Youth Entrepreneurial Spirit In Family Business

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ABSTRACT

As youths who came into business family inheritance, living in an industrial center, naturally, they are indispensable to continue the family business. In conjunction with that, the sustainability of the industrial center also depends on their willingness to be an entrepreneur or not. The methodological approach taken in this study is a qualitative method. The data for this study was collected using semi-structured in-depth interviews. To begin the process, data is collected through editing and classification, then analyzed and interpreted. The research subject in this study is youth whose own family business at the Sanan Tempe industrial center. The data analysis in this study is using Phenomenological Analysis. The data analysis process is divided into 4 stages starting from data managing, reading, describing, presenting. This research found that the entrepreneurial spirit of the youth in the Sanan Tempe industrial center has been formed since an early age. It came naturally from the experience and opportunity to be part of the family business which shaped their psychology and behavior. Another finding on this research is that a high level of education does not necessarily become a barrier for them to run their family business, choosing a profession as entrepreneurs like what their parents did rather than choosing a profession as entrepreneurs like what their parents did.

Introduction

The family business is believed to have emerged before the industrial revolution occurred and multinational companies existed (Stalk & Foley, 2008). According to (Heck et al., 2008) a family business is an aspect of entrepreneurship that has developed in the last few decades. Several studies on family companies have noted the very significant role of family companies on the economic growth of a country. Family companies have made a very large contribution to economic activity, where family companies globally can create 70% to 90% of GDP every year (Susanto, 2016).

As a form of entrepreneurship aspect, a family business is seen as a solution to absorb labour, especially family businesses on a micro, small and medium scale (MSME) scale. MSMEs will have an impact on the absorption of energy around the location where the MSME production is located (Rejekiningsih, 2004). This impact also applies to youth or children of MSME owners, where most MSME-scale family
businesses are businesses that are passed down from parents to their children to be developed.

The phenomenon of the hereditary family business is found in the "tempe" industrial centre of "Kampung Sanan". Following the naming of the area, "Kampung Sanan tempe" industrial centre is a "tempe" making industrial center located in the city of Malang. As a producer of "tempe", Sanan Village has been known since the 1900s, the exact date and year is not clear whether or not it is the same as the beginning of this village because there are no more resource persons who can inform it (Nugroho, 2017). There are approximately 450 families who work in the "tempe" industry.

The regeneration of entrepreneurs in the "tempe" industry from the beginning to the present also implies that there is a meaning in transferring knowledge from parents in the Sanan village in ancient times to make their children entrepreneurs to continue their business in the field of "tempe" production. This is appropriate, as according to parents, it has an influence on the choice of a child's career to become an entrepreneur (Kirkwood, 2007). The young man who is the son of the “tempe” business owner in the “tempe” industry center of Sanan village has a great opportunity when he decides to become an entrepreneur, because he grew up in the industrial center area and is in the scope of the family business. This is in accordance with what Frincess (2010) stated that entrepreneurship can be through lineage or natural instincts and the family is the first environment that can foster an entrepreneurial mentality in children. In another study by Thompson, (2004) that the characteristics of a person's entrepreneurship are not coincidental, but are determined by environmental conditions. It is further clarified in Falck et al., (2012) research that entrepreneurial characteristics can also be formed through playmates.

A person's entrepreneurial spirit can be formed from internal and external factors (Liñán & Fayolle, 2015). Internal factors are factors that come from within a person ranging from personal motivation or a strong desire from each individual and want to learn and try to become an entrepreneur. According to Suryana (2006), people who have an entrepreneurial spirit and attitude must have the following characteristics: Full of self-confidence, have initiative, have achievement motives, have leadership qualities, dare to take risks. Suryana also explained that there are six personality characteristics of the entrepreneurial spirit, including a high need for achievement (Frank et al. 2007), having the courage to take risks(Caliendo et al., 2009), innovation (Kerr et al., 2017), autonomy(Boyd et al., 2015), internal locus of control (Kessler et al., 2012), and self-efficacy (Wei et al., 2020).

As a young man who was born in a family of business owners and is in an industrial center area, of course, he is expected to be able to continue the family business, the sustainability of the industrial center area also depends on the young man, whether he wants to be an entrepreneur or not. Sustainability is certainly based.
on the entrepreneurial spirit of young people who have family businesses in the “Sanan tempe” industry center. From the description of the background above, this study aims to explore and understand the meaning of entrepreneurship for the young children of tempeh production business owners, whether they decide to continue the family business to become entrepreneurs or choose another career. In addition, researchers want to understand the meaning of business education and entrepreneurship in the Tempe Industry environment in Sanan Village, so that it can foster an entrepreneurial spirit in the youth in the “Sanan tempe” industry center.

Literature Review

Entrepreneurial Spirit

The entrepreneurial spirit is defined as a person who has the spirit to pursue achievement, is optimistic, wakes up quickly in failure, is creative and always looks for new opportunities (Lydia, 2011). From a number of definitions stated above, it is known that there are many variations of definitions that occur, from this description, the authors conclude that entrepreneurship is the ability to read opportunities combined with creative, innovative thinking and courage in facing the risks that will arise in their business, in order to gain profits in the future. Which will come. In this case, the key to entrepreneurship is how to come up with creative and innovative ideas in reading opportunities to generate profits.

According to Suryana (2006) the factors that influence the entrepreneurial spirit can be divided into two, namely internal factors and external factors. Internal factors are factors from within the individual itself while external factors are the result of individual interactions with their environment. Factors that influence the entrepreneurial spirit include:

a. Internal Factors

Need for achievement

Frank et al., (2007) stated that the need for achievement refers to the individual's desire to achieve the desired goal.

Internal locus of control

Individuals with an external locus of control will believe that they are controlled by other people or events outside of themselves, making them passive and submissive (Rauch & Frese, 2007). Locus of Control is the initial benchmark for the success of a business initiated by someone (Kessler et al., 2012).

Need for independence

According to Hisrich, et.al. (2005) further explained that an entrepreneur is required to do things according to his own way, so he has a high need for freedom.
Innovativeness

Innovation becomes a mediator of goal achievement, in this case innovation is related to the need for achievement and locus of control (Kerr et al, 2017).

Experience

Experience has an influence on business success. The experience referred to in Kim's research is direct involvement in a business activity.

b. External Factors

Family role (Role Model)

Entrepreneurship can also occur through lineage or natural instincts and the first environment that can foster an individual's entrepreneurial mentality is the family Frincess (2010).

Education

Currently, almost every level of education in schools has begun to aggressively instill entrepreneurship education, in the last few decades entrepreneurial education is connected to the curriculum for higher education, undergraduate to doctoral and various fields of study not only in the concentration of business and economics majors (Mustar; 2009).

Eksternal Support

Thompson, (2004) states that the entrepreneurial character does not appear by chance, but is formed based on environmental conditions. A person's entrepreneurial characteristics can also be formed through playmates (Falck et al., 2012).

Family Business

All companies are considered to have started as a family business (Lee, 2006). In general, family businesses are built to last for the next generation. To achieve this success requires a strong foundation built by the founder and a good regeneration process for successors so that the business can survive through the next generations.

Method

This study uses a phenomenological approach to explore individual experiences and find meaning from those experiences. A phenomenological study describes the meaning for several individuals regarding their shared experience of a concept or phenomenon (Creswell, 2007) which focuses on people's perceptions of the world or perceptions of things that arise within them (Sloan & Bowe, 2014).
The role of the researcher here is as an interviewer, observer, and also a documentary. With a variety of resource persons who will be questioned, the author will become a listener, recorder, and observer. During the observation, occasionally the author makes active participatory observations, namely by being involved in the daily life of the youth families at the “Sanan tempe” industrial center. This research was conducted in the area or village of Sanan, Purwantoro Village, Blimbing District, Malang City East Java. This area is the center of the “Tempe” chips industry which is quite famous. This study uses a snowball sampling data collection technique, where this research begins by involving 5 research subjects as key informants with a bachelor's educational background, and 5 people closest to each key informant to become supporting informants, this is based on the assumption that there are no rules regarding the number of samples in qualitative research, the number of samples depends on the needs and objectives of the research, also adjusted to the availability of sources and time (Patton, 2014). Data analysis in this study uses Phenomenological Analysis from Creswell (2007), data managing, reading, describing, representing.

Result and Discussion

Entrepreneurial Spirit of Youth at the “Tempe Sanan” Industry Center

In essence, the family business that took place at the “Sanan tempe” industrial center has been going on for a long time, the previous parents prepared their successors to continue the “tempe” production business since childhood. This can be seen from the current parenting style of parents in Sanan, it can be seen that production activities involve their children, from raw soybeans to ready-to-sell, the children of the family business owner, although some of their plots are only spectators. In line with Bell & Pham (2020) stated that the parenting style of the family business owner's parents has unconsciously shaped the child’s perspective to continue the family business that his family has built. More in Kirkwood (2007) parents have an influence on the choice of a child's career to become an entrepreneur. Research subjects' interest in entrepreneurship is also inseparable from their position in the family business, the transfer of knowledge that occurs along with their involvement in the family business. As in Harwida et al. (2017) that the transfer of knowledge that occurs in a family business is successful when the successor of the family business is directly involved in the business structure that is being run by his family. It is further strengthened in Smith (2009) research which states that mentoring from parents or in other words parenting from parents also affects the readiness of their children to become the successors of the family business. Farooq (2018) states that the skills possessed have a significant influence on entrepreneurial intentions.

As time goes by, the demographic shift in the education sector has changed, now tertiary education is easily accessible to various groups, including youths in the “Sanan tempe” industrial center. In a study from Hendro (2011) stated that the higher
a person's level of education, the person will not choose a career as an entrepreneur. This does not seem to apply to research subjects. Based on the findings in the field, for young people who grew up in industrial centers, choosing to become an entrepreneur is considered better than working in other fields. This proves that the education level of youth growing in industrial centers does not affect their entrepreneurial spirit. Findings on research subjects regarding the difficulty of finding work also affect their decision to become entrepreneurs, this is in line with Burton et al (2019) which states that field availability affects a person's motivation to become an entrepreneur.

**Internal Factors of Youth Entrepreneurial Spirit in the “Tempe Sanan” Industry Center**

Internal factors are factors from within the research subjects to determine their entrepreneurial spirit, the research subjects stated that after going through the process of growing and learning in their family business, they have their own motivation to become an entrepreneur. This is in line with (Liñán & Fayolle, 2015) stating that a person's entrepreneurial spirit can be formed from internal and external factors. These internal factors such as personal motivation or a strong desire from each individual and willing to learn and try to become an entrepreneur.

**Internal Locus of Control**

Ang and Hong (2000) state that an entrepreneur must have an internal locus of control to foster confidence that they are able to deal with problems that will arise in the future, when failures and problems arise they can be responsible for solving them themselves. Departing from the existing findings, the majority of research subjects are confident in the knowledge they have to survive the problems that exist in the future. In line with that, Kessler et al (2012) state that self-confidence will affect the success they want to achieve. Mueller and Thomas.

**Brave to take risks**

Basically everyone has the opportunity to become an entrepreneur, but how success depends on how each individual dares to take risks and face challenges (Oswari et al., 2005). The general view is that most college graduates choose a career outside of entrepreneurship. But departing from the research findings, the research subjects chose to become entrepreneurs who were full of risks and left the higher education level to choose a career elsewhere. This is in line with Caliendo et al (2009) which states that individuals who tend to meet challenges will prefer a career as an entrepreneur.

**Creativity and Innovation**
Talking about creativity and innovation is an absolute must for entrepreneurs to be able to win the competition. But in reality entrepreneurs in the field of tempeh, which is a favorite food ingredient for Indonesians, has minimal renewal. This happens because consumers prefer existing “tempe” products from the past. Departing from this, the findings in the field are minimal to find innovation and creativity carried out by research subjects, it can be seen that some advanced processed “tempe” products such as “tempe” chips in various flavors to be used as product innovations. But this is also done by all “tempe” business owners, in line with that Lounsbury et al., (2018) stated that the innovations contained in entrepreneurship can be influenced by habits in their environment, in other words innovation can be influenced by old habits that already exist.

Motivation

Human basic needs are generally the root of motivation, this can be seen from the presence or absence of a response from each individual to meet those needs. The results of scientific studies and findings in the field state that the majority of research subjects have a strong motivation and desire for an achievement or need for achievement motivation (N-Ach). Whatever it is to achieve it with entrepreneurship. As mentioned by Gorgievski et al (2011) stated that the need for achievement is defined as a willingness to succeed, to achieve success, the need for achievement is also described as a willingness to possess. Then Nasikh (2015) entrepreneurial behavior is determined by achievement motivation (N-Ach) which is considered to provide a stimulus to community development. More in Ang and Hong (2000), Shi et al (2011) the need for material becomes one of the motivations of a person when deciding to choose entrepreneurship as a profession.

Need for freedom

The need for freedom can have a relationship with the need for achievement. Wei et al., (2020) further explained that an entrepreneur is required to do things according to his own way, so he has a high need for freedom. From the findings and studies in the field, it shows that the research subjects choose an entrepreneurial career without any coercion from their parents, more deeply they state that they really want to become entrepreneurs because they are not bound by anything. As Barba-sánchez & Sahuquillo (2017) the need for freedom has a significant effect on psychologically influencing a person to determine entrepreneurship as his chosen career.

External Factors of Youth Entrepreneurial Spirit in the “Tempe Sanan” Industry Center

The possession of personality characteristics alone does not mean that a person has what it takes to become an entrepreneur, external factors have a significant effect
on the formation of the entrepreneurial spirit character (Hahn & Minola, 2020). As a young man who grew up with a family business background and is in an industrial center environment, it is certainly profitable to be an entrepreneur.

Family

Starting from scientific studies and findings in the field, it is stated that the family background of the research subject has an influence on the decision to choose a career to become an entrepreneur, the parenting pattern of parents in the “Sanan tempe” industrial center is an important point in this regard. In line with that, Baharun (2016) found that education from the family is very important for mental growth and development in children and lays the foundation for children's behavior and development. Supporting by Hanson et al (2018) suggest that interactions since childhood shape the psychology of individuals to do the same as their parents. Admiration for the achievement of the research subject's family also influences the psychology of the research subject to do the same as his family, this is reinforced by Sawitri (2010) stating that the role of parents is very large in instilling values, character and forming a child's belief. The transformation of parental values to children will only occur if parents have good credibility in the eyes of their children.

Education

There are many processes that must be passed in order to be an entrepreneur as stated which states that the process of becoming an entrepreneur can be through heredity (natural instincts), working for people, wanting to become entrepreneurs, being invited by friends or family and formed through a formal education process. /informal for example training, workshops, special training, management, business, accounting, entrepreneurship. Starting from scientific studies and findings in the field, although the research subjects are university graduates, they do not feel the influence of forming an entrepreneurial spirit from formal education. This was also supported by several studies by Oosterbeek et al (2010) and Lorz et al (2013) stated that in fact students who have entrepreneurial family backgrounds get a more realistic perspective on the business world from their families than entrepreneurship education in schools. Another study that supports this is Chang and Rieple (2013) during entrepreneurship education, students' skills decline on tasks that make them feel unable to face the obstacles that exist in the entrepreneurial process.

Local Environment

The influence of closes friends also contributes significantly in influencing a person's decision to become an entrepreneur. Association is a factor that is quite influential in the formation of a child's character and personality. A person's entrepreneurship can be influenced by the relationship with the norms of the
surrounding environment (de Beer, 2018), that is a phenomenon felt by research subject. As young people who grew up in the “Sanan tempe” industrial center, the title of being the child of a tempe trader was attached to them, over time the nickname seemed to affect their psychology regarding the choice of profession. In line with that, in another study by Thompson, (2004) that the characteristics of a person's entrepreneurship are not coincidental, but are determined by environmental conditions. It is further clarified in Falck et al (2012) research that entrepreneurial characteristics can also be formed through playmates.

Implementation of the Entrepreneurial Spirit that has been formed in Youth at the “Tempe Sanan” Industrial Center

The form of implementation of the entrepreneurial spirit of youth also has implications for the sustainability of the “Sanan tempe” industrial center. It is undeniable that the sustainability of the “Sanan tempe” industrial center also comes from the regeneration of entrepreneurs in it. As if it became an identity, every “tempe” seller in the Greater Malang area when asked where they came from, the answer was unequivocally Sanan. In line with that, Sudarmiatin et al., (2019) states that the presence of an entrepreneurial spirit in a person can encourage successful entrepreneurs. It was also found that the high commitment of the research subjects to persist in their choice of entrepreneurship as what their families had done before, this is in line with Fuad et al (2011), high commitment is needed in achieving success in entrepreneurship. Of course, this commitment is also inseparable from the success that research subjects get in entrepreneurship, as according to Galor & Michalopoulos (2006) Entrepreneurial spirit will also shift when in a period of growth when deciding to become an entrepreneur to get the expected benefits

Conclusion

Based on the findings in the field and scientific studies, it can be concluded that the entrepreneurial spirit of youth in the “Sanan tempe” industrial center arises due to family environmental factors, where they have observed entrepreneurial activities since childhood. Then over time they become youths with higher education levels who are faced with work and financial problems, from there the motivation for need for achievement arises which is wrapped with internal locus of control because they already have entrepreneurial knowledge in the “tempe” field from an early age. In summary, the entrepreneurial spirit of youth in an industrial area comes from the family, then the belief to become an entrepreneur is caused by the need for financial factors, regardless of the educational level they take.

The form of implementation of the entrepreneurial spirit of youth also has implications for the sustainability of the Sanan tempe industrial center. It is undeniable that the sustainability of the Sanan tempe industrial center also comes from the
regeneration of the entrepreneurs in it. As a suggestion given by the researcher, the conclusion of the research is to maintain the characteristics of the entrepreneurial spirit that already exists and then provide education to the next generation not to be afraid to become entrepreneurs. As well as suggestions for further researchers are expected to look for other factors that influence the source of the emergence of the entrepreneurial spirit such as culture. In addition, further researchers can deepen the study of the entrepreneurial spirit of youth by looking at the side of other industrial centers, whether there is a shift in the characteristics of the existing entrepreneurial spirit.

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