

CHAPTER I

INTRODUCTION

1.1 Background of Study

At the present time, as the technologies and globalization have developed rapidly, entrepreneurs also need to follow the trend to be creative and innovative of their products. Entrepreneur is a person who creates his or her own business; manage it and facing the risks of the business that will follow. According to Investopedia (2019), entrepreneurship is an activity of combining natural resources, labor, and capital. Entrepreneurs must be able to utilize these three resources to produce goods or services. Corresponding to the concept of entrepreneurship, corporate entrepreneurship is a process and entrepreneurial activities in an organization. Generally, corporate entrepreneurship encourages new ideas, innovation, opportunities, and enhance productivity for well-established companies. Large companies experience a lot of challenges while running their company, also learn that doing the same concept of facing the challenges again and again was not effective. By performing corporate entrepreneurship, it allows the companies to access new knowledge and create capabilities to enter new markets and achieve growth (Zahra, 2015). These activities include innovating, generating new ideas, look through the market trends, develop the ideas, and are opportunistic.

Specifically, corporate entrepreneurship is described as the behavior of entrepreneurs inside the mid-sized or large company they are involved. The behaviors mean that the ability to acknowledge the opportunity and be innovative to create something new to achieve growth. According to Zahra (2015), corporate entrepreneurship also can be described as knowledge, because in the context of corporate entrepreneurship, knowledge enables the companies to compete, develop new strategies, and perform such activities to redefine their industries. Therefore by being corporate entrepreneurs, they need to have the entrepreneurial DNA or the traits in which they are required to be opportunistic, innovative, confident, determined, visionary, and able to adapt with change and the risk faced. According to Newsdesk (2017), corporate entrepreneurship is crucial for companies because it builds leaders and strengthens leadership skills among employees within the organization; it encourages productivity which will affect the revenue stream and growth through innovation.

According to Amir (2016, p. 14):

Corporate entrepreneurship comes with a role to facilitate companies to have entrepreneurial traits, and able to manage the resources that are available to explore the possible chances. Corporate entrepreneurship is able to make the organization to stay active, stay responsive to move fast to achieve chances and possibility as how an organization works at the beginning of their growth. Organizations are able to keep operating from time to time and keep moving forward because they have the sustainability of competitive advantage that encourages the organizations to be able to compete for a long term because they are adaptive, flexible, fast, aggressive, and innovative.

In order to understand more about corporate entrepreneurship in real work field, the writer decided to do a research at PT. Aneka Pancing Indonesia in Medan. The company is focused on selling fishing equipment and needs. While there are a lot of competitors who also sells the same thing, the company is able to sustain their company for more than 20 years and still growing until today. The company is undoubtedly has ever faced ups and downs in doing the business such as unstable sales, managing the resources while handling mass production during high demands, and facing the competitors. However, its ability to keep growing by innovating new ideas and strategy, bringing new creation of fishing products, and adapt to the changes has made the writer realized that corporate entrepreneurship is very important in ensuring the sustainability of a company.

Table 1.1 Company's Monthly Sales for 2019

Month (2019)	Net Sales (IDR)
January	2.683.758.517
February	2.349.866.099
March	2.893.417.135
April	2.638.398.012
May	2.667.774.435
June	2.604.925.753
July	2.690.035.894
August	2.341.535.111
September	1.970.710.263
October	2.732.821.106
November	2.047.352.510
December	2.511.233.201

Source: PT. Aneka Pancing Indonesia, Medan (2020)

The table above shows the monthly sales of the company. There were months where the net profit for the company was quite low compared to the

previous months, but the following months, the company is able to make much higher sales than the past months.

Based on the explanation above, the writer is interested in doing a research entitled **“The Influence of Corporate Entrepreneurship Towards Company’s Performance at PT. Aneka Pancing Indonesia in Medan”**.

1.2 Problem Limitation

The research will be limited due to the limitation of the writer’s time and ability. The writer will only focus on the independent variable which is the influence of corporate entrepreneurship towards the dependent variable which is the company’s performance at PT. Aneka Pancing Indonesia in Medan. The writer will also focus on the sales departments only, which includes marketing and warehouse divisions.

The writer focuses on the indicators of Corporate Entrepreneurship which are Improvement, Risk-Taking, Resource Availability, and Opportunity Seeker. For Company’s Performance, the writer only focuses on their Profitability, Environmental, Employee Satisfaction, and Customer Satisfaction.

1.3 Problem Formulation

Based on the background study above, the writer will focus on the following research questions:

1. How is the implementation of Corporate Entrepreneurship at PT. Aneka Pancing Indonesia in Medan?
2. How well has PT. Aneka Pancing been performing?
3. Does Corporate Entrepreneurship have influence towards the performance of PT. Aneka Pancing Indonesia in Medan?

1.4 Objective of the Research

The purpose of this research as follows:

1. To understand more about the implementation of Corporate Entrepreneurship at PT. Aneka Pancing Indonesia in Medan.
2. To analyze the performance of PT. Aneka Pancing Indonesia in Medan.
3. To indicate whether Corporate Entrepreneurship has influence towards the company's performance at PT. Aneka Pancing Indonesia in Medan.

1.5 Benefit of the Research

The benefits provided by doing this research are:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is to analyze on the influence of corporate entrepreneurship towards company's performance and the importance of implementing corporate entrepreneurship in companies. For the writer, the benefit is to give some insight on how corporate entrepreneurship can bring positive outcome for the company.

1.5.2 Practical Benefit

1. For the company, this research hopefully gives useful information and input on how corporate entrepreneurship contributes to the company's performance.
2. For the readers, this research hopefully provides knowledge and insight on the importance of corporate entrepreneurship for company's performance.
3. For the writer, this research hopefully gives better understanding about the comparison of the implementation of corporate entrepreneurship theoretically and in real life.

