Entrepreneurial Spirit in Economic Development: A Study of Two Digital Start-up Companies in Jakarta, Indonesia

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ABSTRACT
Entrepreneurship is an important factor in the economic development of the country and is associated with economic growth and the welfare of all nations. Entrepreneurial spirit encompasses various aspects and it is still unclear how it can be triggered, fostered, maintained or transmitted to the wider community. This study illustrates the entrepreneurial spirit of start-up founders and their success stories. A qualitative method was used. In-depth interviews were conducted with the founders of two digital start-ups, AMTISS and PrivyID, were used for data collection. Results show that the founders of start-ups exert continuous effort to achieve goals. Both founders had a quality education that they utilised during their professional careers and in the creation of their start-ups.

Keywords: entrepreneurial spirit, opportunity-driven entrepreneur, mental images, orientation to act

1. INTRODUCTION
Entrepreneurship is an important factor in the economic development of the country because of its association with economic growth and the welfare of all nations (Kochadai, 2011; Hisrich, Peters and Shepherd 2017). Supporting entrepreneurship means supporting the competitiveness of a country during technological change and intensifying global competition due to globalization and economic liberalization (Sanyang & Huang, 2010).

Data from the Indonesian Central Bureau of Statistics show the ratio of entrepreneurs in 2017 has risen to 3.1%. Therefore, Indonesia's entrepreneurship level has exceeded 2% of the
population. This increase is a minimum condition for a society to prosper. However, it is still far below China (10%), Singapore (7%), Japan (11%) and the United States (12%).

Becoming an entrepreneur is something that not only driven by commercial motive but also a combination of personal and social motive considerations (Carsrud & Brännback, 2011); in line with Suryana, Komaladewi & Zusnita (2017) which stated that entrepreneurship is not merely building a business, but also changing mindset and course of action which results in creativity and innovation.

This motivation is clearly connected with the working spirit of the youth, where the support for one’s identity and social relations play key roles. The motive of young people in becoming entrepreneurs is a social position for personalisation and to contribute to society in many ways, such as offering employment to other people and helping to develop the community (Kiilakoski, 2010: 30). Understanding entrepreneurial action is understanding the capability of assessing uncertainty within the potential opportunities and willingness of individuals to bear uncertainty (Hisrich et al., 2017).

One debate has been whether entrepreneurs are born or made. One argument posits that entrepreneurship is impossible to teach: entrepreneurship is a matter of personality and psychological characteristics. A similar reflection can be applied to entrepreneurship and entrepreneurs. It is possible to educate people about entrepreneurship. However, similar to any discipline, it is impossible to tell whether these professionals are talented, just as it is impossible to guarantee a priori success of a given course of action (Fayolle, 2006). Anantadjaya et al (2013) emphasized that a teaching method aims toward boosting entrepreneurial spirit may have to enhance the individual creativity in playing his/her role in organizations, either as entrepreneurs, or intrapreneurs. According to Meilani & Ginting (2018), in the future, higher education institutions must be able to create an environment and facilitate the creation of entrepreneurship among lecturers.

Entrepreneurial spirit encompasses various aspects and how it can be triggered, fostered, maintained or transmitted to the wider community remains unclear (Thyil & Durden, 2006). People who dare to start and to try to develop their business certainly have positive values instilled in their spirit. Self-confidence will affect ideas, intention, initiative, creativity, courage, perseverance, working spirit, and passion to work. The key success in business is to understand the self. Therefore, successful entrepreneurs are those who are independent and self-confident (Muhyi, 2017). Thus, the definition of entrepreneurial spirit is still open for further research (Ulijn, Drillon & Lasch, 2007). According to the North Carolina Small Business and Technology Development Centre (2015), entrepreneurial spirit encourages people to create and grow new businesses or start-ups.

The digital start-up industry in Silicon Valley in the past decades is a complete example of a start-up case that successfully became a large industry (Sipola, 2015). Various studies
show that the determinants of business growth are very diverse. Therefore, a deeper exploration of factors that drive business growth is necessary, especially for digital start-ups. The importance of digital start-ups can be viewed from the perspective of the European community, considering that the development of start-ups is essential to maintain the community’s competitiveness in the emerging digital economy (ERT, 2015).

This entrepreneurial philosophy manifests in different ways and contexts, such as attitudes and behaviour professionally (being entrepreneurial over one’s career life cycle) or personally (family, community and personal relationships). Therefore, entrepreneurship is not simply about the creation of entrepreneurs, but the development of managing risks and changes, seeing and seizing the opportunity and being the drivers of creativity, innovation and ambition. Activities are pursued to equip interns with entrepreneurial spirits who will play a role in their activities in the real world (English, Collins, & Keys 2010). This study discusses the entrepreneurial spirit of two start-up founders in Jakarta.

2. LITERATURE REVIEW

2.1 Entrepreneurship

Entrepreneurship occurs when an individual takes advantage of a profit opportunity in the economy. The entrepreneur might notice that a person is willing to sell something less than what someone else is willing to pay for. Therefore, the entrepreneur can act as a middle man, profiting from buying at the lower price and selling for more (Holcombe, 2003). Entrepreneurs systematically break the existing balance by introducing innovative change (Ebner, 2006). The entrepreneur is the engine of ‘creative destruction’. By nature, capitalization is a form or method of economic change and can never be stationary (Schumpeter, 1979 in Boutillier & Uzunidis, 2014). Entrepreneurial activity positively affects economic growth because it considers risk and uses its funds to create new businesses. The creation of new businesses is the best way to achieve sustainable economic growth (Martin & Picazo, 2009). In his theory of economic development, Schumpeter applauded creative and risk-taking entrepreneur innovators who bring about the downfall of aged technologies. Thus, creating room for new development (Kauhanen & Noppari, 2007).

Casson (2003: 20-21) defines an entrepreneur as someone who decides when scarce resource coordination exists. Detailed definitions are as follows: (1) Entrepreneurs are individuals, (2) entrepreneurs have specialisation, (3) entrepreneurs decide based on their perception of opportunities that may be contrary to others in certain situations and (4) an individual coordinates the scarce resources, capital and labour by re-allocating these resources to provide excellence. Thus, entrepreneurs are agents of change because they always strive to improve the allocation of scarce resources.
Creativity is an important factor that directs individuals to take advantage of opportunities. Moreover, creativity is the ability to connect seemingly unrelated opportunities. This talent and ability to take different opportunities with others are fundamental to entrepreneurs. McClellan (1961) proposes that an entrepreneur is an individual characterised by continuous efforts to achieve better results. Entrepreneurs have a strong desire to excel beyond others and are motivated by difficult situations (Sasso, 2013).

Entrepreneurial motives can be divided into the following: (1) ‘necessity-driven’ or entrepreneurs forced to enter the start-up business because no other satisfying options for work are available and (2) ‘opportunity-driven’ or entrepreneurs interested in entrepreneurship because of their own choices despite other available options. Necessity-driven motives include informal entrepreneurs driven by their needs from their inability to find formal employment. Their entrepreneurial activities are seen as a survival strategy or a last resort (Williams & Round, 2007). These entrepreneurs are encouraged to start a business because they have no other sources of income (Xavier et al., 2013). However, individuals who find it difficult to find or maintain a job may not have the outlook necessary to succeed in the business (Boutilier & Uzunidis, 2014). Conversely, opportunity-driven entrepreneurs pursue opportunities because they see their prospects. These individuals maintain or increase their incomes independently. The economic contribution of opportunity-driven actors is higher than necessity-driven actors (Xavier et al., 2013).

The opinion that entrepreneurship cannot be learned because it is innate was posited several decades ago. However, the results of other studies show entrepreneurship education has a tremendous effect on entrepreneur growth. The growth of entrepreneurs brings tremendous economic improvement in developed countries (Raharja & Purbasari, 2008). Countries with developed technology provide large returns to risk-taking. Thus, encouraging high entrepreneurial activities. Kumari (2018) compares the compatibility of McClelland’s need for achievement theory (1961) with entrepreneurship. Entrepreneurship is a strong desire to solve a problem and to achieve targets by struggling and working hard. Entrepreneurs have a desire to do something and they would not have this desire if they had been born with it. Successful entrepreneurs do not necessarily come from business-oriented families. Quality education can produce many successful entrepreneurs who are not ‘born with entrepreneur skills.’

2.2 Entrepreneurial Spirit

The entrepreneurial spirit is a basic characteristic of an entrepreneur. This characteristic is different from the manager or the inventor because it is activating mental images for a developed (business) organisation. The entrepreneurial spirit is a set of personality attributes, abilities, values and attitudes that reveal entrepreneurial behaviour (Frugier, Verzat, Bachelet, & Hannachi, 2003). According to Verzat & Bachelet (2006), the entrepreneurial spirit is a series of positive attitudes, such as initiative and action to establish a business. Entrepreneurial spirit
determines the basic characteristics of entrepreneurs that are different from managers or inventors in terms of mental shadow activation in the development of (business) organisations. The entrepreneurial spirit is a series of features of personality, ability, value, an attitude that give rise to entrepreneurial behaviour. Cahyani (2016: 156) defines entrepreneurial spirit in her research as ‘a mindset and attitude of someone that make them have several traits, such as risk-taking, accepting challenges and being action-oriented or do not like waiting for something to happen’.

2.3 Digital Start-up

Nambisan (2016) highlights digital technologies as objective factors with profound effects on entrepreneurial processes. Digital technology shifts the paradigm of entrepreneurship by making boundaries more fluid and more dispersed when creating new businesses. Digital business is a new unit that produces digital products or services that are formed, traded and operated exclusively online (Quinones, Nicholson & Heeks, 2013). Davidson and Vaast (2010) define digital entrepreneurship as the practice of pursuing new venture opportunities in new media on the Internet. This entrepreneurship is commonly referred to the creation of new Internet-enabled delivery business, product or service. This definition includes start-ups which bring a new digital product or service to market (Welsum, 2016).

Gartner (2016) argues that smartphone applications gave birth to billion-dollar companies such as Uber. The smartphone application has created the ‘app economy’ with ‘algorithm marketplaces’ on shopping activities. Zaheer (2015) states that digital companies are from the basic transformation of human behaviour, such as communication, social interaction, media consumption, searching of information search, discovery and performance of professional activities. These changes may occur because start-ups organise structures, methods, and techniques in carrying out work, personal and recreational activities. Janáková (2015) states that the term ‘start-up’ refers to a new business generally associated with information technology. Digital start-up is a start-up born from the Internet, selling exclusive online products or services (Quinones, Nicholson & Heeks, 2015).

3. METHOD

This study uses the qualitative method. In-depth interviews with the founders of two digital start-ups, AMTISS and PrivyID, were conducted for data collection.

RESEARCH FINDINGS

3.1 Background of Start-up founders

Ivan Gautama, the founder of AMTISS, has several business activities and prior
professional experience before establishing his current start-up. He previously worked in the banking industry (CIMB Niaga) as the head of IT for the Preferred Banking Division for about a year. He moved to NIIT (India) where he worked as a branch manager for about five years, then Olive Technology for about three years and moved to the software division of Fujitsu for two years. He has nine years of professional experience. Gautama leveraged his professional experiences to develop insights and gain ideas for the business flow of the start-up in 2012.

Meanwhile, Marshal Pribadi, the founder of PrivyID, was born in 1990. He studied Economics at the University of Indonesia but transferred to Law during his second year. He started his career as a vice president/director for transport and cargo at PT Sampurna Perdana Pratama) and later held the position of regional head of HR and Legal at PT Buana Media Technology, which is a fintech company. He established PrivyID in 2016.

3.2. AMTISS

AMTISS is an application of asset management and mobile inspection for vehicles, heavy equipment, machinery, electronics, infrastructure and office equipment accessed through a smartphone. This application includes fleet monitoring for vehicle fuel costs, spare parts, maintenance data, odometer and users. Moreover, it has financial records, depreciation, movement tracking (through GPS or user check in or out) and inspection or audit conditions.

AMTISS for machinery includes production monitoring per machine, operational costs, raw material usage and maintenance costs records as well as financial records, depreciation and inspection or audit conditions. Office asset includes monitoring the condition and value of asset hardware, software, infrastructure, equipment, financial records and depreciation as well as asset transfers, component changes and maintenance.

AMTISS provides two main cloud-based applications for desktop and Android. The desktop version manages and monitors the overall assets while the Android version reports the inspection of an asset’s physical conditions by uploading photos.

AMTISS supports several business sectors, including mining, construction, transportation, hospitals and the government. One of AMTISS’s clients is a heavy equipment retail company with more than 40 stores throughout Indonesia. Gautama also revealed that several companies currently have AMTISS on trial use.

Gautama stated that the mining and plantation sectors currently have significant shortfalls in revenue due to the drop of commodity price and that he sees an opportunity for cost-cutting in maintenance by monitoring and controlling spare parts at remote areas. This opportunity helps client’s financial performance. He is able to overcome these challenges step by step: build networks, follow up prospect until it reaches the site and maps future business prospects according to the prospective client’s need.
The main focus of AMTISS in 2016 was to find large companies that will use their products. AMTISS is an alumna of Indigo Incubator, a Telkom’s incubator program in 2015. The program is the strategy of the Telkom Group to get new consumers. AMTISS competes with outsider companies, such as IBM Maximo and AssetPanda by adjusting their prices. Companies with small amounts of assets can subscribe with fees starting at IDR 3 million per month or about $220 per month. (Wijaya, 2016)

AMTISS closed a deal of seed round from several angel investors valued $300,000. AMTISS obtained $40,000 from the muru-D acceleration program based in Singapore in 2016. AMTISS developed more product features, such as IoT and analytical data, with these additional funds. These features monitored the efficiency and productivity of the machinery.

3.3 PrivyID

PrivyID is established from eight main platforms:

1. Security: All activities are protected by high-level encryption technology.
2. Non-denial: Documents signed digitally cannot be denied and contain all information on the changes in the information.
3. Scalability: The system can accommodate the increase of documents without affecting quality and speed.
4. Universal: Transactions run smoothly in all types of devices, languages and industries.
5. Obey the Law: Digital signatures made at PrivyID comply with industry standards and applicable laws.
6. Open Technology: Collaborative services and technology encourage open API and open gateways.
7. Secret Information: The client determines which documents are spread out and which are kept confidential. PrivyID will not share or offer for sale the user’s personal data to other parties.
8. Always available: The transaction can be accessed and downloaded with the business system for 24 hours.

Pribadi ran a computer shop at the age of 13 and at 17, he already had three stores. His parents also involved him in the business interactions, which shaped his mindset. PrivyID was established in Jakarta in 2016 with its mission of presenting a universally integrated technology for its users. PrivyID authorises registration acceptance, verification and issuing of electronic certificates and electronic signatures from Indonesian citizens. This company was recognized by the Indonesian government through the Ministry of Communication and Information (Kominfo). All electronic signatures made with the PrivyID application have legal strengths
and consequences similar to wet signatures. Information security of PrivyID’s user data is guaranteed through asymmetric cryptographic technology.

Pribadi ran out of funds during the development of PrivyID when the team needed to be paid for payroll. He lived through credit cards because all of his hard cash is gone. However, he believes in the concept of the business and rapidly found a potential investor. Pribadi’s other challenge was finding an immediate replacement for PrivyID’s technical team. His partner was not willing to continue the project and took the team with him.

The development of the digital world is not without risks. The ease of carrying out various activities with only an email, social media account or telephone number has the potential for crimes related to identity. Moreover, the legal standing is weak. These risks are the backgrounds of PrivyID because the company provides digital signature services for individual activities in cyberspace.

PrivyID’s motto is to organise a digital DNA or electronic identity, which has legal accountability to protect personal data and the interests of users during digital transactions. Digital service providers can prevent service users from making more than one account. Users also have clearer legal powers. Forbes included Marshall Pribadi as one of the most successful young men under 30 because of PrivyID. Documents signed digitally grew rapidly in the first half of 2018 with a total of 110,669 documents for every month. A total of 664,009 digitally signed documents from January 2018 to June 2018. PrivyID has received $3.1 million from previous investors namely Mandiri Capital, MDI Ventures, Mahanusa Capital and Gunung Sewu. This start-up business soared after Telkom invested through MDI Ventures. All Telkom business lines use PrivyID, including Telkom’s indie home service after this injection. PrivyID technology is currently being used by 1.6 million people and 16 companies use this digital signature technology.

Table 1. Entrepreneurial Spirit of Start-Up Founders

<table>
<thead>
<tr>
<th>Author &amp; concept</th>
<th>Entrepreneurial Spirit character</th>
<th>AMTISS</th>
<th>PrivyID</th>
</tr>
</thead>
<tbody>
<tr>
<td>McClelland (1961)</td>
<td>Continuous effort to achieve goals beyond the standard</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Xavier et al (2013)</td>
<td>Mental images for a developed (business) organisation</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Frugier et al. (2003)</td>
<td>Do not like to wait for something to happen; have an orientation to act</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cahyani (2016)</td>
<td>Take risks and accept the challenge</td>
<td>✓</td>
<td>✓</td>
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</table>
The founder of PrivyID exerted relentless efforts during a time when he experienced challenges and the lack of acceptance from his previous partner. However, he strove to make the start-up become known and accepted by a corporate client because of his mental image of the business. AMTISS had the privilege of being a customer-based and carryover project. Therefore, the acceptance of clients for AMTISS is better than PrivyID.

Amtiss and PrivyID shared a similar pattern where the startup is created based on the opportunity seen by the founders, in which no player with the same size or with same product feature being offered exists. These start-ups are also opportunity-driven were proven because these were brought into a higher scale. AMTISS founder targeted the regional market and reached the Southeast Asian market.

Both founders successfully realized the mental images for the developed organisation by them on canvass, which in turn pushed and pulled them into continuous action regardless of negative feedbacks. They pursued the mental image and did not wait for a miracle to happen.

The founders took a risk and accepted every internal or external challenge by dedicating energy and resource for the start-ups from its business model. They developed better solutions.

Ivan Gautama, the founder of AMTISS has a bachelor’s degree in Computer Science Information from Singapore. He employed this knowledge during his professional career and into the creation of the start-up. Marshall Pribadi, the founder of PrivyID, has a bachelor’s degree in Law from the University of Indonesia. He created a digital signature as part of a legal requirement because his education is not related directly to the business model.

4. CONCLUSION AND SUGGESTION

4.1 Conclusion

Qualities, such as entrepreneurial spirit and attitude include courageous visionary skills, action-orientedness and confidence. Entrepreneurial spirit consists of identifying opportunities and collecting resources from various forms to meet demands.

Founders of start-ups exerted continuous effort to achieve their goals, created start-ups based on their seen opportunity, put their mental images for the developed organisation into continuous action, took risks and accepted every challenge. Both founders also had a quality education that they employed during their professional careers and in the creation of the start-ups.

4.2 Suggestions

Entrepreneurial spirit can be maintained with courage, strong control and confidence and the desire to create. Research related to the characteristics necessary for entrepreneurs to accelerate development is one of the key areas for venture capital owners seeking investment.
in digital start-ups.

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