

Identification of Entrepreneurial Motivation Factors at Youth Entrepreneurship Training

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Abstract: *The objective of this study was to identify entrepreneurial motivation factors by doing research on need for achievement factor, locus of control, vision, independence, egoistic passion and drive at Youth Entrepreneurship Training (YET) participants. This study was a qualitative research with case study approach. The data in this study was obtained through in-depth interview, which was conducted on 6 participants of YET. Based on the results of data processing, found a similar pattern of their answers. Where the entrepreneurial motivation factors, i.e. vision, drive, egoistic passion, locus of control, independence and need for achievement are identified within each respondent. This study was expected to contribute to identifying entrepreneurial motivation factors in entrepreneurship training participants. The author recommends conducting further research, for example by doing comparative research of some entrepreneurship training institutions in Bandung. In order to get a broader picture of entrepreneurial motivation factors, especially on entrepreneurship training institutions participants in Bandung.*

Keywords: Entrepreneur, Entrepreneurship, Entrepreneurial Motivation, Entrepreneurship Training

1. Introduction

The population in Indonesia according to Statistics Indonesia as many as 237,641,326 inhabitants [1]. According to the Coordinating Ministry of Human Development and Culture, the projected number of Indonesian citizens in 2015 is approximately 255 million and makes Indonesia the fourth most populous country in the world after China, India and the United States. With a large population, Indonesia has a lot of social problems; one of them is the number of unemployed [2]. The number of unemployed in Indonesia in February 2017 according to Statistics Indonesia as much as 7,005,262 people with unemployment rate reached 5.33%, which means that from 100 people labor force, there are about 5-6 people unemployed. West Java province occupies the top position with the highest number of unemployed in Indonesia, which is as many as 1,921,987 unemployment [4].

Vice Chairman of the Chamber of Commerce and Industry (CCI) Sector Micro, Small and Medium Enterprises, Cooperatives and Creative Economy says that Micro, Small and Medium Enterprises (MSMEs) in Indonesia in addition to playing a role in growth and economic development, also have a very important contribution in overcoming the problem of unemployment, because MSMEs can absorb labor even though the number is not as big as small and medium industries or other large industries. The growth of micro business makes it a source of employment opportunities and increase income by absorbing a lot of labor. With this position, it means that MSMEs have a strategic role in fighting poverty and unemployment. Based on the records of CCI Indonesia, the contribution of the UMKM sector to Gross Domestic Product (GDP) increased from 57.84% to 60.34% in the last 5 years. Labor absorption in this sector also increased from 96.99% to 97.22% in the same period. Meanwhile, in 2014 referring to data from the Ministry of Cooperatives and MSMEs, the number of MSMEs in Indonesia reached about 57.9 million. It is estimated that in 2016 the number of MSME players will continue to grow. The government is targeting the contribution of GDP of Creative Economy to reach 7% to

7.5% and the country's foreign exchange increase reaches 6.5% to 8% until 2019 [11].

The growth of MSMEs in Bandung can be a cornerstone in the improvement of MSMEs stretch for other cities and districts in Indonesia. As stated by the President of Indonesia Council of Small Business (ICSB) shortly before submitting the Natamukti Nindya Award to the Mayor of Bandung at ICSB Indonesia City Award at Harris Sunset Road Hotel on November 29, 2016, that the MSMEs stretch in Bandung is growing rapidly is one of the important factors in motivating the development of MSMEs in other cities and districts in Indonesia. Natamukti Nindya Award is an award given to the cities/regencies that succeeded in realizing 3 categories, namely 1) Natamukti Satria category is an award given to cities/regencies that successfully promote local wisdom and create MSMEs investment in the region, 2) Natamukti Reswara category is award given to cities/districts that successfully support the competitiveness of local products of MSMEs in the region, and 3) category Natamukti Pranata is an award given to the cities/districts that successfully created a good ecosystem of MSMEs in the region [6].

Chairman of the Chamber of Commerce and Industry of Bandung said that the number of business in Bandung reached 90 thousand people or 4% of the total population of 2.3 million inhabitants. As a service city, the number of 4% is still minimal and needs to be improved again, as well as improve their quality, both in terms of business networks, turnover and capital. Ideally, the number of business actors in the city of Bandung that reached 160 thousand people or about 8% of the total population of Bandung or even more. Because as a city of services, clearly their role is very decisive [14].

One way to foster an entrepreneurial soul and spirit can be done through educational programs, both through formal and non-formal education such as entrepreneurship training. In line with Valerio, *et al.* (2014) opinion that entrepreneurship education and training intervene in academic education and

formal training that share a broad goal of providing individuals with mindsets and entrepreneurial skills to support participation and performance in various entrepreneurial activities [13]. In Bandung, there is an institution that offers a special entrepreneurship training program for youth, namely Youth Entrepreneurship Training (YET). President Director of YET states that 90% of its alumni have succeeded in becoming entrepreneurs.

President Director of YET stated that in the early generation, YET participants had the motivation to become an entrepreneur. However, after YET has alumni who have been able to share their experience as entrepreneurs, YET participant motivation in subsequent generations to be different, among others: there is because following friends, requested by parents, fill the free time and so forth. Based on preliminary observations in the field on January 9, 2017, researchers found a variety of motivations in the participants as shown in Figure 1 below.

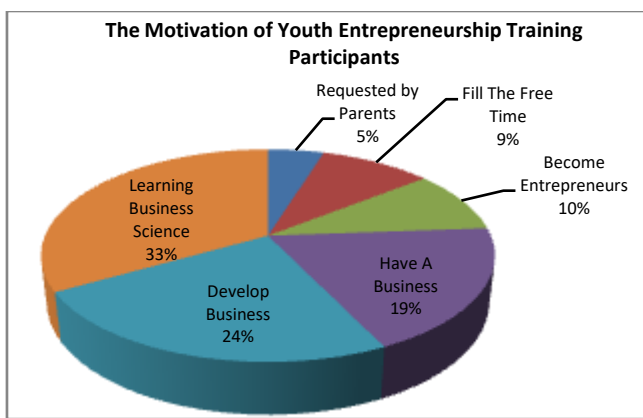


Figure 1: The Motivation of Youth Entrepreneurship Training Participants

One of the facilitators of YET states that usually participants who have the motivation of following friends, requested by parents or fill the free time, can't survive until the end to complete entrepreneurship training. The statement is supported by the facts in the field that since Batch 01 to Batch 29 there has never been participants pass 100% to complete YET program. In every batch there must be a participant who resigned, issued or went down to the next batch, based on some considerations taken by the management of YET.

Motivation is an important thing to be an entrepreneur. As Shane, *et al.* in Solesvik (2013) that individuals with high entrepreneurial motivation, are more likely to become entrepreneurs [9]. And according to Shane, *et al.* (2003) human motivation can influence the entrepreneurial process. In general, entrepreneurial motivation is influenced by several factors, namely need for achievement, locus of control, vision, independence, egoistic passion and drive [12].

There is a shift in entrepreneurial motivation to the participants of YET which ultimately leads them to not complete their entrepreneurship training to the end and to remember that motivation is the basic thing that a person needs to achieve his/her goal, becoming the reason why further scientific exploration of entrepreneurial motivation

needs to be done. Through this research will be identified entrepreneurial motivation factors in YET participants in Bandung. With the hope of this research can be used as one of the evaluation materials to the entrepreneurship training program organized by YET, as well as adding novelty in the field of entrepreneurship, especially about entrepreneurial motivation.

2. Literature Review

2.1 Entrepreneurship

The definition of entrepreneurship according to Hisrich and Peters (2000) is as follows [3]:

“Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risk, and receiving the result rewards of monetary and personal satisfaction and independence.”

In other words, entrepreneurship is the process of creating something new that is valuable by devoting the necessary time and effort, assuming accompanied by financial, physical, social risk, and receiving monetary rewards generated, as well as personal satisfaction and independence.

According to Nugroho (2016), there are various terms for the concept of entrepreneurship. In a number of literature around the world, the exact definition of entrepreneur, entrepreneurship, and entrepreneurial is unclear and even seem confusing. To fully grasp and understand the phenomenon of entrepreneurship, including entrepreneurs and entrepreneurs, the approaches and illustrations of the World Economic Forum are very useful to give the picture as shown in Figure 2 below [8].

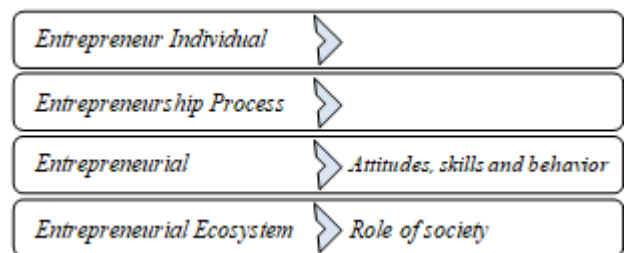


Figure 2: Definition of Entrepreneur, Entrepreneurship, Entrepreneurial dan Entrepreneurial Ecosystem

In other words, entrepreneurs mean individuals, whereas entrepreneurship is a process, while entrepreneurial is related to attitudes, skills and behaviors and entrepreneurial ecosystems related to community or environmental roles.

2.2 Entrepreneurial Motivation

Motivation is as an important driving force that directs one's actions toward related goals, and thus focuses one's attention and sustains taken actions. Entrepreneurial motivation relates to entrepreneurial activity and represents a force pulling a person towards achieving entrepreneurship as an endgoal. (Baum in León, *et al.*, 2008: 82) [5].

As already mentioned, that the definition of entrepreneurship

according to Hisrich and Peters (2000: 9) is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risk, and receiving the result rewards of monetary and personal satisfaction and independence.[3]. And, based on the approach and illustration of the World Economic Forum in Nugroho (2016), that entrepreneurial is associated with attitudes, skills and behaviors about entrepreneurship [8].

So it can be concluded that entrepreneurial motivation is an important driving force, which directs one's actions and will focus the attention and sustainability of actions taken to create something new that is valuable by devoting the time and effort required, assuming accompanied by financial, physical, risk social, and receive generated monetary rewards, as well as personal satisfaction and independence.

There are several factors of general entrepreneurial motivation according to Shane, *et al.* (2003) [10], i.e.:

1. Vision

The mechanism for actualizing an opportunity often initially exists mainly in the entrepreneur's mind, making the entrepreneur's idea for how to exploit the opportunity a personal interpretation of the opportunity. This idea is basically what we would call vision (Shane, *et al.*, 2003) [10]. Vision generates motivation through anticipation of desired future results, which work as rewards, and thus give power to follow the action. The clearer the visualization of the goal, the higher is the drive to achieve it (León, *et al.*, 2008: 91) [5].

2. Drive

According to Shane, *et al.* (2003) there is some relation between the term drive and that of Need for Achievement (nAch), but we use the term drive somewhat more broadly. We use it basically to refer to the willingness to put forth effort — both the effort of thinking and the effort involved in bringing one's ideas into reality. When entrepreneurs pursue opportunity, they must take action to make it real. We differentiate the four aspects of drive: ambition, goals, energy and stamina, and persistence. Ambition influences the degree to which entrepreneurs seek to create something great, important, and significant when they pursue opportunities. The nature of the entrepreneurial ambition may include making money or the desire to create something new, from conception to actuality. To achieve high goals requires enormous energy and stamina. When goal-directed energy is sustained over time, it is called persistence or tenacity. Pursuing an opportunity is never easy; failure at some point or in some respect is an inevitable part of the process [10].

3. Egoistic Passion

According to Shane, *et al.* (2003) egoistic passion is a passionate, selfish love of the work. Some commentators like to pretend that businessmen's core motive is to selflessly serve their employees and society. We argue, in contrast, that ego is a central motive. The true or rational egoist passionately loves the work; they love the process of building an organization and making it profitable. They are motivated to do what is actually in their own

interest—that is, to do everything necessary. Based on the results of a study conducted by Baum, *et al.*, passion had a direct significant effect on firm growth. [10].

4. Locus of Control

According to Rotter in Shane, *et al.* (2003) locus of control—the belief in the extent to which individuals believe that their actions or personal characteristics affect outcomes. Individuals who have an external locus of control believe that the outcome of an event is out of their control, whereas individuals with an internal locus of control believe that their personal actions directly affect the outcome of an event. Individuals with an internal locus of control would be likely to seek entrepreneurial roles because they desire positions in which their actions have a direct impact on results [12].

5. Independence

According to Shane, *et al.* (2003), independence entails taking the responsibility to use one's own judgment as opposed to blindly following the assertions of others. It also involves taking responsibility for one's own life rather than living off the efforts of others. Many investigators have observed that the entrepreneurial role necessitates independence. First, the entrepreneur takes responsibility for pursuing an opportunity did not exist before. Second, entrepreneurs are, in the end, responsible for results, whether achieved or not achieved. Further, individuals may pursue entrepreneurial careers because they desire independence [10].

6. Need for Achievement

Characteristics of a person who has need for achievement according to León, *et al.* (2008: 89) is having the desire to improve, meet high standards, and attain goals [5]. According to McClelland in Shane, *et al.* (2003), individuals who are high in nAch are more likely than those who are low in nAch to engage in activities or tasks that have a high degree of individual responsibility for outcomes, require individual skill and effort, have a moderate degree of risk, and include clear feedback on performance. Further, McClelland argued that entrepreneurial roles are characterized as having a greater degree of these task attributes than other careers; thus, it is likely that people high in nAch will be more likely to pursue entrepreneurial jobs than other types of roles.[10].

3. Research Methodology

3.1 Qualitative Method

The method used in this research is qualitative research method. Since this research is based on the social phenomena present in nature, in accordance with the objectives of qualitative research presented by Ulhøi and Neergaard (2007: 4) is the aim of qualitative research to develop concepts that enhance the understanding of social phenomena in nature, with confidence in meaning, experience and all participants/respondents [7].

Denzin and Lincoln in Neergaard and Ulhøi (2007: 5) define qualitative research in the following statements :

“They define qualitative research as multi method in focus, involving an interpretive, naturalistic approach

to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meaning in individuals' lives."

3.2 Data Sources

In this study, the primary data obtained through the technique of in-depth interview and field observation techniques conducted directly. While the secondary data obtained through photographs, related documents that many support and related to the primary data.

3.3 Sampling

This study uses purposive sampling technique in selecting respondents. Purposive sampling is a sampling technique that is limited to a particular type of person who can provide the desired information, which meets several criteria determined by the researcher (Sekaran, 2006: 136) [9]. The purposive sampling technique is chosen on the basis that the respondent chosen can be the key informant. In this study, the researchers considered to be key informant is the respondent who has the following criteria:

- 1) Active participants.
- 2) Last education :Senior High School.
- 3) Not have business / not running business.
- 4) Have motivation to:
 - a) Become an entrepreneur,
 - b) Build a business, or
 - c) Learn how to build a business. (refers to figure 1).

4. Result

Based on the results of data processing, found almost the same pattern of each respondent who was interviewed. The result of the research shows that the factors of entrepreneurial motivation in general, i.e. vision, drive, egoistic passion, locus of control, independence and need for achievement are identified within the participants of YET.

1. Vision

Based on the results of interviews, R1, R2, R3, R4, R5, and R6 were identified to have the vision in their life and the sixth respondents identified having the vision to become entrepreneurs in their life. Each respondent is able to see opportunities and have ideas / ideas to get the opportunity.

2. Drive

Based on the results of interviews, R1, R2, R3, R4, R5 and R6 are identified knowing what steps should be taken to achieve the ideals or vision in life. In addition, overall, respondents identified already have a desire to conquer challenges or obstacles encountered.

3. Egoistic Passion

Based on interview results, all respondents tend to agree that being an entrepreneur is a very interesting and important thing and a priority in their lives. According to R1, R3, R4, R5 and R6 being entrepreneurs is a very interesting and important thing for them to become a passion, and being an entrepreneur is a priority in their life.

4. Locus of Control

Based on the results of the interview, the overall respondents tend to believe that the success they get is determined by themselves. R1, R2, R3, R4, R5 and R6 state that the success obtained is determined by their self (locus of control internal).

5. Independence

Based on interview results, all respondents tend to say that they prefer to work with independence. R1, R2, R3, R4, R5 and R6 state that they prefer to work with independence.

6. Need for Achievement

Based on the results of the interview, all respondents tend to state that they have participated in the competition, although the competition that they follow is different and not all related to business competition. R1, R2, R5 and R6 state that they have participated in the competition. While R3 and R4 states that they have never participated in the competition. However, according to R3 and R4 experience they follow the competition obtained from every project in YET.

5. Conclusion

Based on the results of research and discussion that has been done in Point 4, it can be concluded that the results of research shows the factors of general entrepreneurial motivation, i.e. vision, drive, egoistic passion, locus of control, independence and need for achievement identified found on YET participants.

From the vision factor, it was identified that each respondent was able to see the opportunities that exist around them and have ideas to get the opportunity. And it is also identified that being an entrepreneur is the goal of all YET participants. Their vision becomes one of the factors that motivate them to become entrepreneurs.

From the drive factor, it was identified that in realizing its vision every respondent already knew what steps should be taken. In addition, in realizing their vision, each respondent faces different challenges/obstacles. However, when faced with challenges/obstacles each respondent did not give up easily. They are always trying to find a way out of every challenge/obstacle faced.

From the egoistic factor of passion, it is identified that every respondent who thinks that being an entrepreneur is a very interesting and important thing for them, so it becomes a passion. In addition, being an entrepreneur is a priority in their life. Some of the reasons that they put forward are entrepreneurs is a very interesting field and they are not

interested in pursuing other fields besides business. In addition to being an entrepreneur, they can impact and spread more benefits to others, one of which being a part of other people's success stories.

From the locus of control factor, it was identified that each respondent who believes that their success is determined by themselves and also supported by their environment. Each respondent who believes that their success is determined by themselves shows that they have an internal locus of control. While every respondent who believes that the success they get is determined by the environment indicates that they have an external locus of control.

From the independence factor, it was identified that it became one of the factors that motivated the YET participants to entrepreneurship. Because they prefer to work with independence. According to them by working freely they can more easily manage the schedule of activities, not boring, free from control, no boss, free expression and more comfortable.

From the need for achievement factor, it is identified that they have a desire to make something better, meet high standards and achieve goals. Overall, respondents have participated in the competition either in business or not. The need for achievement factor in the respondents can be seen from their preparation for the competition, where they practice diligently to give something better, to meet the high standards set by the competition organizers and achieve their goal of winning the competition.

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