \\ 0{,}25599868x4-0{,}4866228x5-0.4562577x6-0{,}4562577x6-0.4215976x7)\end{matrix}\right)}}$$

..... (9)

Variable Identifications:

X_1 = Ownership of bank loans

X_2 = Ownership of Pension

X_3 = Ownership of Insurance Claim

X_4 = National Health Care Security Membership

X_5 = National Accident Care Security Membership

X_6 = National Pension Care Security Membership

X_7 = National Death Care Security Membership

Table 3 provides data regarding the regression coefficients and odds ratios of the binary logistic regression model of this study. More complete information regarding model data such as z value and information on confidence intervals can be seen in the appendix.

Table 3
Coefficients and Odd Ratio with SPSS

Variable	Coefficients	Odds Ratio
Ownership of Bank loan	0,34489	1,411835
Ownership of Pension	0,1666843	1,181381
Ownership of Insurance claim	0,7054833	2,024825
National health care security membership	-0,2599863	0,7710618
National accident care security membership	-0,4826228	0,6171626
National pension care security membership	-0,4562577	0,6336505
National death care security Membership	0,4215976	1,524395
_cons	0,2170692	1,24243

Source: Data Proceed (SPSS)

Both partially and simultaneously all independent variables (bank debt, pension guarantee, insurance claims, national health care security, national accident care security membership , national health care security membership, national death care security membership) have a significant effect on the business. Partially this is indicated by the value of Z (Prob.) which shows the number 0,000 at the critical limit of 0,05 indicating if the probability value is in the area of H_0 rejected. So that partially shows that the influence between variables is very significant. Simultaneously the significance of the influence between variables is indicated by the value of Prob. > Chi Square. The above estimation shows the value of Prob. > Chi Square of 0,000 *, which means that there is a significant influence on the estimation model.

Meanwhile, the sign (+/-) on the coefficient shows the effect given by the independent variable on the dependent variable. From the table shows that there are three variables that have a negative relationship to the business, namely the national health care security membership variable, national death care security membership variable and the national pension care security membership variable. This means that social security proxied by these three variables has a negative relationship to the interests of household businesses. Meanwhile the variable bank loans, pensions, insurance claims and national death care security membership have a positive relationship with the business. This means that social security proxied from the four variables has a positive relationship to the interests of household businesses.

The Odds Ratio column shows that lending in the form of bank debt has the opportunity to increase business interest by 1,412 times. The provision of social security in the form of pensions has the opportunity to increase business interest by 1,183 times. The provision of social security in the form of insurance claims has the opportunity to increase business interest by 2,025 times. The provision of social security in the form of a national health care security membership has the opportunity not to increase business interest by 0.771 times. The provision of social security in the form of national accident care security membership the opportunity not to increase business interest by 0.617 times. The provision of social security in the form of national pension care security membership the opportunity not to increase business interest by 0.634 times. The provision of social security in the form of a Death BPJS guarantee can increase business interest by 1,524 times.

Discussion

The most interesting thing about the results of this study is the variation in the results. That is, there is a diversity of direction relationships between dependent and independent variable variables. Some of the diversity of results is indicated by two results in this study. The results of the study have strengthened the assumption of Ibrahim Khan regarding Islamic economic strategies in tackling unemployment and encouraging entrepreneurship.

The subjects studied in this study are bank loans, retirement membership, insurance participation has a significant influence to increase the business opportunity of the family head or family member. With a bank loan, the main obstacle to starting a business is the lack of capital can be anticipated. Then with the existence of participation in insurance will increase the calmness in life for the occurrence of risk so that the desire to give rise to higher efforts. The retirement factor is a factor that also has a significant effect on increasing entrepreneurial opportunities. Pension is a guarantee of income in old age, pension funds provide certainty about the consumption of old age. The certainty of consumption in the old days gives calm to prospective entrepreneurs to start their business.

Another factor that has a positive impact on desire for entrepreneurs is National death care security membership. National death care security membership is similar to life insurance, which is to bear the burden of the risk of sudden death. Sudden death is a risk. This risk can result in a sudden loss of income sources especially if the deceased is the head of the family. Someone cannot predict when he will die. The age of dying when young and productive has a negative impact on the family left behind. With this risk, prospective entrepreneurs can better anticipate the risk of death. The absence of worry about the risk of death will encourage people to try.

The surprising result is that there are several variables that represent the social security variable showing that the negative relationship is the national health care security membership variable and the national accident care security membership and the National pension care security membership. Unlike Fahim Khan's assumption, which considers that entrepreneurial desires grow along with the existence of social security, this paper shows several variables showing negative direction towards entrepreneurial desires. When viewed from the profile of national healthcare security participants dominated by government employees and national accident care security membership dominated by self-employed employees. Government employees and private employees. Both of these groups are people who are looking for work and get jobs and salaries regularly. This group according to Fahim Khan has a small desire to be entrepreneurial.

CONCLUSION

Either partially or simultaneously all independent variables (bank loans, pension security, insurance claims, national healthcare security membership, national accident care security membership, national pension care membership, national death care security membership) have a significant effect on the business. The results show that there are three variables that have a negative relationship with business, namely the national healthcare security membership variable, the national accident care security membership variable and the national pension care security membership variable. This means that social security, which is provide by these three variables, has a negative relationship to household business interest. Meanwhile, the variety of bank

loans, pensions, insurance claims and national death care security membership have a positive relationship to the business. This means that social security, which is proxied by these four variables, has a positive relationship to household business interest.

Recommendation

With the aim of increasing and maintaining interest in business and fostering a sense of security in doing business. So the results of the study suggest that prospective business owners register themselves with insurance, accident social security, health, social security, pension security and other social security. In addition to social security membership, prospective entrepreneurs need to ensure access to capital. This access can be obtained through formal financial institutions or other means. This is important because the main obstacle for a person to do business is capital.

Social security is very popular in the world of workers but very unpopular in the world of business people. The government needs to disseminate information about the importance of society, especially business actors, about their participation in social security. The government needs to hold a campaign that invites people to participate actively in health, social security, accident social security and old age social security. The government needs to seriously invite business actors to participate in social security because it will help mitigate the risks that occur in their lives. The government continues to encourage easy access to capital for entrepreneurs by issuing regulations and taking the necessary steps so that access to capital from formal financial institutions can be channeled properly.

The topic of the effects of social security has rarely been studied. This study uses secondary data and has limitations. The next researcher is expected to be able to research with primary data so that the results can be more valid. Limited data regarding Islamic social security and Islamic social assistance such as skate and info also exist in this study. So, it is hoped that further research can carry out a primary data survey of social assistance recipients and relate them to the interest in opening a business.

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Appendix

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Logistic regression                             Number of obs     =     15,105
                                                LR chi2(7)        =     251.15
                                                Prob > chi2       =     0.0000
Log likelihood = -10252.684                     Pseudo R2         =     0.0121
```

The ownership of business	Coef.	Std. Err.	Z	P>|z|	[95% Conf.	Interval]
Bank_loan	.34489	.0374312	9.21	0.000	.2715262	.4182537
pension	.1666843	.0772672	2.16	0.031	.0152435	.3181252
Insurance_Claim	.7054833	.1980436	3.56	0.000	.3173249	1.093642
national_health care_security_membership	-.2599863	.0406682	-6.39	0.000	-.339695	-.1802786
national_accident_care_ security_membership	-.4826228	.0984058	-4.90	0.000	-.6754945	-.289751
national pension care security membership	-.4562577	.1140838	-4.00	0.000	-.6798579	-.2326576
national_death_care security_membership	.4215976	.143256	2.94	0.003	.140821	.7023742
_cons	.2170692	.0215573	10.07	0.000	.1748178	.2593207

```
Logistic regression                             Number of obs     =     15,105
                                                LR chi2(7)        =     251.15
                                                Prob > chi2       =     0.0000
Log likelihood = -10252.684                     Pseudo R2         =     0.0121
```

The ownership of business	Odds Ratio	Std. Err.	Z	P>|z|	[95% Conf.	Interval]
Bank_loan	1.411835	.0528466	9.21	0.000	.1.311965	1.519306
pension	1.181381	.091282	2.16	0.031	1.01536	1.372548
Insurance_Claim	2.024825	.4010036	3.56	0.000	1.373449	2.985125
national_health care_security_membership	.7710618	.0313577	-6.39	0.000	.7119875	.8350375
national_accident_care_ security_membership	.6171626	.0607324	-4.90	0.000	.5089047	.7484499
national pension care security membership	.6336505	.0722893	-4.00	0.000	.506689	.7924249
national_death_care security_membership	1.524395	.2183787	2.94	0.003	1.151219	2.018539
_cons	1.24243	.0267834	10.07	0.000	1.191029	1.296049

Table 1 : Source : Source: collected and managed by authors with SPSS