

Exploration of Opportunity Creation and Calculated Risk Taker Characteristics of Entrepreneur (Case Study of UD X)

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Abstract—Becoming an entrepreneur is one way to overcome the problem of poverty and unemployment. To be an entrepreneur, one must have the characteristics that it occupies. Opportunity creation and calculated risk taker are two characteristics possessed by Mr. Agus as the founder and owner of a company engaged in the field of plastic waste processing. Researcher will further review two unique characteristics on how he run his business. By exploring business path faced by Mr. Agus, researcher will gain valuable insight related to risk taker and opportunity creation character. This is a qualitative research that uses the owner of a company as a single object of research.

Index Terms—Entrepreneur, entrepreneurial characteristic, opportunity creation, calculated risk taker.

I. INTRODUCTION

Indonesia is a developing country that has the fourth largest population in the world with a total of approximately 250 million people in 2013. Number of Indonesia labor force also increased from year to year. However, the increase of labor force if not balanced with the increasing of work field will lead to an imbalance between the number of job seekers and the availability of employment, resulting in high level of unemployment and poverty in Indonesia. Comparing to other Asian countries like Singapore, Malaysia and Thailand, Indonesia also has the lowest percentage of entrepreneurs [1].

Labor condition in Indonesia have shown good improvement in terms of the number of labor force, the number of working population, and the decrease in unemployment rate. However, the changes have not shown significant results to make Indonesia's economy more advanced and developed. One effort to reduce unemployment is by creating new jobs.

According Jong and Wennekers in Hadiyati [2], entrepreneurship can be defined as taking risks to run your own business by taking advantage of opportunities to create new business or with an innovative approach so that the business can grow and become big and independent in facing the challenges of competition. An entrepreneur in his thinking should always try to look, utilize, and create business opportunities that can become profit, in this case he should be smart to see the business opportunities available. Not only that, an entrepreneur is not just a risk taker but also a risk manager for himself and his business. Risk manager means he

is not rash, not rushed, careful, tactical, intelligent, and observant in reading the risks and opportunities so he will choose the optimal result for his company.

Plastics are products that are widely known and used daily for various needs. With features that are lightweight, strong, not easily damaged, flexible and cheap make plastics are used in various sectors [3]. Seeing this promising opportunity, Mr. Agus established a company engaged in the field of plastic waste processing in Ambon.

UD. X is a company that treats plastic waste into plastic core which is used as material for the next production stage of plastic product. This opportunity is seen by Mr. Agus because so far there are only a few companies that do plastic waste processing, and it is also still on a small scale. The plastic waste in Ambon is usually taken directly to the garbage dump because not many people intend to collect the waste, including the collectors who receive it. This is seen by Mr. Agus as a good opportunity because not many competitors in this field, but also can be seen as a risk because this business is not something in demand by people of Ambon. By building an unpopular business, there is a quite high risk of failure faced by the business owner.

Seeing the two characteristics possessed by Mr. Agus which are risk taker and opportunity creation in establishing UD. X, the researcher is interested to further review two unique characteristics of an entrepreneur in running his business. By exploring business path faced by Mr. Agus, researcher will gain valuable insight related to risk taker and opportunity creation character.

II. LITERATURE REVIEW

A. Entrepreneurship

The simple meaning of entrepreneur is a person who is brave in taking risks to open a business on various opportunities [4]. Dare to take the risk means independent mentality and courage to start a business, without fear or anxious even in uncertain conditions with enough consideration. [5]. Entrepreneurial activity can be done alone or in groups. An entrepreneur is someone who is always trying to look, utilize, and create business opportunities that are expected to have benefits.

Successful entrepreneurs are entrepreneurs that can survive with all the limitations, exploit it, and increase it to market the opportunity well and continue creating reputation that makes the company grow. It can be concluded that entrepreneurship is an ability to manage something in themselves to be utilized

and enhanced to be better so it can improve the standard of living in the future.

An entrepreneur has clear characteristics that distinguish himself from others who are not entrepreneurs. Ciputra University teach 7 entrepreneurship characters to all students [6], namely:

- a) Passion, has enthusiasm and love for what he does.
- b) Independent, able to act alone without relying on others in making choices and making decisions.
- c) Opportunity creation, sensitive to market condition so as to be capable utilize and create opportunities.
- d) Creative & innovative, bring up original idea and make it happen.
- e) Calculated risk taker, always taking into account the likelihood of success and failure in the implementation of activities to achieve goals.
- f) Persistent, persistent and diligent in reaching the goal.
- g) High ethical standard, always refer to and pay attention to ethics in making decisions and achieving goals.

The opportunity creation and calculated risk taker characters will be discussed more because they have important role in the development of business owned by Mr. Agus.

B. Opportunity Creation

One of the characteristics of entrepreneur is smart to see market opportunities. Entrepreneurs must be able to find and recognize problem in business and seek answer to that problem. Business opportunities can arise from the answers generated from the problems that occur. This means that when there is an opportunity that fits with the financial condition or expertise, then this opportunity can be a profitable business potential [7].

An entrepreneur is trained to discover or create opportunities in any business or organizational development. An entrepreneur should be able to see an opportunity or opportunity from different perspective from others, or something that other people do not think of which can be shaped into value [8].

There are several indicators that can be used by entrepreneurs to capture the available business opportunities [9], which are:

- a) The ability to identify markets. This is needed so an entrepreneur can see the need of their consumers, especially with regard to products and services.
- b) Ability to be sensitive to the market. Entrepreneurs are expected to know changes in market demand, know the number of their competitors, and what advantages are owned.
- c) Ability to seize the market. This is really needed for small companies or growing companies because they have to compete to survive.
- d) Attractive. Looking for attractive market is needed to keep the market growing and profitable. Competitors will not feel threatened, so it can increase sales of the company.
- e) Enlarge market capacity. The greater the market capacity the greater the demand.

A new product creation is a market opportunity, it needs to be accompanied by innovations so it can survive in the

marketplace. There are several aspects in exploiting a market opportunity, which are [10]:

- a) The cause of an opportunity arises from something unexpected, discomfort, need for process improvement, industry and market structural change, demographic changes, perceptual changes, or new technologies and knowledge.
- b) Benefits provided from the products created.
- c) Product advantages that can attract consumers to buy.
- d) Ability to control the price and cost of the product.
- e) Calculation of capital and the rate of return of the project.
- f) The company's commitment to the products to be marketed.

C. Calculated Risk Taker

Risk is the willingness of entrepreneurs to commit to manage all the resources they have to finance a business fully in spite of the high probability that the business may fail. People are afraid to take risk because of the chance of being fail. Entrepreneurs are the opposite, they are willing to take the risk [11]. Risk-taking firm is a company that has a high tendency to bravely take a business that promises big profits, although that also comes with big risks [12]. The risk of loss is common because entrepreneurs hold the principle that loss factor must exist. An entrepreneur must have good planning, able to manage risk, and minimize risk that may occur.

Entrepreneur will face several types of different risks that are grouped into four parts [13]:

- a) Financial risk
This risk is a risk that must be faced by every entrepreneur. Capital is definitely needed in starting a business, be it in small or large scale. The capital may come from personal funds, or from other parties. If the business failed then the capital can be lost.
- b) Career risk
This risk is faced by entrepreneurs who had previous permanent jobs. If being an entrepreneur means he must leave his old job that provided fixed income for a new business that is not yet certain.
- c) Family and social risk
This risk relates to the time consumed in starting a new business, reducing the time usually spent with family or friends.
- d) Psychic risk
This risk is to be avoided by an entrepreneur. Psychic problems can occur if the business owner has a very severe problem that gets to the point of depression.

A company, in this case the company owned by an entrepreneur must have risk management that has the following benefits [14]:

- a) Provide a foundation in determining strategy or consideration when dealing with problems
- b) Provide direction and purpose where company will move
- c) Allow company to reduce risk
- d) Provide guidance, direction and mechanism in a sustainable manner.

III. METHODOLOGY

The object of this research is UD. X owned by Mr. Agus. UD. X is a company engaged in plastic waste processing sector located in Ambon. The subject of this research is Mr. Agus who is the owner, the founder and also concurrently the CEO of UD. X. Mr. Agus is selected as the only informant because in general, all activities of the company are run and managed himself. There is no vice president and the staffs who work are not given enough rights in running the company and do not have the authority to decide matters related to managerial decisions. In addition, Mr. Agus is also the sole founder so that all information regarding the process of building this company and all the problems faced are known clearly and completely by him. Adding to that, the writer's desire to explore 2 characteristics of an entrepreneur can only be given directly by the owner of the company, so there is only one respondent in this study.

The author used purposive sampling method and chose Mr. Agus as the respondent with the consideration that has been described previously, that is experience owned by the founder and owner of the company. The purposive sampling method is based on certain criteria determined by the researcher [15]. To obtain the necessary information, the researcher used semi-structure interview method. Using this method, the researcher first prepared an outline of questions tailored to the purpose of the interview and what information is desired, but in the execution the researcher is given the freedom to be creative with additional questions aim to extract more information that is considered important and relevant. Member check is used to test data validity of interview results. In this process, Mr. Agus will be given transcript of interview result and interview summary to ensure that researcher has obtained and analyzed data in accordance with the information provided.

IV. RESULT AND DISCUSSION

A. *Background of Company Location*

Ambon is a small town, although it is the capital of a province but because it is located far from the country's capital town, it has significantly lower development compared to other big cities. This causes the culture and mechanism of life in Ambon is lag behind and different from other big cities. One striking difference is in terms of population and the average income of the people. For small town with a small population, the majority of the people generally know each other.

B. *Company Establishment Process*

The idea to open plastic waste processing business comes from the amount of plastic waste that is not used. Usually plastic waste that is mostly household waste accommodated along with other garbage and directly taken to landfills for processing. In some garbage collection posts, sometimes there can be seen scavengers who collected goods that are still economically valuable, but the amount is very small. With this condition, Mr. Agus sees it as a business opportunity. The visible characteristic of this process is opportunity creation where one can see the potential from the available supply.

In the beginning, Mr. Agus has absolutely no knowledge in this field, but as an entrepreneur, one must have the courage to risk opening a business without fear and anxiety even in uncertain condition [16]. One of the risks faced is financial risk because the opening of this business requires fund to prepare the warehouse and buy plastic waste processing machinery. For the labor cost, it is also required but not too large because in Mr. Agus' mind, in the early stages, there is no need for many employees yet. But the risks that exist must also be calculated, aims to minimize the risk that may occur. Therefore, Mr. Agus deliberately went to Surabaya, the second largest town in Indonesia to dig further information about plastic waste processing business. The first step is to go to the manufacture place of plastic processing machinery. This place is a workshop that makes the machine on demand because if he purchase from store, the price will be very expensive because the machine must be imported from China. This is also Mr. Agus' way to reduce risk.

When ordering the machine, Mr. Agus deliberately asked the owner of the workshop about the buyer who also ordered the same machine. Through this way the owner of UD. X managed to get contact of 2 businessmen who have the same business. But from the 2 businessmen, only 1 is in Surabaya. Therefore the next step is to contact and visit plastic waste processing business in Surabaya. By doing this, Mr. Agus obtained the information about the business that was new to him. This provides a deeper understanding before starting the business. With sufficient information, Mr. Agus has reduced the risk before starting the business. The indicators used are the ability to identify risks before act and making good planning before act. It also shows the characteristics of an entrepreneur who is capable of good preparations that can reduce the risk.

C. *The Beginning of Company Establishment*

If the warehouse and machinery are prepared, then the next step is to prepare the labor force to process plastic waste. This step, according to Mr. Agus, is not a difficult problem because the machine itself is not too complicated and has been given training from machine seller in Surabaya. Finding workers to run the company is also not too complicated because the initial process only requires 5 employees and Mr. Agus can get it from his acquaintances.

The first round of this business establishment is to obtain raw material which is the plastic waste that has not been used optimally. One of the biggest obstacles is how to obtain the raw material itself. So far, scavengers who are not many in numbers have their own collectors and usually they also look for other waste than plastic that still has economic value. Seeing this condition, Mr. Agus must be keen to see the risks and opportunities. The steps taken are to visit the scavenger's neighborhood and offer cooperation to buy plastic waste. With the location of a warehouse that is quite near to the settlement certainly provides added value for UD. X.

After obtaining the raw materials from the scavenger then the next process is to do the plastic waste processing. This process begins by classifying the type of waste, sorted for the reasonably worthy materials, cleaned before going to the grinder process. The problem faced by UD. X is because all employees are new, they are still unfamiliar with the process so there is production error quite often; for example the separation of the wrong type of plastic, the waste that is still

not completely clean and the operation of the machine that is not right. This causes less than good processing result.

This risk must be faced by a new business running. Previously, Mr. Agus has visited a similar business in Surabaya and recorded the process of its activities so that the activities at UD. X can refer to the recording. In addition, he also searched related videos on the internet to see the details of the work that can be used as a standard. From this activity, the calculated risk taker character has more important role in running this business. The author learns that as the owner and concurrently the Operation Manager makes Mr. Agus better in understanding the risks that can occur during the processing of plastic waste. In addition, the author also learns that to become an entrepreneur, one must not be rash, not rush, meticulous, tactical, intelligent, and observant in seeing the risks and opportunity. The owner of UD. X also shows his ability in making alternatives when facing the risk of loss that can happen.

D. The Process of Running the Company

As the time goes by, about 2 months since the establishment of the company, the company's operational activities have been running well enough, but of course there are still problems that must be faced by Mr. Agus. This is related to the availability of raw materials of plastic waste. As one might expect, one of the possible risks is the scarcity of raw materials due to the small number of scavengers in Ambon. Looking at this changing situation, Mr. Agus has to think of steps to overcome it. The way out is to work with several parties from several restaurants, grocery stores, schools and markets that usually have plastic waste. This way, UD. X can get enough supply of raw materials, of course, by previously giving specifications of acceptable plastic waste. From this point, the author can see the opportunity creation characteristic that is the ability to observe the condition and market opportunity in facing changes of situation.

In the process of running a business, especially for a company that is still new, of course one will face problems after problems. This is also experienced by UD. X. The problem faced is still related to raw materials. Since working with several parties to obtain raw materials, the amount of raw material is sufficient, even can be said to be abundant. In the end, however, the amount that can be used for production process are few because most do not conform to the required raw material quality standards. This is because the restaurant, grocery stores, schools and markets send plastic waste that does not comply with the specifications requested, both in terms of type, size, material and cleanliness. This problem is making loss financially and also the loss of time due to the sorting process performed by employees to be very slow with only limited results. This makes operational activities disrupted and profit generated also decreased.

Problems after problems made stressful condition and it took a toll on the owner of UD. X and made his physical and mental condition not optimal. Fortunately, this does not drag on. Mr. Agus must observe the risks and be able to find changes and respond to those risks. Seeing the results of the parties invited to work together to provide raw materials is not optimal, he then made more detailed work contract about accepted material qualifications to reduce the losses incurred. Not only that, there are also several times when the

scavengers give examples on how to sort the products that are in well enough quality to be processed to the partner workers. For some places that have no available workers, Mr. Agus even arranged for the scavengers to routinely take the waste from the site. This shows the ability of owner to find alternatives to the problems that occur.

V. CONCLUSION

In doing business, especially at the beginning, an entrepreneur will definitely face problems. Therefore, good planning and careful preparation should be made to reduce the risk that may occur. Other than that, in taking every decision, many considerations must be done first carefully, should not be in hurry. Risks in running a business cannot be eliminated, but can be minimized. It is through make planning before acting and think of some alternative solutions to solve the problem.

This study certainly has flaws. Only one respondent as research subject can be an advantage of this study because it can be focused, but can also be a disadvantage because it can be very subjective. Moreover, the analysis is done only based on the author's understanding without considering other parties.

In this research, the author only focused to discuss 2 characteristics of entrepreneur; opportunity creation and calculated risk taker, whereas beside that there are other important characteristics. Therefore, further research can be done to discuss other characteristics. The use of more respondents can be done and the method used can also use quantitative research. The writer has also plan to make further research in the future regarding other characteristic of entrepreneurship, namely passion and creativity.

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