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## **ENTREPRENEURIAL PERSPECTIVE**

### **1. Definition Of The Nature Of Entrepreneurial Development**

The nature of entrepreneurial development includes elements such as innovation, risk-taking, proactivity, opportunity-orientation, and flexibility in the face of change. Entrepreneurs act as agents of change who introduce new products or ideas that can affect various sectors, including economic and social. Entrepreneurship requires entrepreneurs to continuously innovate and take measured risks in order to explore ever-evolving market opportunities. The nature of Enterprise development includes several aspects, namely :

#### **a. Innovating**



A fundamental characteristic of entrepreneurs, which involves the creation of new ideas, products, or processes to provide additional value and fresh solutions to existing problems. Innovation enables entrepreneurs to grow their business, respond to changing market needs, and gain a competitive advantage. Important aspects of innovating include new value creation, problem solving, adoption of the latest technology, development and testing of ideas, and building a culture of innovation within the business.

#### **b. Risk-taking courage**

An entrepreneur must be able to face every uncertainty, and make business decisions in risky situations. In making decisions, it must be based on careful calculation and not based on conjecture, so that the risk is neither too low nor too high.

#### **c. Proactive**

An important characteristic for entrepreneurs that includes the attitude to take the initiative in influencing and controlling situations, instead of just waiting to react. Proactive entrepreneurs actively seek opportunities, plan and predict changes, are willing to take measured risks, and address problems before they arise. They focus on achieving goals and solutions, with planned and strategic actions. entrepreneurs will

certainly always have an active attitude to look for business opportunities without waiting for them to come.

d. Opportunity-oriented

The ability of entrepreneurs to identify and take advantage of opportunities that exist in their market or environment. Entrepreneurs with this trait always think creatively, are able to see opportunities behind problems, and are proactive in pursuing these opportunities. They focus on long-term growth and are ready to adapt to market changes. This trait also includes the ability to find opportunities even in challenging situations. An entrepreneur is always focused on identifying existing opportunities that will generate profits.

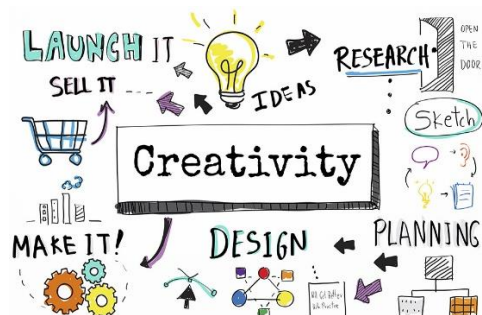
e. Flexibility

The ability to adjust business strategies and operations in line with changing market conditions and customer needs. This includes the ability to change business strategies, respond quickly to market changes, adjust day-to-day operations, innovate continuously, and manage risks in an adaptive manner. This flexibility allows entrepreneurs to remain relevant and successful in a dynamic business environment. An entrepreneur must be able to adapt to changes both internally and externally.

These traits are the main pillars for the development process of entrepreneurship that is able to adapt in a competitive business environment.

## 2. Entrepreneurial Process

The entrepreneurial process consists of the steps taken by an entrepreneur to start, develop and manage a new venture with the aim of creating value and making a profit. This process includes identifying opportunities, planning, executing and managing the necessary resources.



In entrepreneurial activities there are seven processes or stages, namely :

a. Opportunity identification

The first step in entrepreneurship is to identify business opportunities by studying market needs, trends, and problems that can be solved through innovative ideas.

b. Idea development

Once the opportunity is identified, the entrepreneur formulates a clear business idea and begins to develop concepts and strategies for the products, services and business model to be undertaken..

c. Business planning

At this stage, the entrepreneur develops a detailed business plan, including market analysis, financial projections, and marketing strategies that will help run the business and attract investors.

d. Resource gathering



At this stage, the entrepreneur gathers the required resources, including capital, labor, and technology, to start running the business. This can include seeking funding from various sources.

e. Implementation or launch

At launch, the entrepreneur starts running the business operations, producing and distributing products or services to the market, and implementing the planned marketing strategy.

f. Business management and development

Once the business is up and running, the entrepreneur manages daily operations, monitors performance, and innovates and evaluates to ensure growth and sustainability.

g. Evaluation and scalability

In the evaluation stage, entrepreneurs analyze business performance to find development opportunities, such as expanding markets or adding new products to increase the scalability of the business.

From the above, it can be concluded that overall, the entrepreneurial process involves a series of steps taken by the entrepreneur to start and run a new business. This process starts with discovering an opportunity, followed by planning, implementing the idea, and managing resources. Each stage plays an important role in ensuring the business can create value, make a profit, and thrive.

### 3. The Role of Entrepreneurship in the Economy

Entrepreneurship plays a key role in driving economic growth because entrepreneurs are agents of change who introduce new products, services, technologies, and business models to the market, increasing productivity and economic efficiency. In Joseph A. Schumpeter's (the creative destruction theory of entrepreneurship), entrepreneurs are seen as the main innovators and entrepreneurship is the main driver of the economy, creating economic growth through a storm of creative destruction (Schumpeter, 1947).

Dollinger (2008) defines entrepreneurship as establishing an economical firm that is innovative, profit oriented, willing to take risks as well as to face the uncertainty of the environment. So, it can be interpreted that entrepreneurship has a significant role in economic change and development.

Here are some of the main roles of entrepreneurship in the economy :

a. Creating new jobs



Entrepreneurs play an important role in creating new jobs, not only through the companies they establish but also by expanding employment opportunities throughout the supply chain. According to data from the Ministry of Cooperatives and SMEs (2020), MSMEs absorb 97% of the overall workforce in Indonesia, indicating that most of the country's labor force works in the small and medium enterprise sector established by local entrepreneurs.

b. Innovation and technology

Entrepreneurs are agents of innovation who bring new technologies and creative ideas to the market, increase productivity and efficiency, and strengthen the competitiveness of the economy as a whole. Joseph Schumpeter in his book “The Theory of Economic Development” (1934) mentioned that entrepreneurship is the main innovation force in the economy, introducing new products and processes that replace old technologies..

c. Driving economic growth



Entrepreneurship drives economic growth by opening new businesses, introducing innovative products, and increasing competition leading to increased productivity and overall economic activity.

d. Increasing competitiveness



By creating better products and improving efficiency, entrepreneurship increases market competitiveness, gives consumers more choices, and forces other companies to innovate..

e. Regional and social development

Entrepreneurs help accelerate the development of less developed regions by creating investment opportunities, improving infrastructure and addressing social challenges through social entrepreneurship. A report from the World Bank shows that entrepreneurship, especially in less developed regions, plays an important role in driving local economic development and creating opportunities that improve people's quality of life.



The role of entrepreneurship is increasingly important due to the dynamism of economic growth, especially in terms of first, economic growth and business development to increase purchasing power and community welfare. Second, the ability of the government to achieve satisfaction in the delivery of services to the public. In its development, entrepreneurship has shown its ability to make a very realistic and important contribution in building these two things.

According to Yusof, Permula and Pangil (2005) in Frinces (2010) there are four reasons why entrepreneurs are important in society. The four reasons are: (1) To utilize factors of production such as land, capital, technology, information and various human resources (HR) in producing effective tasks. (2) To identify opportunities in the environment by increasing activities that will be beneficial to everyone. (3) Choosing the best approach when using all factors of production to minimize waste in various entrepreneurial activities (minimizing waste in entrepreneurial activities). (4) For the benefit of the future generation.

#### 4. Ethics and Responsibilities of Entrepreneurs

Business ethics is a way of conducting business activities that covers all aspects related to individuals, businesses, and society. Business ethics refers to the moral principles and values that govern a company's commercial behavior and interactions with its various stakeholders. Some important business ethics issues include the treatment of employees, consumers, the environment, fair competition, transparency and compliance with laws and regulations.

Business ethics plays an important role because it can shape the values, morals, and behavior of employees and leaders to build fair and healthy relationships with partners, shareholders, or the community.

Bertens (2013: 25) argues that ethical business needs to be viewed from three perspectives, namely economic, legal, and moral.

Sonny Keraf (1998) suggests principles that can be used as behavioral guidelines for carrying out business ethics, namely the principle of honesty, the principle of autonomy, the principle of justice, and the principle of moral integrity.

Business ethics is a way of conducting business activities that includes business ethics and social responsibility are interrelated because business ethics provide values and moral foundations that guide business decision making, complement each other in implementing responsible business practices and enhance business reputation and sustainability.



Business ethics has 4 main principles, namely honesty, respect, transparency, responsibility and accountability, and justice. Here is the explanation:

1. Honesty, in doing business the thing that needs to be prioritized is honesty towards customers and employees and vice versa without misusing Company secrets for personal purposes.
2. Respect, every Company must have an awareness of the importance of mutual respect for anyone, both consumers, suppliers, and the community, and vice versa.
3. Transparency, each Company must be open about their activities to maintain ethical practices.
4. Responsibility and Accountability, each Company must have responsibility for each of their steps or activities and be responsible for the consequences of each ethical decision they make.



5. Justice, each Company should demonstrate ethical attitudes and behaviors by respecting human rights, such as labor laws and equal opportunity laws where applicable. In addition, the Company must ensure that every worker has safe working conditions and always follow the laws of discipline and dismissal.

Corporate Social Responsibility or CSR is an activity carried out by the Company to implement its business model responsibly. A business is expected not only to seek profit, but also to realize that the activities it carries out also have an impact on all aspects around it, and consider the social and environmental impacts of their decisions, both in the short and long term. The aspects covered can be very broad, ranging from social, environmental, economic, consumers, company employees, and other stakeholders who have similar interests. A company that is able to adapt to the waves of the future is one that is managed in a socially responsible manner. It is also about protecting the environment for the benefit of future generations. CSR also provides benefits to the business world, ranging from building brand awareness, a powerful marketing tool, enhancing reputation to building employee relations and satisfaction. The implementation of CSR will certainly affect public trust, because they believe that the activities managed by the company bring benefits to them. For example, a waste-free environment opens up job opportunities and may even inspire them to do the same.



CSR activities in Indonesia include cause promotion, cause related marketing, corporate societal marketing, corporate philanthropy, community volunteering, and socially responsible business practice. The responsibilities of an entrepreneur or company are four, namely towards consumers, towards employees, towards the environment, and towards society.

Business ethics and social responsibility must be practiced because it can build good reputation and trust, meet stakeholder needs, innovation and competitive advantage as well as business sustainability and resilience.

## 5. The Future of Entrepreneurship

The future of an enterprise relates to how the business projects its growth, innovates and adapts to changes in the market. Elements such as the application of technology, sustainability and competition in the industry sector play an important role in shaping the way forward for the company. The future of entrepreneurship is predicted to evolve rapidly, influenced by several key factors such as technology, globalization, changing work

patterns, social and environmental awareness, and inclusive ecosystem support. Here are the explanation of the future of entrepreneurship :

a. The impact of technology on entrepreneurship



Technology will play an important role in transforming entrepreneurship, allowing entrepreneurs to leverage innovations such as AI and automation, so they can optimize operations and reach consumers globally more efficiently.

b. Globalization and access to new markets



Globalization will expand opportunities for entrepreneurs to enter international markets, supported by technology that facilitates access to consumers around the world and growing demand in developing regions.

c. Changes in work patterns and flexible entrepreneurship

The future of entrepreneurship will be increasingly flexible, with individuals preferring to work independently or in more adaptive business models, supported by technology that enables remote work and global collaboration. A study by McKinsey & Company (2022) suggests that an increase in remote work and the freelance economy will further support more flexible and decentralized entrepreneurship.

d. Social entrepreneurship and environmental awareness

Entrepreneurship in the future will increasingly focus on social and environmental value, with entrepreneurs creating businesses that are not only financially profitable but also aim to solve social problems and maintain sustainability. according to a report (Global Entrepreneurship Monitor (GEM)) in 2021, social entrepreneurship will become more important due to increasing consumer demand for socially responsible and sustainable businesses.



e. Ecosystem support and inclusive financing

In the future, the entrepreneurial ecosystem will be more inclusive, with more financing opportunities for entrepreneurs from diverse backgrounds, supported by innovative funding models such as crowdfunding and venture capital. According to (World Bank) in its 2022 report, the entrepreneurial ecosystem of the future will be more supportive of innovation and inclusion, with various sources of financing increasingly accessible to entrepreneurs from diverse backgrounds.

## ENTREPRENEURIAL MINDSET

### 1. Entrepreneur Mindset



Entrepreneurial mindset is, in a nutshell, an entrepreneur's way of thinking. While broadly speaking, it is a way and pattern of thinking and attitude that enables individuals to create, manage, and grow a business. It also enables individuals to solve challenges, be assertive, and take responsibility for results. This mindset includes several characteristics that can enable entrepreneurs to identify opportunities, take risks, and face challenges.

The following is an explanation of the entrepreneur mindset:

a. Critical thinking and Solution-oriented

An entrepreneur tends to think critically in various matters and always innovate to find and find solutions. A successful entrepreneur will not focus on problems alone, but will focus on solving problems and providing innovative solutions. Someone who has this mindset is someone who has high curiosity, innovative, creative, and critical thinking.

b. Adaptable

Entrepreneurs are able to accept a wide range of changes that they never knew existed. An entrepreneur will stay focused on his/her goals despite changes.

c. Dare to take risks

An entrepreneur can afford to take risks and most are successful because they are very careful and calculate well before making a decision.

d. Creative and innovative

An entrepreneur always has and is able to create new ideas, innovate and be creative in creating products or services that can compete.

e. Tough and flexible

An entrepreneur has a tough mind and mentality, does not give up easily, and is able to bounce back when unsuccessful. In addition, entrepreneurs are also able to adjust to changes that occur in several internal and external aspects. This mindset is key in the effort to maintain business sustainability from various competitors and challenges.

f. Long-term thinking

Entrepreneurs always think and prioritize the importance of vision and mission in the long term. They are able to look ahead and set strategic goals.

g. Independent and confident

They have high self-confidence and are accustomed to being independent, this self-confidence helps them to determine the steps needed.

h. Networking skill



They understand the importance of building relationships with other parties such as business partners, mentors, investors and consumers in order to maintain business continuity and development.

The entrepreneurial mindset centers on critical thinking, adaptability, risk-taking, creativity, resilience, and flexibility. With this mindset they are able to run their business well. There are four main components of an entrepreneurial mindset, namely :

1. A cognitive intuitive style that tends to look at problems broadly and draw conclusions and actions quickly, even when minimal information is available.
2. Entrepreneurial Awareness, the ability to find and identify newly obtained information and be able to connect with previous information, and be able to evaluate the information obtained is an opportunity or not.
3. Entrepreneurial Metacognition, the ability to see things from a diverse and holistic perspective, goal-oriented, metacognitive knowledge, metacognitive experience, metacognitive choice, and self-monitoring.
4. Resources, the process of acquiring resources, maintaining resources, and developing resources (Doye, N.C. & Bwisa, M, 2015).

McGrath and Mac Millan identified five characteristics of entrepreneurial mindsets that are similar to the habits of entrepreneurs, namely they tend to like to look for new opportunities, are very disciplined in pursuing opportunities, look for opportunities that have a high potential for profit and are critical, and do not waste time and energy on every choice. Focus

on action, connecting all the energy of everyone in their domain. Based on the previous explanation, entrepreneurial thinking is similar to the habits of an entrepreneur.

## 2. Taking Managerial and Entrepreneurial Decision Making



Managerial and entrepreneurial decision-making is one of the important processes in business activities. Managerial and entrepreneurial decision-making processes are crucial in determining the direction and success of an organization or business. Although both types of decision-making are strategic in nature, they have fundamentally different approaches and focuses. The following describes decision-making in the managerial and entrepreneurial contexts.

### A. Managerial Decision Making

It is an activity of choosing the best action from various options available to achieve company goals. Managerial decision making is often based on existing data, logical and systematic analysis, as well as policies and procedures according to predetermined provisions. The following is an explanation of some of the main characteristics of managerial decision making :

#### a. Based on data and facts

The decision-making process is based on a thorough and up-to-date analysis of existing data and facts to achieve operational efficiency.

#### b. Structure and procedures

Managerial decision making is obtained from an environment that has certain or specific rules and procedures. In the book “The Practice of Management” by Peter Drucker, managerial decision making is described as a systematic and organizational goal-based process.

#### c. Focus on efficiency and control

A manager tends to make decisions to maximize operational efficiency and evaluate various options by considering budget, time, and resources. The “Journal of Operations Management” states that managerial decisions that focus on controlling resources tend to be more efficient in achieving organizational targets.

#### d. Short and medium term orientation

In making decisions, managers tend to focus on achieving short to medium-term targets such as quarterly or annually with the aim of maintaining business stability and growth. In the article “Harvard Business Review” suggests that a manager tends

to focus on decisions that provide immediate or short-term results to maintain the optimality of the company's performance..

#### B. Entrepreneurial Decision Making

It is decision-making that deals with innovation, uncertainty, and the ability to respond to market opportunities. Key characteristics of entrepreneurial decision-making :

- a. Risk-taking, being in an uncertain environment, and being required to take risks. The success of entrepreneurs is usually attributed to their ability to take measured and calculated risks and manage uncertainty.
- b. Innovation and opportunity, in this decision-making tends to be innovation by creating new value and taking advantage of untapped market opportunities.
- c. Speed and flexibility, the process of making decisions quickly by entrepreneurs. A successful entrepreneur tends to be able to make decisions quickly and be adaptable and flexible in every condition and opportunity that exists.
- d. Long-term orientation, in making long-term decisions they invest in innovations that do not provide direct benefits, but will provide long-term value..

So, we can conclude that there are fundamental differences in managerial and entrepreneurial decision-making in terms of approach and vision. Managerial decision-making focuses on stability, efficiency, and structured data and processes, on the other hand, entrepreneurial decision-making focuses more on flexibility, innovation, risk-taking and capitalizing on opportunities, and creating long-term growth for the company. Both are important depending on the context and goals of the company.