

CHAPTER I

INTRODUCTION

1.1 Background of the Research

Indonesia has been struggled to solve the unemployment problem within country in the recent years. Increasing the growth of population means people who need job are also increasing. The problem that faced by Indonesia today is caused by less number of job availables than the number of workers. Not only for low educated people but also graduated people nowadays. Lately, people thought that education can give them such a guarantee job for living a better life. Yet, now the unemployment is kind of really big problem for all people even for high educated people. Therefore, people are trying to find many ways to reduce the number of unemployment nowadays. Entrepreneurship is believed to have the crucial role on unemployment problem within the country.

In a research, Akinyemi et al. (2018) found that there is a positive relationship between entrepreneurial activities and economic growth. From the research, it discovers the importance role of the entrepreneurship that every country should be considered. In Indonesia based on the data of Central Bureau Statistic (2018), the number of entrepreneur is only 3.1 percent of the population. According to the data, the number of entrepreneurs is still very low so that the issue of Indonesian entrepreneurs development is an urgent issue to be solved. Therefore, The entrepreneurship needs to be improved not only on quantity but also quality.

MSMEs (Micro Small Medium Enterprises) are the proper form of business for entrepreneurs where MSMEs have several workers to facilitate entrepreneurs in managing them (Thornhill, 1989). In a study by (Hamdani & Wirawan, 2012) is further highlighted the development of MSMEs in Indonesia will provide the stability and sustainability of long term economic growth in Indonesia.

During the development process of entrepreneurship, failure is crucial aspect that should be considered. In fact, the number of entrepreneurs fail in their business are more than the one who success. As mentioned by Wadhwa et al. (2009), entrepreneurs who experienced failure are almost 80% in various business. Yet, the studies for entrepreneurial failure are still very few, even though the number of failure is bigger than the success one. Basically, people tend to judge the performance of a business in positive side because people prefer to talk about good things than bad things such as success rather than failure. It can conclude that there are many people who are not yet considered about failure even though failure can bring so much lessons for entrepreneurs and be the platform for learning.

Knowledge regarding failures can be used as guidance by nascent entrepreneurs in preparing their business. By learning and experience failure, it can help entrepreneurs to analyze the reasons of failure in their business. The knowledge of failure can be used by entrepreneurs to analyze the type of failure and re-motivate themselves to get back in the business, get new ability to face and

tackle failures and the most important, to determine the transformation process of failures into opportunities.

In the concept of science, the event of failure followed by mental process, learning process and process of drawing on the experiences of the business failure known as the serial entrepreneurship. It is being conceptualized as the entrepreneurial process and the success of new business establishment after going through several failures (Lafontaine & Shaw, 2014). The rate of serial entrepreneurship process can be reduced by the knowledge gathered from failure. From those reasons, author wants to discover more about the entrepreneurship failure in order to help entrepreneurs to minimize the rate of failure.

There are several factors that cause the entrepreneurial failure. These factors can come from outside or within entrepreneurs. The cause of entrepreneurial failure is usually only seen from external factors even though the entrepreneur as an individual can also influence the performance of an entrepreneur. According to Pradinhe (2018), general environment, immediate environment, management/entrepreneur characteristics, corporate policy, and company characteristics are five aspects which being the concept of failure. And as Khelil (2016) assumed that entrepreneurial failure can be concluded as the situation in which the psycho-economic phenomenon relates to:

1. individual situation and condition (in particular behavior and personality)
2. organization as a business entity, where an entrepreneur undertakes entrepreneurial process

3. social environment which is directly and/or indirectly relates to individuals
4. entrepreneurial process happened to individuals

It is found that personality is one of the factors that has major influences on the performance of a business. So in this study would like to discover more about the personality that influence entrepreneurial failure.

The varied intensity of individual makes an individual different from each other. Looking at the psychological view, individual intensity can be influenced by individual's motivation, nature and life journey. Therefore, an individual has his own psychological circumstances which make individual has his/her own personality. Since the personalities are very varied, author would like to focus on personality of entrepreneurs which discovers about the psychological aspect that lead to fail in their business.

Since the technology keeps growing up everyday, technology has become the needs for everyone around the world. Social Media is one of the result of technology that being a must activities for people nowadays. The culture of people have changed to be more depending on the social media. People do not mind to share their own private and very personal activities in social media such as upload selfie photos, daily activities videos and other private activities. Those activities relate to narcissistic behaviour.

In a study, social media has impact on individual narcissistic behaviour depends on how many hours they spend in using social media. The more time they spend for using social media, the more a person can get higher level of

narcissism personality. However, there is media to deliver this narcissism personality in order to make it more useful which is entrepreneurship. Some study said that narcissism can be impacted positively/negatively in the performance of business (Braun, 2017; Wales et al. 2013). Other said that individual that has tendency to be narcissistic has lower level to learn from failure so that he/she results to repeat in same failure (Liu et al.2019).

Therefore, author would like to discover whether narcissism influences entrepreneurs to fail or not. Author also would like to discover if narcissism can lead to the lower individual learning or not which can deliver to failure in business. By considering about the key failure of entrepreneurs, people can learn and also develop the business by considering about the factors in order to make the better business.

This research will be the useful study that will be discovered the most common failures of entrepreneurship in Padang. The result of this study will be the guidance for the next strategic that will be taken according to the entrepreneurs in Padang.

Therefore, this research seek to identify, analyze, and elaborate the causes of the entrepreneurial failure into a research topic entitled.

“The Influence of Narcissism on Entrepreneurial Failure mediated by Entrepreneurial Learning from Failure : Study on Nascent Entrepreneurs in Padang”

1.2 Problem Statement

The researcher believes that important to understand the influence of narcissism on entrepreneurial failure mediated by entrepreneurial learning from failure.

Therefore, the researcher hypothesizes 4 research questions to analyze this problems :

1. How does narcissism impact on entrepreneurial learning from failure?
2. How does entrepreneurial learning from failure impact on the entrepreneurial performance specifically entrepreneurial failure?
3. How does narcissism impact on entrepreneurial failure?
4. How does narcissism impact on the entrepreneurial failure mediated by entrepreneurial learning from failure?

1.3 Objectives of the Research

Based on the problem identification, the objectives of the research :

1. To investigate and to analyze the impact of narcissism on entrepreneurial learning from failure.
2. To investigate and to analyze the impact of entrepreneurial learning from failure on the entrepreneurial performance specifically entrepreneurial failure.

3. To investigate and to analyze the impact of narcissism on entrepreneurial failure
4. To investigate and to analyze the impact of narcissism on the entrepreneurial failure mediated by entrepreneurial learning from failure.

1.4 Contribution of the Research

1.4.1 Theoretical Contribution

This research aims to provide information about the factors that influence entrepreneurial performance specifically entrepreneurial failure in order to help entrepreneurs to be success in their business. This could also help government institution and other private institution providing information about entrepreneurship and could be undertaken for future research.

1.4.2 Practical Contribution

The result of this study could give an impact on entrepreneurship activities and provide knowledge about factors that influence the performance of entrepreneurship in order to increase business performance. This study can be used by MSMEs to improve their entrepreneurship practices.

1.5 Research Scope

1.5.1 Theoretical Scope

The theoretical scope of this research will be focusing on the three variables which are narcissism, entrepreneurial learning from failure and entrepreneurial failure.

1.5.2 Contextual Scope

The contextual scope of this research will be focusing on nascent entrepreneurs with maximum ages 30 years old and ever experienced failure in Padang.

1.6 Research Outline

In order to analyze the problem stated above, it is important to organize and divide the research into 5 chapters as follow :

Chapter 1 : Introduction

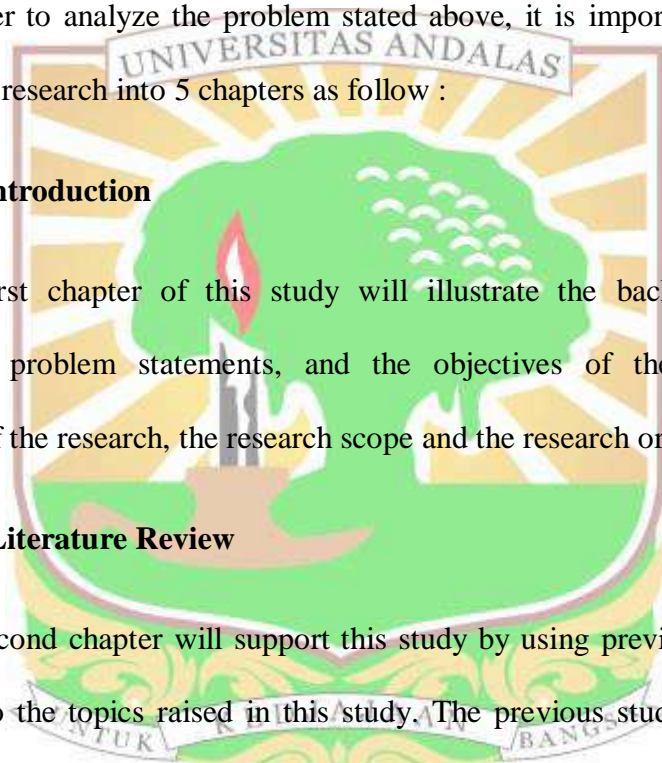
The first chapter of this study will illustrate the background of the research, the problem statements, and the objectives of the research, the significance of the research, the research scope and the research organization.

Chapter II : Literature Review

The second chapter will support this study by using previous studies that are relevant to the topics raised in this study. The previous studies can also be used to support the hypothesis generation for this study.

Chapter III : Research Method

The third chapter will elaborate the methods that will be used in the study. This chapter also identify the amount of sample and population needed for the research which could help in generating the influence the independent variables has on the dependent variable.



Chapter IV : Result and Discussion

The fourth chapter contains the result of the analysis of the study, the characteristic of the respondent, and the descriptive analysis.

Chapter V : Conclusion and Suggestion

The fifth chapter will show the conclusion from the analysis and research that has already been conducted. This chapter will also show the positive or negative influence between the variables and provide advices for future researches.

