

CHAPTER I

INTRODUCTION

1.1 Background of Study

Competition in business is something that will continue to increase from time to time. The company's ability to increase sales and its resources will be the main value in a business competition. Heavy equipment rental business and heavy equipment sales have had rapid growth in today's global economy and are among the fastest-growing industries in the main market.

A business owner's ability to maintain the development of his business is very necessary currently. To maintain the ability to compete in business, a good intrapreneurship role is needed in maintaining business continuity. With intrapreneurship, business owners and employees can provide good ideas for business continuity and future business developments.

Independent entrepreneurship has received massive attention in the academic literature because it promises to stimulate economic development, building on a legacy. However, over the last decades, we have learned that not all independent entrepreneurship is productive. In fact, most firms do not grow at all, and most entrants die young. There is also an increasing recognition that the entrepreneurial function needs not to be filled by independent entrepreneurs but can just be filled by entrepreneurial employees, also called intrapreneurs. (Elert et al, 2019)

If the business performance is good, then the business will also grow well. Business performance can also be defined as a concept that is defined to measure the achievement of what has been created by the products of a company. The construction and property industry in Indonesia is dominated by small to low-performance medium contractors. In this business, the contractor is required to carry out the right business strategy so that it can improve its competitiveness and become superior in competition. Intrapreneurship can be a concern in implementing support for the development of business competencies in the future.

If entrepreneurial companies change the business paradigm and make us see products and services in different ways, then why organizations that do not have extraordinary wealth and extraordinary resources can drive innovation more easily. All of that can certainly be done by changing the way of thinking from the traditional to the creative thinking that leads to the innovation process. They combine entrepreneurial concepts with corporations so that they become the company's strategy. The concept of corporate entrepreneurship or intrapreneurship in a company can increase company income and be able to make the company survive in difficult economic conditions. (Aina and Solikin, 2019)

PT. Namu Karya Mandiri is a family company founded by Mr. Xian Hui in 2014. With 126 employees, the company is currently engaged in tractor sales and tractor rental for construction and property projects. PT. Namu Karya Mandiri is located at Jalan Marendal Gang Pendidikan No. 49. The company is currently run by Mr. Xian Hui as the President Director assisted by children and several family members as part of the leadership and staff in the company.

While a family member controls and manages it, the business also hires non-family workers for the benefit of specialists at work. Within the business, not all family members will do work. In addition, PT. Namu Karya Mandiri has a corporate base with a deep intention to invest in national growth and in good faith to offer and expand public services to satisfy customer satisfaction on an ongoing basis and a construction firm with more field duties, such as creating highways, constructing tolls and others. Tractor rental for construction and property projects positions require human capital and high market efficiency, so staff from outside family members are also required by this organization. PT. Namu Karya Mandiri in the last 5 years there tends to be a decline in business performance as seen in the following revenue data.

Table 1.1
Annual Revenue of PT. Namu Karya Mandiri
2017-2019

Month	Target/Year	2017	2018	2019
January	750,000,000	705,200,000	732,000,000	625,000,000
February	750,000,000	702,200,000	703,000,000	652,000,000
March	750,000,000	700,000,000	702,000,000	711,000,000
April	750,000,000	725,000,000	703,000,000	692,400,000
May	750,000,000	710,600,000	786,000,000	656,000,000
June	750,000,000	708,200,000	783,500,000	673,200,000
July	750,000,000	703,000,000	651,000,000	721,000,000
August	750,000,000	702,000,000	623,000,000	633,000,000
September	750,000,000	703,000,000	612,000,000	668,000,000
October	750,000,000	681,000,000	656,000,000	732,000,000
November	750,000,000	672,000,000	626,000,000	690,000,000
December	750,000,000	639,000,000	606,500,000	623,200,000
	9,000,000,000	8,351,200,000	8,184,000,000	8,076,800,000

Source: Namu PT. Karya Mandiri, 2017-2019

Based on data from company revenue, total revenue has tended to decline over the past 3 years. The decline in income was due to a decrease in demand for tractor leases because the property and construction sectors, which are the company's fields, were experiencing a decline in demand. In addition, the decline in company revenues was also triggered by significant fluctuations in the price of the dollar currency, which triggered a reduction in company revenue. To improve company performance, a good business orientation is needed in adjusting various company conditions to have maximum performance.

In the writer's main problem, from the results of interviews with leaders and employees at the company, the declined in business performance that occurs is judged by the decreased in companies' revenues that have difficulties in achieving company targets every month and year. Apart from not achieving the monthly and annual targets, the company is also experiencing difficulties due to a declining revenue trend compared from 2017 to 2019. An effective intrapreneurial orientation is needed between leaders and employees to provide ideas and innovations to return to its improved revenue performance.

Research on intrapreneurial orientation and business performance in the construction sector is still rare. Therefore, research on intrapreneurial and business performance in Indonesia needs to be done. Based on the above explanation, the writer conducted a study entitled **“The Effect of Intrapreneurial Orientation towards Business Performance in Family Business at PT. Namu Karya Mandiri”**.

1.2 Problem Limitation

Problems factors that may contribute to the declining income was due to a decrease in demand for tractor leases because the property and construction sectors, which are the company's fields, were experiencing a decline in demand. In addition, the decline in company revenues was also triggered by significant fluctuations in the price of the dollar currency, which triggered a reduction in company revenue.

However, due to the limitation of time, budget, and data access. In this research, the writer will focus only on intrapreneurial orientation and its effect on business performance at PT. Namu Karya Mandiri. The writer chooses intrapreneurial orientation as the main problem of this study. Problem limitations are intrapreneurial orientation as the independent variable (x) and business performance as the dependent variable (y). Indicators of Intrapreneurial Orientation as the independent variables include proactive, innovation, risk taking, independence, competing aggressively (Ernawan and Wahidin, 2017) and indicators of Business Performance as the dependent variables include finance, market & customers, productivity, employee development, and future standards. (Rylkova, 2016).

1.3 Problem formulation

Based on the background of the study, the question to be answered in this research are as follows:

- a. How is the intrapreneurial orientation at PT. Namu Karya Mandiri?
- b. How well has business performance at PT. Namu Karya Mandiri been performing?

- c. Does the intrapreneurial orientation have an effect towards business performance at PT. Namu Karya Mandiri?

1.4 Objective of the Research

The purposes in doing this research are as follows:

- a. To explain about the intrapreneurial orientation at PT. Namu Karya Mandiri.
- b. To assess the business performance of PT. Namu Karya Mandiri.
- c. To analyze whether intrapreneurial orientation effects business performance at PT. Namu Karya Mandiri.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

This study is expected to be useful for the author himself to add experience in doing research and apply theories obtained from the lectures, as a reference and useful information for other researchers who wish to do further research. It can provide descriptions and useful information for the company in conducting policies related to the company. The results of this research are also expected to contribute to the theories of Intrapreneurial Orientation and its effect on Business Performance.

1.5.2 Practical Benefit

The practical benefit of this study is related to intrapreneurial orientation and business performance.

- a. For the writer: To obtain knowledge regarding intrapreneurial orientation, business performance related to the company.
- b. For the company: To provide suggestions and feedback on how to improve intrapreneurial orientation through business performance in the company.
- c. For other Researchers: Readers who wish to conduct researches and write a paper on their own in the future may find this writing as a reference and guideline especially related to intrapreneurial orientation and business performance.

