

Factors of Opportunity Awareness in Family Business Successor Generation at Surabaya

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Abstract

Entrepreneurship is one solution that contributes greatly to the nation. Through entrepreneurship then wide open opportunities and jobs for the nation. The inability of a person to recognize an opportunity, then it can be possible in making a decision based only on try and error. Hougaard (2004) in Nausedaite and Pundziene (2011) explains that there needs to be a measure of awareness of the odds that one is better able to analyze the market situation and not based on try and error. The purpose of this study is to determine the factors that shape the sensitivity to opportunities (Opportunity Awareness) on young entrepreneurs' successor family business in Surabaya. This research is a quantitative research using Confirmatory Factor Analysis. The result of research stated that market and technological factors as well as Creation factors are the factors that make up the opportunity Awareness.

Keywords: Opportunity Awareness, Entrepreneurship, Family Business

I. BACKGROUNDS

1.1 Introduction

Entrepreneurship has been generally accepted as the economic pillar in Indonesia. *Entrepreneurship* pursues the economic growth of a nation through the creation of jobs (H, Utomo, 2014). Kodrat and Christina (2015) explain that the growth of the amount of Entrepreneurship can fix the economic matters of a nation. An ideal nation is a nation with 2% amount of the total population in that country. Entrepreneurship is also an effort to open new employment so it can increase people's welfare and reduce the unemployment (Ciputra and Tanan, 2012). The amount of entrepreneur in Indonesia can be said that the majority is dominated by family businesses, because according to Deloitte's survey, it is said that 80% of Entrepreneurs are family businesses, and 90% of a big scale firm in Indonesia is also family businesses. Which means that families' businesses have a significant impact to the national economy (HR portal, 2013 accessed on April 2017). A research related to issues in family business is still considered as an interesting topic to be researched.

Various examples of issues in family businesses are communication gaps, competence gap and some other issues that involve gap between generations. The gap between generation in family businesses can influence the family business performance. Generally, the entrepreneurial behavior of the predecessor generation will be different from the next generation. The next generation is expected to have a behavior which is not really far from the predecessor generation. With those gaps between generation, it means that competencies of

the predecessor generation and the next generation is different. Competence of the predecessor generation is derived from the experience that has been passed, while the competence of the next generation is greatly influenced by the environmental dynamics that occur. According to Ciputra in the book called "The Ciputra's Way", there are 3 main competition that Entrepreneurs must have, which is first, an entrepreneur must have the ability to see business chances to create new things. Second, Entrepreneurs must have the creative and innovative ability to do every action. Third, Entrepreneurs must have the ability to measure and take risks. The next generation is expected to have that entrepreneurial competence in family business.

The next generation of family business is expected to open a new business concept in family business and also expected to have the ability to create new chances. One of the competence which the next generation must have to create new business concept is a competence to create new chances. Creating opportunities is inseparable from the development of technology. Market needs are fast changing and unpredictable. The market needs are increasingly diverse and the market bargaining position is getting higher. Entrepreneurship is not always begin with product, but entrepreneurship begins with an existing work chance which can be defined as a lucrative situation which creates need or opening new business concept (Morris in Kodrat & Christina, 2015:63). This means that the core of entrepreneurship is the ability to create new chances an different through creative and innovative thinking.

In someone's inability to realize an existing chance, it can be possible that it was only from trial and error that decision-making process runs. It is definitely not expected for the next generation of the family business. Hougaard (2004) in Nausedaite and Pundziene (2011) explain that a measure of awareness of a chance is necessary so that someone is able to analyze the market situation and not based on trial and error. This is very important because the main point after the ideation process, is how someone can realize a chance and can analyze that chance. There are many Entrepreneurs experience failure because they unable to see the chance (Hougaard, 2004). Related to the statement of Hougaard 2004, it can be stated that before creating an opportunity, an Entrepreneur must have awareness of the emersion of an opportunity (Opportunity Awareness).

Awareness of an opportunity (Opportunity Awareness) is a main point which an Entrepreneur must have, also with the next generation of family businesses. The predecessor generation surely have big hopes so that firms which have been established from the beginning can be sustainable and thrive. Because of that, the next generation must have responsibility to have a new business concept in family business and expected to have that competence. An opportunity can be created optimally if it begins with by having an awareness of opportunity creation. . Based on the background which has been explained before, then the researcher intends to do research towards the factors which made Opportunity Awareness to the next generation of family business in Surabaya.

II. LITERATURE REVIEW

2.1 Entrepreneurship

Entrepreneurship is the ability to create opportunities through creative and innovative process by taking into account all the risks that will be faced. (Suryana, 2003: 57 in Dewi, 2012). Entrepreneurship requires vision, creativity and being able to see the situation for business development. The process of applying creativity and innovation in solving problems and finding opportunities to improve business (Zimmerer in Kasmir, 2013:20). Casson in Wahyudi (2012), explains that entrepreneur is someone who runs his expertise by making different decisions with others for the utilization of resources owned to be more useful than ever.

Entrepreneurship consists of actions and business approach that a business actor applies to achieve performance (Schermerhorn, 1999: 64 in Dewi, 2013). Entrepreneurship is needed to improve competitiveness, innovation, create opportunities, and strive for the survival of the company (Kristanto, 2005: 29 in Dewi *et. al*, 2012). Entrepreneurship is define as an activity for the socio-economic stabilization and effective utilization of resources by stimulating socio-economics progress, creating new value, and providing employment opportunities (Low & MacMillan, 1988 in Shane & Venkataraman, 2000). Ciputra (2011) in Mustikarini (2014) said that an entrepreneur is someone who dared to take risks, able to create opportunities and able to innovate through products and processes.

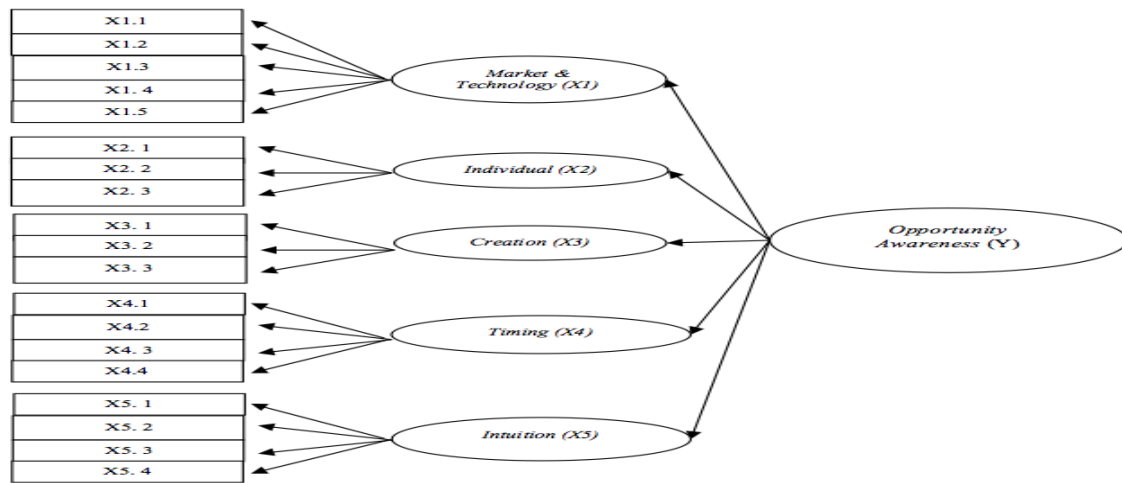
2.2 Opportunity

Business opportunity is a meeting between the needs and desires of consumer with the offering of products or services (Kodrat and Christina, 2015). Opportunities are the most important in business so that business people can analyze unpredictable condition so that the survival of the company remains supported. This is a key factor because without a good sensitivity to the opportunities then the business tendency will fail (Cuero, 2007).

2.3 Opportunity Awareness

Opportunity Awareness is one of the factors that drive entrepreneurship interest. *Opportunity Awareness* can be learned through the mechanism of demand and supply that occur in the market (Ebrahim, 2014). Measurement of Opportunity Awareness according to Hougaard (2004) can be interpreted from the inventory window of opportunities grouped into five things: First, Market and Technology which is awareness that arises because the ability to see the market and the utilization of technology. Second, Individual is the consciousness of grasping the opportunities derived from the individual awareness. Third, Creation is the emerging awareness of the opportunities that occur because it was deliberately created by individuals based on the learning and experience experienced by individuals. Fourth, Timing which is the awareness of the emergence of opportunities depends on the time and conditions. Fifth, Intuition, which is the awareness of opportunities based on predictions of the situation at hand (Hougaard, 2004).

Figure 2.1. Research Model



Source: Data processed 2017

III. RESEARCH METHODS

This research uses quantitative approach. According to Sugiyono (2012) quantitative research is a systematic, planned, structured, and numerical research. Quantitative research can use probability sampling technique and non-probability sampling (Grove *et al.*, 2015). This research uses non-probability purposive sampling method.

3.1. Population and Sample

The unit of analysis in this study is individual. Cooper (2013) explain that, the population is the overall total of the elements to be achieved. Population is the whole object of research or referred as universe (Purwanto, 2012). The population of this study is all young entrepreneurs the next generation of family business domiciled in Surabaya with an unknown exact amount. Bungin (2015) states that the sample is part or representative of the population under study in accordance with the researchers' criterion.

Determination of the number of samples with unknown population may refer to the opinion of Sekaran (2003) in Mustikarini (2014), explaining that the rules of thumb in determining number of samples should be greater than 30 and less than 500 respondents to be able to be used on various types of research. The sample used in this study were 79 respondents in accordance with the questionnaire that has to be returned and completed.

3.2. Measurement

Research instrument or data collection tool that will be used in this research is self-administered questionnaire. Variables will be measured with different question items. All the instruments used in this study are adaptations from multi-item scale that have been used by some previous research and have gone through an interpretation stage based on validated resources.

3.3. Data Analysis Method

Data analysis method that will be used in this research is by using factor analysis. Factor analysis is one of the analytical techniques used to summarize and reduce a large number of existing variables into smaller numbers (Aprilia dan Ghozali, 2013). Factor analysis to be used in this research is confirmatory factor analysis with second order confirmatory factor analysis using SMARTPLS software.

IV. DATA ANALYSIS AND DISCUSSION

4.1. Respondents Characteristics

Table 4.1. Sample Characteristics

No	Characteristic	Amount (%)
1	Male	48,7%
	Female	51.3%
2	16-20 yrs	12,8%
	20-25 yrs	79,5%
	26-30 yrs	2,6%
	>30 yrs	5,1%

Source: Raw Data processed, 2017

Based on the distribution frequency, it is known that the majority of female respondents equal 51.3% more from male respondents which equals 48%. Meanwhile, if observed from the age distribution, it can be seen that the majority of respondents are under thirty years old. Most of the questionnaires are filled by young Entrepreneur community of Surabaya which has role as the next generation of family business who have contributed in family business in six months to two years period. This shows that the election of respondents is very precise, because most of the respondent have already involved in family business and still classified as “still on process of new business concept” in family business. That condition is suitable as Opportunity Awareness as the first step to begin a new concept in family business. This shall show or give answers to the cultivated phenomenon.

4.2. Validity Test and Reliability

Table 4.2. Validity and Reliability

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Creation	0.725	0.879	0.785
Market & Technology	0.876	0.942	0.890
Opportunity Awareness	0.765	0.851	0.589

Source: Processed Data, 2017

Validity test for second order confirmatory factor analysis is done through three parts of tests. The first validity test is the loading factor outer model where in this test, the suggested score is above 0,70. When taking the loading factor outer model in this research, there are no indicators erased because all indicators are above 0,70. The next validity test are the Average

Variance Extrated (AVE) and cross loading. In AVE test, the suggested score is 0,50 and for cross loading test, the suggested score is 0,70. Table 4.2 shows that all latent variables dimensions have numbers above 0,50 for AVE test and above 0,70 for cross loading (Abdillah & Jogyanto,2015).

There are 2 kinds of reliability test that must be done for second order confirmatory factor analysis, which is the Cronbach alpha test and composite reliability test. The suggested score for the second reliability test is above 0,70. Table 4.2 shows that the Cronbach Alpha testand the composite reliability test have scores above 0,70 so all the factors in this research are considered reliable.

4.3 Loading Factor

Table 4.3. Cross Loading Test

	Market technology	Creation	Opportunity Awareness
X1.3	0,946	0,412	0,834
X1.4	0,941	0,347	0,794
X3.2	0,346	0,883	0,708
X3.3	0,368	0,889	0,726

Source: Raw Data Processed, 2017

In table 4.3 shows that factors qualify the loading factor score above 0,70 are indicator X1.3 and X1.4 on factor Market and Technology which is sensitivity of opportunity because the individual has seen the market and because using technologies. In the next indicators which are X3.2 and X3.3 on Creation factor, states that opportunities don't appear suddenly and must be made through experience and studies faced by individual

4.4. CONCLUSION

The conclusion of this research are as follows :

The factor which make Opportunity Awareness on young entrepreneur as the next generation of family business is the Market Technology and Creation Factor. Market Technology factor are closely linked to rapidly changing environments, so market requirements are not easily predicted by market technology factors. The Creation Factor is closely related to how individuals are able to do new things and create new things.

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APPENDIX

5.1. Outer Loading Hypothesis Test (Testing the indicator against the variable and against Y)

	Creation	Market Technology	Opportunity Awareness
X1.3		0.946	
X1.3			0.834
X1.4		0.940	
X1.4			0.794
X3.2	0.883		
X3.2			0.708
X3.3	0.889		
X3.3			0.726

5.2.

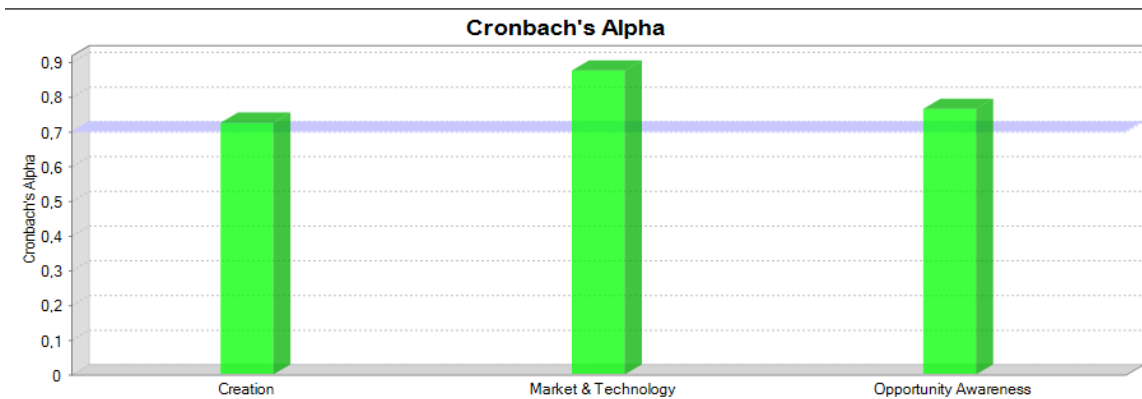
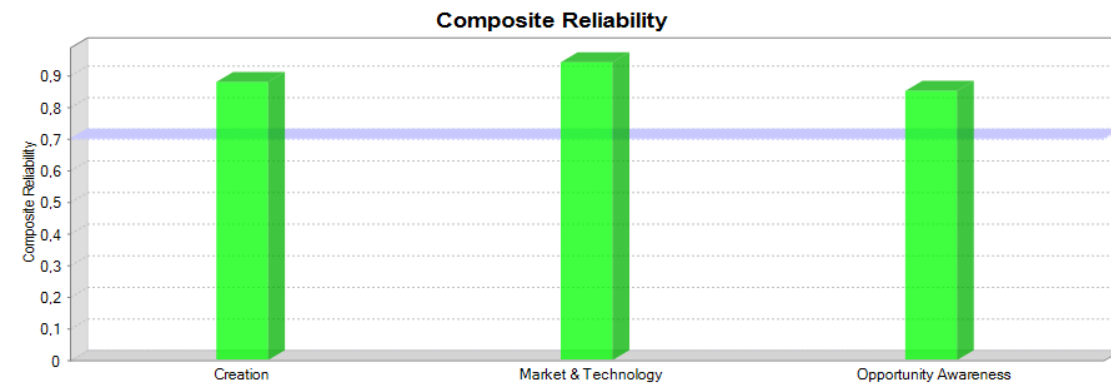
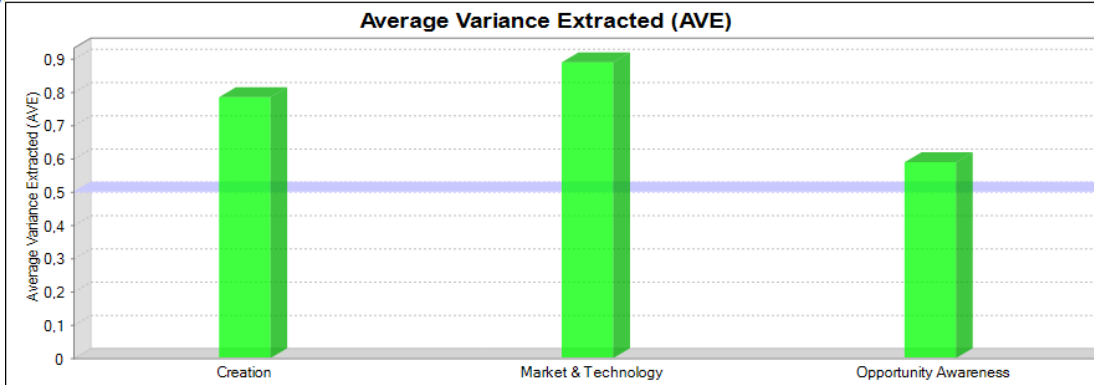
Path

Coefficient Hypothesis Test (variable against Y) and ranking

	Original Sample (O)	T Statistics (O/STDEV)
Creation -> Opportunity Awareness	0.551	21.764
Market & Technology -> Opportunity Awareness	0.642	15.867

5.3 Validity and Reliability Test

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Creation	0.725	0.879	0.785
Market & Technology	0.876	0.942	0.890
Opportunity Awareness	0.765	0.851	0.589

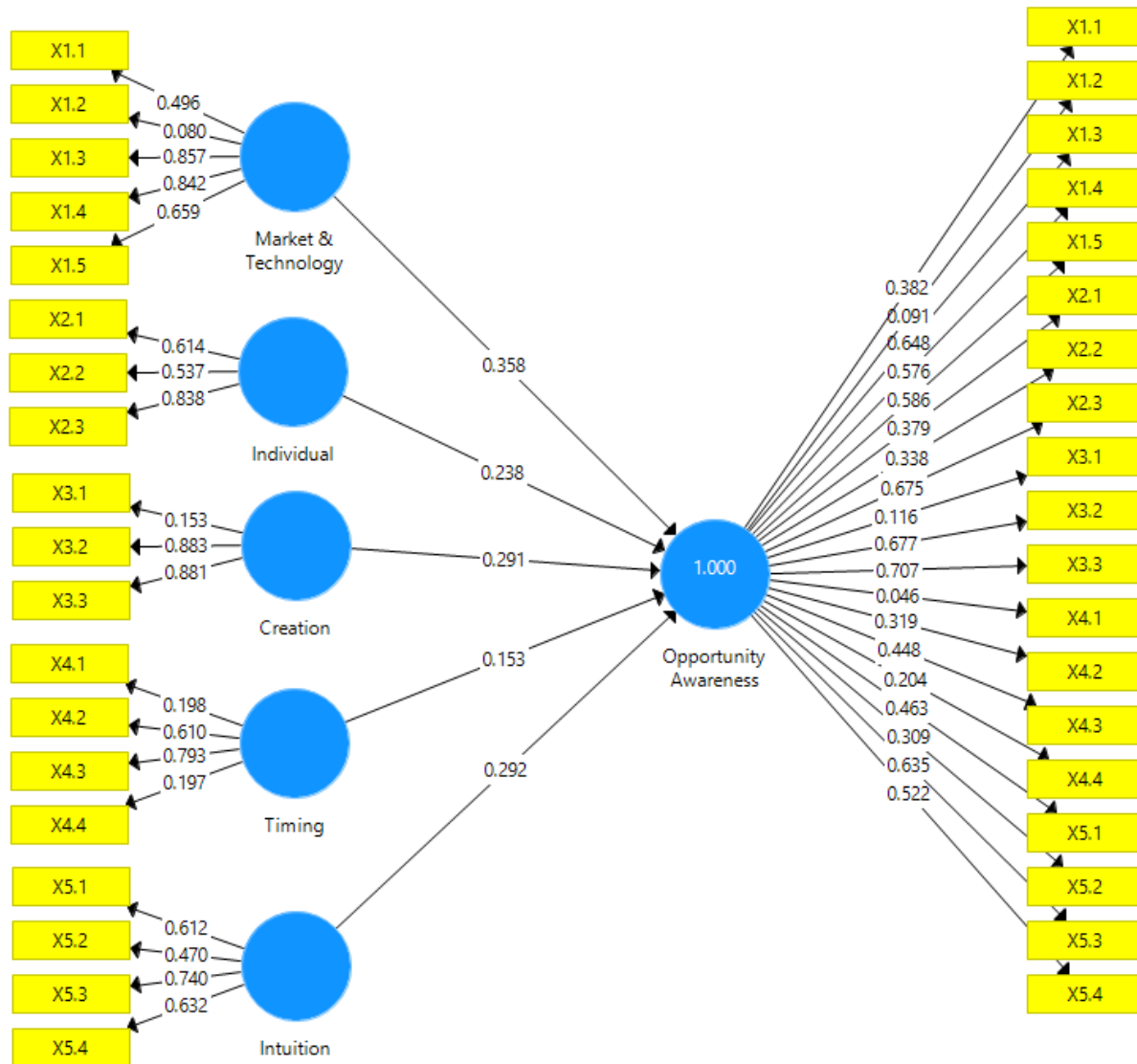


5.4. Cross Loading Test

	Market technology	Creation	Opportunity Awareness
X1.3	0,946	0,412	0,834
X1.4	0,941	0,347	0,794
X3.2	0,346	0,883	0,708
X3.3	0,368	0,889	0,726

5.5. Older

Analysis Model



5.5. New Analysis Model

