

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Entrepreneurship has become a major force in the global economy, because it has the ability and willingness to organize, manage and develop a business venture together with all the risks to earn a profit. The best example to describe about entrepreneurship is with starting a new business. Entrepreneurship is usually being discussed often along under the title of entrepreneurial function, entrepreneurial factor, entrepreneurial behavior, and entrepreneurial initiative, other than that, all of that title is often being called or referred as entrepreneurial spirit.

The entrepreneurial function of entrepreneurship can be assembled as the opportunity discovery and new economic activity subsequent creation through the new organizations that was created is because the function implies to the discovery, exploitation of opportunities and assessment. Entrepreneurial opportunities can exist is caused by a different agents that have a different ideas to the resources relative value or when the inputs of resources turned into outputs. Because of that, it can make the entrepreneurial opportunity to be unexpected, yet the economic opportunity that is unvalued.

The entrepreneurial factor means that a new factor in a production where it is being differ from the classic ideas, either from earth, capital or work, where it can be explained by remuneration from the income of the entrepreneur together with the lack of people with an entrepreneurial capabilities. Entrepreneurial behavior is being referred as the behavior that is able to manage in order to combine risk-taking, pro-activeness and innovation. Other than that, it is also being referred to the entrepreneurial initiatives, where it is also covers risk-taking, innovation, and

creation concepts to an existing organization both inside and outside. All of that being referred to entrepreneurial spirit because they has also define exploration, innovation and search in order to against their business opportunities related to the managers from exploitation.

According to Akande (2017), Entrepreneurial Characteristics referred to a traits which it make an individual entrepreneur because it has the traits that is needed in order to reach an achievement, locus of control, risk taking propensity, opportunity seeking, desire for personal control of business, demand for efficiency and product quality, risk taking and innovation, persistence in searching for suitable technology, goal setting, commitment and many others because it has already been identified that it can be a possible traits or the characteristics that are related to entrepreneurial behavior. However, if there are an entrepreneur that were going to join into business without having the entrepreneur basic trade instinct and characteristic, they will be in a difficult position in running their business. For example, people that is in their first time of starting their own business will face some difficulty initially before the break-even of their business. However, other people would not have enough patient in making their business profit making stages because they don't have a characteristics of an entrepreneur.

First of all, entrepreneur's demographic factors of the entrepreneurial characteristics which is age, educational background and experiences that can increase the competencies of being an entrepreneur to help the business to be more successful (Malach & Kristova, 2017; Subrahmanya, 2018). An entrepreneurs that didn't have a mental competence in them whether it is from their experience, age and educational background will faced an inadequacies in running their firm. Because if an entrepreneur don't have the characteristics, it can reflect on the business entrepreneurial; capabilities such as management practice, influence

business strategies, method of financing, market orientation, and social capital especially. So, in other word, entrepreneurial characteristic is an important factor to being an entrepreneur because it can reflect to the performance of their business.

PT Mitsui Leasing Company is an automobile financing company including investment financing and operating multi-purpose financing. It is located at Iskandar Muda Street, No. 21 B-E, Medan, North Sumatera. PT Mitsui Leasing Capital is a leasing company that was in first place established as a company that the ownership is owned by JA Mitsui Leasing, Ltd. Japan mostly on the October 26, 1992 and it first based is in Jakarta. The business that PT Mitsui Leasing Capital is more focused on the financing activities of motor vehicle through investment financing, multipurpose financing, working capital financing, and/or other financing business activities that is approved by OJK, as well as operating lease and / or an activities that is fee-based that do not have a conflict with the laws as well as the regulations in the financial services sector.

After for many years, the performance of PT Mitsui Leasing Capital has improve continuously, whether it is from the total revenue or net income, alongside with the assets that also increased over the time that make the business development is quiet convincing which can be seen from the annual report profile. Due to the rapid development and company progress, also with the territory area that is widening for the customer services, Mitsui has opened their branches in many areas in Jakarta, as well as other cities including Medan.

The PT Mitsui Leasing Capital in Medan is leads by Mr. Budi. Because he is leading a company that is a branches from the origin, which is Jakarta, the leader themselves need to have a characteristics of being an entrepreneur, so that the performances of the business can keep the good paces.

The performance per month of PT Mitsui Leasing Capital is as follow:

Table 1.1 The Performance of PT Mitsui Leasing Capital - Medan

Month	Units	Total Value
January	117	Rp 28.980.000.000
February	120	Rp 29.950.000.000
March	115	Rp 28.350.000.000
April	118	Rp 29.500.000.000
May	113	Rp 27.650.000.000
June	124	Rp 30.125.000.000
July	119	Rp 29.775.000.000
August	112	Rp 27.000.000.000
September	107	Rp 26.150.000.000
October	103	Rp 25.120.000.000
November	109	Rp 26.500.000.000
December	105	Rp 25.780.000.000

Source: PT Mitsui Leasing Capital – Medan

Because mainly PT Mitsui Leasing Capital is a company that lend customers money when they want to purchase a car. It can be through the car showroom directly, so that the showroom will handle the leasing to the PT Mitsui Leasing Capital, or it can also the showroom people brought the customer to the company directly.

From the table above, it can be see that PT Mitsui Leasing Capital lend for the customers, with the amount of units around 100 – 120 units per month. And the money they lend to the customers in order to lease the car is approximately around 25 billion – 30 billion rupiah per month.

Therefore, the writer decides to do a research with the title **“The Effect of Entrepreneurial Characteristics on Business Performances at PT Mitsui Leasing Capital”**.

1.2. Problem Limitation

Because the result of research may will not very accurate if the research is not being limited, the writer decides to establish the research by set up a several limitation, such as:

- a. This research data is gathered from the office of PT Mitsui Leasing Capital that is located at Jl. Iskandar Muda No.21 B-E, Medan.
- b. The respondents of this research survey were only taken from the employees of PT Mitsui Leasing Capital, due to the location, time and cost constraints.
- c. The research only uses two variables, which is Entrepreneurial Characteristics as the variable X (independent variable) and Business Performance as variable Y (dependent variable).

1.3. Problem Formulation

The intention of the writer of doing this research is to analyzing how the Entrepreneurial Characteristics effect the Business Performances at PT Mitsui Leasing Capital. Therefore, this research attempts to answer the questions below:

- a. What is entrepreneurial characteristic and is it implemented at PT Mitsui Leasing Capital?
- b. How well PT Mitsui Leasing Capital has been performing?
- c. Do entrepreneurial characteristics have an effect on business performance at PT Mitsui Leasing Capital?

1.4. Objective of the Research

The main goal of the writer in doing this research is to understand the important role of Entrepreneurial Characteristics in effecting the Business Performance at PT Mitsui Leasing Capital. The writer hoped that it will have a result in better understanding of how Entrepreneurial characteristics effect Business Performance.

Other than that, the purposes of this study are:

- a. To find out does entrepreneurial characteristics implemented at PT Mitsui Leasing Capital.
- b. To find out how well the business performances at PT Mitsui Leasing Capital.
- c. To determine how Entrepreneurial Characteristics has effects on the Business Performance at PT Mitsui Leasing Capital.

1.5. Benefit of the Research

Theoretical benefit and Practical Benefit are the two (2) forms of benefits in this research.

1.5.1. Theoretical Benefit

Continuously as the educational context is concerned, this research will have accomplishment which is the extra learning about the effect of entrepreneurial characteristics towards business performances. As a result, it can enhance the writers understanding and improve educational discussion with the similar topics in the future.

1.5.2. Practical Benefit

The writer expects that this research will deliver three benefits, such as:

- a. For the writer, this research would increase the experiences and knowledge in the connection between entrepreneurial characteristics towards business performances in daily life setting.

- b. For the company, this research will be serve as a foundation in order to enhancing the company's performance by integrating the entrepreneurial characteristics.
- c. For other researchers, this research could be able as their references when they conduct a similar topic of research.

