

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Business success is measured by the entrepreneur's competencies and will affect the business performance success directly. The important factor affects business performance where entrepreneurs have the skill, knowledge, creativity, and quickly catch an opportunity in the initial stage and future stage to impact business success.

Entrepreneurship is a process that someone established and organized his or her business which can affect the business performance. An entrepreneur is someone who risk taker and work under uncertainty for achieving the goal (Trammel, 2015). Entrepreneur in achieving a goal need have ability to build something from nothing and make innovative and creative products and services to fulfill the customers' needs. Usually, entrepreneur control the most of the aspects of the business, such as sales, hiring, marketing, planning and distribution. A successful entrepreneur is someone who has positive attitude towards business and have open mind with the respect to change. To cope with the changing of the world and era entrepreneur must constantly transform the business with full of confidence, the transform could be the innovation and creativity of products, services, idea or technology in order to improve the business performance. Competencies of the entrepreneur should have good management skill where they should be understand with various functions in management like planning,

organizing, staffing, directing, leadership, communication, and motivation. The amount of the information that entrepreneurs play a crucial role in the success of the business that helps the entrepreneur in decision making process thus driving the business towards its goal. Because entrepreneurship is identical to entrepreneur and plays the role of owner and founder, it is the entrepreneur who arrange, regulates, supervises, enjoys, and bears the risk. As mentioned above that in order to become an entrepreneur first of all must have the basic capital in the form of ideas or missions and a clear vision, strong will, enough capital both money and time, enough energy and mind. These capitals are actually not enough if they are not synergized with adequate abilities or competencies.

Performance of a business is the result of the work activities of a person or group in an organization that is influenced by various factors to achieve organizational goals within a certain time period. Performance of company is the most important to encourage the people to come to it. Business performance is how the company manages and develops the performance where related to the organizational effectiveness in the company's progress toward the goals to evaluate the performance to increase revenue and profit.

There is a theory that describe about the effect of entrepreneurial competencies on business performance. According to Hasanah et al. (2018), in the journal show that entrepreneurial competence has a positive effect on business performance.

PT. Inovasi Prima Bangun as the research object of this research is an startup company which engages in construction industry which contractor

services, interior and exterior design services, and architect services. Many houses, apartments, restaurants, cafes, offices PT. Inovasi Prima Bangun has been working on. The problem that faced by PT. Inovasi Prima Bangun, Jakarta is the profitability decrease. This can be seen from the amount of project in PT. Inovasi Prima Bangun, Jakarta (table 1.1) shows that the amounts of projects were decreasing from 2018 to 2019.

**Table 1. 1 The amount of project in PT. Inovasi Prima Bangun, Jakarta in year 2018 and 2019**

<b>Month</b>	<b>2018</b>	<b>2019</b>
January	0	0
February	0	1
March	0	1
April	2	0
May	2	0
June	1	0
July	3	2
August	1	1
September	3	2
October	1	1
November	1	2
December	3	0
<b>Total</b>	<b>17</b>	<b>10</b>

Source: PT. Inovasi Prima Bangun, Jakarta (2019)

To find out what was the main problem, the researcher did preliminary interview with the director and employee in PT. Inovasi Prima Bangun, Jakarta for the research purpose.

Based on preliminary research, the researcher found out that the director having problem in organizing the project where some of the project is not done according to the timeline then the project is not done on time. In result, it would affect the upcoming project where the next project will be delayed. Therefore, based on the interview with the director in PT. Inovasi Prima Bangun, Jakarta, because of they have some problems in organizing the timeline of the project it

affect the business performance of the company. The business performance decrease can be seen from the profitability of the company getting lower because of the amount of project decrease. The customers satisfied with the final result of project but some of the project did not do on time so that reduce the customer satisfaction. Therefore, entrepreneurial competencies can affect the business performance, where competencies of the entrepreneur in planning, organizing, directing and leadership very important in leading the project then the project done based on the timeline where it can improve the business performance and the better competencies are believed can effect to the better business performance.

Based on the problem above, the writer decides to do a research with title **“The Effect of Entrepreneurial Competencies on Business Performance at PT. Inovasi Prima Bangun, Jakarta”**.

### **1.2 Problem Limitation**

Due to the limitation of times, ability, and knowledge, the writer will focus on entrepreneurial competencies as independent variable and business performance as dependent variable at PT. Inovasi Prima Bangun, Jakarta. The indicators of entrepreneurial competencies are strategy competency, opportunity competency, organizing competency (Arshad et al, 2016). Meanwhile, for the indicators of business performance are financial performance, growth performance, non-financial performance (Arshad et al,2016).

### **1.3 Problem Formulation**

Based on the background study above, the writer can take problem identification as follows :

- a. How does implementation of entrepreneurial competencies at PT. Inovasi Prima Bangun, Jakarta?
- b. How well PT. Inovasi Prima Bangun, Jakarta has been performing?
- c. Does entrepreneurial competencies have effect on business performance at PT. Inovasi Prima Bangun, Jakarta ?

### **1.4 Objective of the Research**

The purpose in doing this research are as follows :

- a. To understand more about the implementation of entrepreneurial competencies at PT. Inovasi Prima Bangun, Jakarta.
- b. To analyze the performance of PT. Inovasi Prima Bangun, Jakarta.
- c. To know whether there is the effect of entrepreneurial competencies on business performance at PT. Inovasi Prima Bangun, Jakarta.

### **1.5 Benefit of the Research**

The benefits from conducting this research are as follows :

#### **1.5.1 Theoretical Benefit**

For the writer, this study can provide deeper understanding in entrepreneurship especially entrepreneurial competencies and business

performance. This research helps the writer to understand more the influence of entrepreneurial competencies that have an effect on business performance.

### **1.5.2 Practical Benefit**

- a. For the writer, this study can give knowledge to the writer in entrepreneurship especially entrepreneurial competencies and business performance.
- b. For the company, this research can provide useful information to the company in improving entrepreneurial competencies and business performance.
- c. For the reader, this research can provide insight and knowledge about the effect of entrepreneurial competencies on business performance.

