

Analysis of Factors that Potentially Convert Nascent Entrepreneurs for Becoming Start up Business

¹I. Solihin, ²V. Silviani, ³N. Ramadhan, ⁴A. Andriani

Abstract---This study aims to analyze various factors that are considered important by start-up business people to get out from the nascent entrepreneur stage. These various factors are derived from the approach of entrepreneurial activity and the approach of entrepreneurial personality traits. The research method in this study used ex post facto research by asking questions to 30 start-up business people about what factors they are considered important when deciding to leave the nascent entrepreneur stage and becoming start-up business people. Based on this study, there are 9 very important factors that are thought to be the drivers of the entrepreneur entrepreneur's potential to become a start-up business.

Keywords---Entrepreneurial Activity Approach, Personality Trait Approach, Nascent Entrepreneur, Start-Up Business

I. INTRODUCTION

Entrepreneurship according to the classical economic school (Bull and Willard, 1993) is a self-employment activity to earn income through the businesses they run either as trade middlement or through the establishment of business organizations.

Before entrepreneurs run their business, they will be in the nascent entrepreneurs stage, which is a stage where the person really wants to become an entrepreneur but has not started running a business (Wagner, J., 2004). A person can be at the stage of a nascent entrepreneur for a long time period. In fact, there are not a few nascent entrepreneurs who have never turned into start-up businesses.

When nascent entrepreneurs decide to run a business or become start-up business, at least there are at least three motives underlying this decision. First, economic motives, for example, some entrepreneur running business in order to get profits. Second, social motives for example some entrepreneur running business for creating jobs. Third, psychological motives, for example some entrepreneur running business to fulfill self achievement.

This study aims to analyze what factors are considered important by the start-up business when they leave the nascent entrepreneurs stage. By knowing what factors are considered important by start-up business actors, this can

¹Faculty of Business and Management , Widyatama University , Bandung, Indonesia
ismail.solihin@widyatama.ac.id

²Faculty of Business and Management , Widyatama University , Bandung, Indonesia
vina.silviani@widyatama.ac.id

³Faculty of Business and Management , Widyatama University , Bandung, Indonesia
nabilah.ramadhan@widyatama.ac.id

⁴Faculty of Business and Management , Widyatama University , Bandung, Indonesia
Ajeng.andriani@widyatama.ac.id

be used as input for improving entrepreneurship education in higher education and fostering tenants in a business incubator.

As for the unit of analysis in this study we are using 30 respondents from small and medium enterprises in Kota Bandung who have run their business less than 4 years.

II. LITERATURE REVIEW

Wagner (2004) divides the nascent entrepreneurs into three categories. First, what is meant by nascent entrepreneur is an entrepreneur who is currently trying to start a new business (start-up business). Second, nascent entrepreneurs are entrepreneurs who hope they will become new business owners or have a part of the new business. Third, nascent entrepreneurs are those who have been actively trying to form new businesses in the last 12 months but do not have a positive cash flow - to cover expenses and salaries of owners and managers for more than three months. In this study, what is meant by nascent entrepreneur is an entrepreneur who is currently trying to start a new business (start-up business). Whereas what is meant by start up business according to Global Entrepreneurship Monitoring (2001) is a new business run by entrepreneurs and operates less than 42 months.

To obtain factors that are considered important by entrepreneurs to become start-up business people and out of the nascent entrepreneur stage, two approaches will be used in this study, namely the entrepreneurial activity approach and the personality trait approach.

According to the entrepreneurial activity approach (Bygrave and Hooper, 1991) the activities of entrepreneurs originate from the existence of business opportunities perceived by an entrepreneur so that the entrepreneur collects various resources to support the implementation of the business (capital, equipment, business location etc.); forming business organizations; produce and market goods and services; obey the law and applicable legislation.

Based on the entrepreneurial activity approach, there are several factors that can be considered as determinants of the success for running start-up business, namely:

1. Business opportunities perceived by entrepreneurs, which are divided into two dimensions, namely: perceptions of profits that can be obtained and perceptions of potential sales that can be obtained.
2. Availability of resources, which are divided into four dimensions, namely: Capital adequacy, employee availability, technology availability and availability of business premises
3. Availability of business body
4. The ability to produce goods or services
5. Ability to market goods or services
6. Ability to follow government regulations

The personality trait approach provides another perspective on entrepreneurship. If the entrepreneurial activity approach is more intended to describe the activities carried out by entrepreneurs in running a business, then the analysis of personality traits approaches emphasizes the various personality traits possessed by entrepreneurs. A study conducted by Barclay (2008) in collaboration with The Psychometrics Center, University of Cambridge, succeeded in identifying 12 factors that drive a person's entrepreneurial behavior, namely:

1. Openness - This factor shows the extent to which someone likes novelty compared to things that are conventional
2. Conscientiousness - This factor shows to what extent a person likes a regular life as opposed to a flexible life
3. Extraversion - This factor shows the extent to which someone likes to be friends or seek pleasure and various stimulations. This is characterized by high involvement with the outside world as opposed to feeling comfortable with his own world.
4. Agreeableness - This personality trait shows individual differences in relation to social harmony. This personality trait shows how someone expresses his opinion and manages his relationship with others.
5. Neuroticism - This personality trait shows a person's tendency to experience negative emotions and how someone faces it and responds to the demands of life
6. Self-efficacy - This factor shows the extent to which a person has a perception of his ability to do something new or a difficult task and deal with hard work.

7. Autonomy - This factor measures the extent to which a person needs independence and freedom to make decisions freely
8. Initiative - This factor indicates the extent to which a person's behavior at work is indicated to be pro-active. People who have high values in personality traits are starting something at their own will (self-starter) that is willing to overcome various obstacles to achieve goals
9. Innovativeness - This factor shows the extent to which individuals seek novelty and complexity and dare to accept change and also encourage change.
10. Achievement motivation - This factor shows the extent to which someone needs success by motivating himself and striving to gain recognition and personal excellence.
11. Locus of control - This factor shows the extent to which someone believes that their various actions and behaviors determine the outcomes of various external events. Someone who has a high control locus value indicates the existence of an internal locus of control, which means that the individual believes that he can influence or control his external environment.
12. Risk propensity - This factor indicates the extent to which a person is willing to take risks and experience losses

III. RESEARCH METHODOLOGY

The sample in this study was 30 small and medium enterprises located in the city of Bandung and engaged in the manufacturing or service business and had been operating for less than four years.

The research uses ex post facto research design (Kerlinger, 1986) by asking the start-up business factors which factors they consider important when they change from a nascent entrepreneur to a start-up business.

The researcher asked the start-up businesses to give a rating with a scale of 1-10 rating on various factors that were considered important by the starters to exit the nascent entrepreneur stage. Table 1 shows the relationship between the rating range for each factor and its degree of importance

Table 1: Rating and Degree of Factors Important

Rating Range	Degree of Factors Important
0 – 2,5	Not important
Greater than 2,5 to 5	Somewhat important
Greater than 5 to 7,5	Important
Greater than 7,5 to 10	Very important

IV. RESULT AND DISCUSSION

Based on the results of the questionnaire given to 30 start-up business people, results were obtained as can be seen in Table 2 below

Table 2: Start Up Business Responses To Various Factors Considered Important To Get Out Of The Nascent Entrepreneur Stage

No	Factors	Rating	Degree of Factors Important
1	perceptions of profits that can be obtained	9,87	Very important
2	perceptions of potential sales that can be obtained.	9,52	Very important
3	Capital adequacy	9,64	Very important
4	Employee availability	7,31	Important
5	Technology availability	8,76	Very important
6	Availability of business premises	9,10	Very important
7	Availability of business body	7,48	Important
8	Ability to produce goods or services	9,46	Very important
9	Ability to market goods or services	9,73	Very important
10	Ability to follow government regulations	7,45	Important
11	Openness	6,53	Important

12	Conscientiousness	5,88	Important
13	Extraversion	4,43	Somewhat important
14	Agreeableness	5,02	Important
15	Neuroticism	4,85	Somewhat important
16	Self-efficacy	7,43	Important
17	Autonomy	6,43	Important
18	Initiative	7,32	Important
19	Innovativeness	7,15	Important
20	Achievement motivation	7,28	Important
21	Locus of control	8,56	Very important
22	Risk propensity	8,68	Very important

Source : Primary data

Based on data from Table 2, there are 9 factors that are considered very important by start-up business players as a driver for them to get out of the nascent entrepreneur phase. In terms of entrepreneurial activity, start-up business people see very important 7 factors, namely perceptions of profit that can be obtained; Perceptions of sales potential that can be obtained; Capital adequacy; Availability of technology; Availability of business premises; Ability to produce goods or services; Ability to market goods or services. Whereas in terms of personality traits, business people see very important 2 factors, namely locus of control and risk propensity.

V. CONCLUSION

1. There are 9 factors that allegedly together can be the main drivers of start-up business out of the nascent entrepreneurs phase.
2. Among the 9 factors, the perceptions of profit that can be obtained are the most important factors

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