

ENTREPRENEURIAL PERSPECTIVE



G.1 Entrepreneurship

A. Definition of the nature of entrepreneurial development

Entrepreneurship is a scientific discipline that studies the values, abilities, and behavior of a person in facing life's challenges to obtain opportunities with various risks that may be faced. This is according to the book on entrepreneurship (Dr. Sudaryono, PO Abas Sunarya, Asep Saefullah). In the context of business, according to Thomas W. Zimmerer (1996), "Entrepreneurship is the result of a discipline and a systematic process of applying creativity and innovation in meeting needs and opportunities in the marketplace."

1) Karakteristik entrepreneur

- Self-confidence: Self-confidence is a psychological state that makes a person confident in his ability to be an entrepreneur. self-confidence is also an attitude of one's confidence to carry out and complete his tasks.
- Task and result oriented: Entrepreneurs who have these values will have a strong drive, energy, and initiative.
- Risk-taking: The willingness and ability to take risks is one of the main values in entrepreneurship.
- Leadership: the ability to lead, motivate and inspire others to achieve a common goal. Leadership in entrepreneurship also relates to the ability to organize, take advantage of opportunities, and manage the organizational environment.
- High commitment: High commitment is required to run the business smoothly and continue to grow.
- Future-oriented: entrepreneurs have a vision and goals to achieve in the future, and have foresight. Future-oriented entrepreneurs must also be able to develop a mature strategy and be ready to face future challenges.

- **Honest:** An honest entrepreneur will be able to say something according to the actual situation, not betray, and not break promises. Honesty will make people and other people trust and believe in the business being run.
- **Diligent:** Determined entrepreneurs will continue to strive hard and persevere to achieve the goals that have been set. They do not give up easily in the face of obstacles or failure. Perseverance allows them to keep trying and finding solutions when faced with obstacles.
- **Creativity:** Creativity allows entrepreneurs to think outside the box and find new solutions to existing problems. Creativity is important in product development, marketing strategies and value creation for customer.

2) Traits of entrepreneur

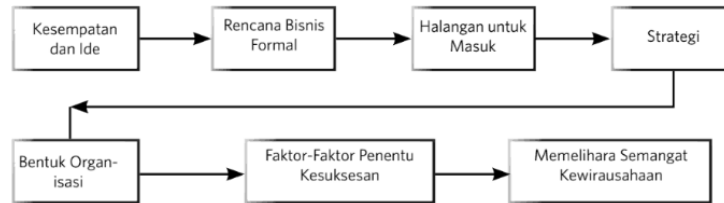
- **Optimistic:** An entrepreneur must have a positive outlook and belief that what they are doing will succeed, despite difficulties or challenges. An optimistic attitude helps them to stay motivated and keep going in the face of uncertainty.
- **Independence:** is the ability to make decisions and act without depending on others. Entrepreneurs need to be able to take initiative and take full responsibility for the business they run.
- **Not easily discouraged:** In the business world, failure is common. However, successful entrepreneurs do not give up easily when facing failures or challenges. They always learn from these failures and keep trying.
- **Profit and future oriented:** Entrepreneurs always think long-term and focus on achieving sustainable profits. They also plan ahead to ensure future business growth.
- **Determined:** An entrepreneur has a strong determination to achieve their goals. They have a great focus and desire to succeed, which motivates them to keep working hard.
- **Leadership:** Entrepreneurs must be able to lead a team, direct others, and make good decisions for their business. Leadership is essential in managing resources and keeping the team coordinated.
- **Easy to get along with others:** Interpersonal skills are essential. Entrepreneurs need to build good relationships with customers, partners and employees for the business to grow.
- **Open to suggestions and criticism :** Openness to feedback from others is an important quality. A successful entrepreneur will listen to suggestions and criticisms that can help them improve their product or build their business.
- **Have innovation :** The ability to think innovatively is necessary to create new ideas and solve problems in a different way from competitors.
- **Have an extensive business network:** Good connections with various parties, such as suppliers, business partners and investors, are essential in the entrepreneurial world. An extensive network can provide support and new opportunities for the business.
- **Adaptability:** The business world often changes rapidly, so entrepreneurs need to be able to adjust to changing market, technology and economic conditions. Adaptability is key to staying relevant and growing.

B. The entrepreneurial process

The entrepreneurial process according to Hanafi (2003:94-1010) consists of several stages.

1) Opportunities and ideas

A business opportunity that an entrepreneur recognizes is the foundation of entrepreneurship. A shift in the surroundings or an entrepreneurial event that recognizes an opportunity is what creates the opportunity.



Gambar 1.1 Model Proses Kewirausahaan

Sumber: Mamduh M. Hanafi, 2003: 94.

2) Formal business plan

A document created for starting a firm is called a formal business plan. Large enterprises frequently create this form of business strategy. Due to obligations from banks or possible funders, small firms are also being urged more and more to produce business plans.

3) barriers to entry

Even with a great concept, an entrepreneur will not just walk into the business sector due to the numerous challenges that come with it. His proposal could still be connected to the firm, or it might not be viable or practicable enough. Other reasons include inadequate understanding of the market, inefficient marketing strategies, or unhelpful networks and data. Other reasons include a lack of capital and difficulty finding trained labor. the presence of man-made barriers, such rules from associations or the government, which restrict the number of people who may join the market.

4) market entry strategies

An entrepreneur can enter the market in three ways, namely:

a. establishing a new Company

Creating a new business offers benefits and drawbacks. The benefits include establishing a network from the ground up to be free from the constraints of the current network and beginning again to keep the working spirit intact. The drawbacks include a significant degree of uncertainty, imprecise information, a lengthy startup period, and challenges securing affordable funding on favorable conditions. Because they already have information, banks often favor established

companies. Venture capital and participation are often better suitable sources of funding for fledgling firms.

b. buying an existing company

Acquiring an established firm has several benefits, including expediency, access to pre-existing and well-established business networks, pre-existing information that facilitates analysis, and the ability to secure favorable finance. The drawbacks include being restricted to pre-existing networks, lacking original ideas, and taking on the pre-existing issues of the firm being acquired.

c. Franchising

A growingly common company model is franchising. A license arrangement between the main business and the franchisor who administers the license is known as franchising. The franchisor and the franchisee are the two parties that make up the contract. While the franchisee operates the business under the franchisor's name or brand, the franchisor owns the name or brand.

5) Organisational form

Entrepreneurs can choose several organisational forms after entering the market. There are several forms of organisation:

a. Usaha perorangan

It is an individual business because it is not subject to many formal procedures. The liabilities borne by the entrepreneur are unlimited, up to personal wealth, if the owner dies, the business will end. An individual business can be opened at any time while the capital comes from the founder's personal. The management of an individual business is quite free because it is not supervised by a particular body.

b. Firma atau Partnership

The firm is a combination of several people who become partners, if there are partners who only supply capital, do not interfere in the management of operations, then the partners are unlimited, which means up to personal wealth. The firm can also cease or dissolve with one of the partners or the decree of cessation of one of the partners. Partners sell their shares to outsiders with the consent of the others. The management of the firm is quite free in the sense that it is not supervised by any particular institution or body, and the capital comes from the partners.

c. Perseroan

This type of business is the most complex, but has a greater chance of growth because it can utilise more capital. Capital comes from shareholders, and liabilities are limited to the capital paid in, in the event of bankruptcy, liabilities do not extend to personal wealth. The life of the Company can be agreed to be indefinite, or determined over a certain period of time, depending on what is stated in the articles of association. The Company's management is supervised by the Board of Commissioners or equivalent body.

6) Critical success factors

Entrepreneurs should be aware of the factors that can lead to business failure after a small business. Causes of small business failure include:

a. Insufficient capital structure

b. Lack of capital to purchase capital goods and equipment

- c. Lack of capital to utilise inventory items sold at reduced quantities, or other types of discounts
 - d. Using outdated equipment and business methods
 - e. Failed to implement inventory control
 - f. Unable to perform credit control
 - g. Lack of standardisation of accounting records
 - h. Lack of business planning
 - i. Inability to detect and understand market changes
 - j. Inability to understand changing economic conditions
 - k. Not preparing a plan for emergency or unexpected situations
 - l. Inability to anticipate and plan for financial needs
 - m. Personal qualifications
 - n. Lack of business knowledge
 - o. Not willing to work too hard
 - p. Unwilling to delegate tasks and authority
 - q. Inability to maintain good customer relations
- 7) Nurturing the entrepreneurial spirit
- Entrepreneurship is driven by perceived opportunities. The pressure experienced is the loss of opportunity due to environmental changes. Administrative behaviour is driven by either

C. The role of entrepreneurship in economic development



G.2 The role of entrepreneurship in building the economy

It's much the same as determining what potential contributions entrepreneurs may make to development, both to economic growth and human resources (HR).

Indicators of the contribution of entrepreneurship to economic growth may be found in a number of domains, including:

- 1) Overcoming poverty

The most important and common scapegoats for poverty are, at minimum, three factors: lack of capital, lack of knowledge, and laziness. These three elements, however they don't necessarily go hand in hand, are important for the expansion of entrepreneurship.

2) Reduce unemployment

These days, the annual proportion of the jobless population is rising. The increase of formal school graduates at the highest educational levels—diploma, undergraduate, and even graduate—is one of the reasons contributing to this. With other elements, such as COVID-19 since the start of 2020. The Central Statistics Agency (BPS) reports that as of February 2021, there were 8.75 million jobless persons in Indonesia. Compared to the same period last year, when there were 6.94 million persons, the number rose by 26.26%.

3) Creating employment opportunities

Some business owners combine their passion for education with their business. This tactic uses a very effective technique to alter fate, if it can be implemented together. The ultimate goal of both is to become a highly educated, academic, or educated entrepreneur.

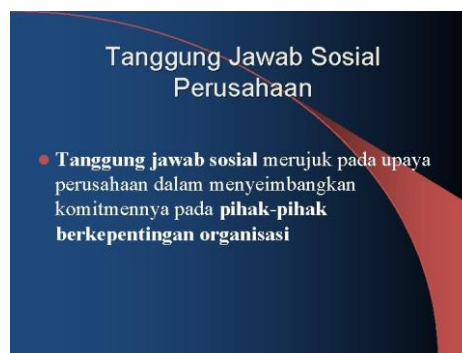
4) Experimentation experience

Despite having only completed high school, the entrepreneurial experience factor determines one's ability to succeed as a true entrepreneur, survive, and thrive. This is because the experience of working as a "subordinate" comes with losses and the inability to restart the business due to capital failure.

D. Ethics and social responsibility of entrepreneurs

a. What is meant by corporate social responsibility?

In the business sector, the phrase "corporate social responsibility" (CSR) is not particularly new; the idea behind it has been developing for a number of decades. However, the phrase "corporate social responsibility" (CSR) has evolved along with the advancement of politics, the economic sector, social development, and human rights.



G.3 Corporate Social Responsibility

According to Bambang Rudito and Melia Famiola, corporate social responsibility is the idea that businesses, but not just them, have an obligation to their communities, shareholders, customers, workers, and the environment in all facets

of their business activities. Furthermore, it is claimed that "sustainable development and social responsibility are closely related," making the case that a business conducting its operations must base its decisions not only on financial considerations like profits or dividends but also on the long- and short-term social and environmental effects of those decisions.

As per Baker, a company's social responsibility lies in its ability to oversee its business procedures in order to generate beneficial environmental effects. One definition of social responsibility is how businesses set up their manufacturing procedures to benefit the community. It may also be considered a crucial procedure for controlling the expenses incurred in the pursuit of profits, both from the inside out (employees and shareholders) and from the outside out (government agencies, local residents, civic associations, and other businesses). What social duty is all about. In essence, there are many different kinds of corporate social responsibility. from charitable giving to neighborhood improvement projects.

Andi Firman defines social responsibility as the idea that entails a company's social and environmental obligations to the larger community, particularly in the region where the business is located. Social responsibility can take the form of initiatives that support small businesses, farmers, fishermen, and other entrepreneurs with soft working capital; scholarships for deserving and impoverished students; improvements to road infrastructure; school buildings; facilities for sports and religion; training and education for women and youth; and the empowerment of indigenous peoples. This involves preserving nature's state so that it continues to be balanced and in good health. From an ecological and economic standpoint, the enterprise has contributed to the community's increased economic growth in this capacity.

The World Bank lists the following as the fundamental tenets of corporate social responsibility: human rights, employment security, environmental preservation, interaction and leadership, education, and humanitarian disaster assistance. In order to accomplish sustainable development goals, Yusuf Wibisono defines corporate social responsibility (CSR) as a company's obligation to its stakeholders to act morally, minimize adverse effects, and maximize beneficial effects that encompass the triple bottom line of social, economic, and environmental factors.

According to Suhandari M. Putri, corporate social responsibility (CSR) is the business community's or firms' commitment to support sustainable economic growth by balancing their attention to the social, environmental, and economic spheres.

The regulation of CSR in Article 74 of Law No. 40 Year 2007, is regulated as follows:

- 1) Companies whose business activities are in the field of and/or related to natural resources are obliged to implement Social and Environmental Responsibility.
- 2) Social and Environmental Responsibility as contemplated in Paragraph (1) shall be an obligation of the Company which shall be budgeted for and calculated as a cost of the Company, the implementation of which shall be carried out with due attention to propriety and fairness.
- 3) A Company that does not perform its obligations as contemplated in Paragraph (1) shall be subject to sanctions in accordance with the provisions of legislative regulations.
- 4) Further provisions regarding Social and Environmental Responsibility shall be regulated by government regulation.

b. CSR Principles

One of the experts on corporate social responsibility (CSR), Alyson Warhurst from the University of Bath, UK, in 1998 explained that there are 16 (sixteen) principles of corporate social responsibility (CSR).

1. Corporate priorities. Recognise social responsibility as the highest corporate priority and a key determinant of sustainable development, so that corporations can establish policies, programmes and practices to conduct their business operations in a socially responsible manner.
2. Integrated management. Integrating policies, programmes and practices into every business activity as one management element in all management functions.
3. Process improvement. Continuously improve corporate social policies, programmes and performance, based on the latest research findings and understanding of social needs and applying the social criteria internationally.
4. Employee education. Organise education and training and motivate employees.
5. Assessment. Conduct a social impact assessment before starting a new activity or project and before closing a facility or leaving a plant site.
6. Products and services. Develop products and services that have no negative social impact.
7. Public information. Informing and (when necessary) educating customers, distributors, and the public about the safe use, transport, storage and disposal of products, as well as services.
8. Facilities and operations. Develop, design and operate facilities and conduct activities that take into account the findings of social impact assessments.
9. Research. Conduct or support research on the social impacts of raw materials, products, processes, emissions and waste associated with business activities and research that serves as a means to reduce negative impacts.
10. Precautionary principle. Modify the manufacturing, marketing or use of products or services, in line with current research, to prevent negative social impacts.
11. Contractors and suppliers. Encourage the use of corporate social responsibility principles by contractors and suppliers, and where necessary require improvements in the business practices of contractors and suppliers.
12. Emergency preparedness. Develop and formulate plans for dealing with emergencies, and in the event of a hazardous situation, liaise with emergency

services, authorities and the local community. At the same time, recognise potential hazards.

13. Transfer best practice. Contribute to the development and transfer of socially responsible business practices across all industries and public sectors.
14. Making donations. Donations to joint ventures, public and business policy development, government agencies and government departments and educational institutions that will raise awareness of social responsibility.
15. Openness. Foster openness and dialogue with workers and the public, anticipate and respond to potential hazards, and impacts of operations, products, waste or services.
16. Achievement and reporting. Evaluate social performance, conduct regular social audits and review achievements against corporate criteria and laws and regulations and communicate the information to the board of directors, shareholders, employees and the public.

c. Corporate Responsibility Standard

International media outlets covered the historic UN Global Compact conference that took place in Geneva, Switzerland on Thursday, July 7, 2007, after it was officially inaugurated by the UN Secretary General. The purpose of the gathering is to urge businesses to practice corporate social responsibility, or simply put, responsible and ethical business practices.

The setting for ISO activities in social responsibility lies in the general understanding that SR is essential for the continuation of an organisation. This understanding was reflected in two summits, the 1992 Rio Earth Summit on the Environment and the 2002 World Summit on Sustainable Development (WSSD) held in South Africa. The formation of ISO 26000 began when in 2001 the ISO body asked ISO on Consumer Policy or Copolco to negotiate the development of a Corporate Social Responsibility standard. Furthermore, the ISO body adopted the COPOLCO report on the establishment of the "Strategic Advisory Group on Social Responsibility in 2002. In June 2004 a pre-conference and conference was held for developing countries, then in October 2004, the New York Item Proposal or NWIP was circulated to all member countries, then voted on in January 2005, where 29 countries agreed, while 4 countries did not. In this case there was a development in the drafting, from CSR or Corporate Social Responsibility to SR or Social Responsibility only.

The Indonesian shadow committee claims that this modification is necessary as the ISO 26000 principles apply to all types of organizations, including both public and private ones. A voluntary standard providing advice on an institution's social responsibility, ISO 26000 includes all spheres of public or private organizations in both developed and developing nations. In this approach, Iso 26000 will offer value to the social responsibility initiatives that are emerging today:

- 1) Develop a consensus on the meaning of social responsibility and its issues.
- 2) Providing guidance on translating principles into activities

- 3) Select best practices that have been developed and disseminated for the benefit of the community or international community.

If we are to follow the understanding used by the experts who drafted the ISO 26000 Guidance Standard on Social responsibility which consistently develops social responsibility, the SR issue will cover 7 (seven) main issues, namely:

- a) Community Development
 - b) Konsumen
 - c) Healthy Institutional Activity Practices.
 - d) Environment
 - e) Employment
 - f) Human rights
 - g) Organizational Governance
- d. Corporate Social Responsibility as a Corporate Social Movement.
- According to Jennifer Azheri Busyra, the CSR movement is the largest social movement of our time. She puts pressure on governments, corporations, and even international law, which she believes is inadequate in addressing the issue of globalization. She also claims that adopting CSR principles is fundamentally an act of political and economic resistance rather than a legal one.
- e. Business Ethics And The Factors That Influence Its Implementation
- Business Ethics According to Experts.
 - 1) According to Ebert and Griffin, ethics are beliefs about what is considered wrong and right, good and bad, based on individual values and norms that are formed due to the surrounding environment.
 - 2) According to Velasquez, ethics is the study of moral standards whose explicit purpose is to determine the extent to which it can determine the standards that are right or that are supported by the best reasoning, and thus ethics tries to reach conclusions about moral right and wrong and moral good and evil.
 - 3) According to Nickels, McHugh, McHugh: Ethics is the standard of moral conduct accepted by society regarding right or wrong behaviour,

According to Louise E. Boone and David L. Kurtz, business ethics are standards of conduct, and moral values that govern actions and decisions in the work environment. Business ethics are ways to conduct business activities, which cover all aspects related to individuals, companies, industries and society.

There are 3 simplified steps to apply ethical judgement to situations that can arise during our business activities:

- 1) Collect relevant factual information
- 2) Analyse the facts to determine the most appropriate moral value
- 3) Make ethical judgements based on truth

Stages of moral and ethical development

- 1) In the Preconventional stage, individuals will primarily put their personal interests first. Rules are followed only out of fear of punishment or hope of reward.
- 2) In the Conventional Stage, individuals consider the interests and expectations of others in making decisions. Rules are followed because he/she is a member of the group.
- 3) Post-conventional stage, the individual knows his personal principles in answering ethical dilemmas. He/she will consider personal, group and societal interests.

E. The future of entrepreneurship

Entrepreneurship will face both possibilities and problems in the future due to digitalization. Though it has always been a key component in spurring innovation and economic success, the landscape of entrepreneurship is changing dramatically as a result of the quick advancement of digital technology.

- 1) Gig Economy
 - The expansion of digital platforms, like online apps Gojek, Grab, and Upwork, provide chances for people to work for themselves in a variety of industries, ranging from professional services to meal delivery and transportation.
 - Flexibility in time and location is the main attraction for many people
- 2) Tech Startups
 - Technologies such as artificial intelligence (AI), big data, and the internet of things (IoT) are creating innovative new business opportunities.
 - Startups in fintech, e-commerce and healthtech are constantly emerging and changing the way we live and work.
- 3) Quality of Life Based Business
 - Businesses that prioritize sustainable and environmentally friendly goods and services are starting to proliferate as a result of increased public awareness of the value of social welfare, the environment, and health.
- 4) Online Business
 - The adoption of internet enterprises has accelerated with the return to the COVID-19 period. Dropshipping, digital marketing, and e-commerce have grown in significance as means of contacting customers.

ENTREPRENEURIAL MINDSET

A. What is the mindset of entrepreneurs?

The mindset of an entrepreneur differs from that of a non-entrepreneur. An entrepreneur frequently takes judgments in a highly unpredictable environment with competing interests in terms of risk, time constraints, and emotions. In starting a business an entrepreneur needs at least three important things including, Mindset, Knowledge, and Skills.

a. Mindset

When beginning a firm, having an entrepreneurial attitude is essential. An entrepreneur who possesses an entrepreneurial attitude will be driven to consistently produce new inventions and identify and seize lucrative business possibilities.

1) Action Oriented

One of the traits of an entrepreneur is their constant desire to take decisive action, especially in unclear circumstances. They follow the "see and do" approach. They believe that risk should be tackled head-on and overcome with cunning and action.

2) Simple thinking

Even with the increasing complexity of the world, an entrepreneur always learns to simplify. Furthermore, despite their extensive expertise, they are not technical individuals seeking complicated tasks. They handle issues one step at a time and with clarity of vision.

3) Always look for new opportunities

The prospects under consideration may be entirely fresh or may come from the same company. They are eager to expand their business, learn from the ground up, and network with new people. Regarding the same company, they are always searching assiduously for a variety of new options, such as: model, design, platform, energy, raw materials, packaging, and cost structure of production. They gain from fresh ventures and goods, as well as from novel approaches.

4) Pursue opportunities with high discipline

An entrepreneur needs to be very disciplined since they make investments and take on risks. Procrastination or laziness are not traits of prosperous businesses. They want their work completed as soon as possible, along with their planned tasks. Because opportunities are constantly tied to time, they battle with it. An opportunity that presents itself one moment may not present itself again later on. A chance may not present itself again once it is lost.

5) Only take the best opportunities

The way to assess opportunities lies in their economic value, brighter future, ability to achieve, and resulting change.

6) Focus on execution

Focusing on execution is meant to mean being unwilling to stop at the exploitation of the mind or revolving around indecisive thoughts.

7) Focusing everyone's energy on the business

Working alone is not characteristic of an entrepreneur. He must utilise the hands and minds of others, both inside and outside his company. They prioritise networking over realising their dreams alone

b. Knowledge

A region's economic development is strongly aided by factors such as the number of entrepreneurs, which in turn creates employment and naturally absorbs labor. The community's contribution to economic growth and advancement will be aided by the existence of entrepreneurs such as Micro, Small, and Medium Enterprises (MSMEs). Education is believed to be able to develop the various potentials that humans have. With education, intellectual power, moral power and social power can be developed. In addition, through education, knowledge, attitudes and skills can be improved. Education is a conscious effort, which aims to change a person's behaviour.

c. Skill

Skill is the ability to use reason, thought, ideas and creativity to do, change, or make something more meaningful to produce a value from the work. In this era of global competition, the need for human resources (HR) who have soft skills and hard skills based on entrepreneurial abilities is a demand that we must realise quickly, both through formal, informal and non-formal education. In addition, it will also be faster to get the opportunity to obtain and open employment opportunities through independent businesses that they create themselves. Meanwhile, the entrepreneurship profession is now more widely open to be developed by high school graduates and university graduates.

B. How to make managerial and entrepreneurial decisions

Managerial and entrepreneurial decision-making is a complex process that involves several strategic steps to achieve organisational or business goals. Here are details about the managerial and entrepreneurial decision-making process:

a. Managerial Decision-Making Process

- 1) Identifying the Problem: The first step in the decision-making process is to identify the problem that needs to be solved. This involves analysing the situation and understanding what needs to be fixed or acquired.
- 2) Gathering Information: Once the problem is identified, the manager must gather relevant information. This involves using a variety of sources, including data, reports, and suggestions from the team.
- 3) Identifying Alternatives: Once the information is gathered, the manager should identify various problem-solving alternatives. This involves considering various options and analysing their advantages and disadvantages.
- 4) Evaluating Alternatives: Managers must evaluate each alternative based on established criteria. This involves analysis of risks, costs and impact on the organisation.

- 5) Making a Decision: After the evaluation, the manager must make the most appropriate decision. This decision should be based on objective analysis and careful consideration
 - 6) Implementing the Decision: Once the decision is made, the manager must implement the decision. This involves allocating resources, organising teams, and supervising the implementation of the decision.
- b. Decision Making in Entrepreneurship
- 1) Strategic Thinking Skills: Entrepreneurship requires strong strategic thinking skills. Entrepreneurs must be able to see far ahead and develop effective strategies to achieve business goals.
 - 2) Risk Taking Ability: Entrepreneurship often involves risk taking. Entrepreneurs must be able to take appropriate risks to create new opportunities and increase business success.
 - 3) Ability to Overcome Challenges: Entrepreneurs must be able to overcome challenges that arise in business. This involves the ability to identify problems, find solutions, and overcome obstacles.
 - 4) Collaboration Ability: Entrepreneurship often involves teamwork. Entrepreneurs must be able to build strong networks, forge partnerships, and inspire others towards a shared vision.
 - 5) Ability to Learn from Failure: Entrepreneurs must be able to learn from failure. Failure is seen as an opportunity to learn and grow, not as a defeat.

As a result, while management and entrepreneurial decision-making share certain strategic elements, they also diverge greatly. To accomplish organizational goals, managers must be able to make wise judgments that work, and entrepreneurs must be able to come up with creative solutions to problems and be willing to take calculated risks and think strategically.