

CHAPTER I

INTRODUCTION

1.1 Background

Entrepreneurship is very important to our economic growth. The economic itself is growing rapidly along with the emergence of various new economic potentials that can support the economy of the world. Entrepreneurship as an example of the activity that can support the economic growth, especially in such a country. Entrepreneurship itself have important meaning and positive impact to the economic and people by reduce the unemployment. At first the economy only relied on economies that based on natural resources such as agriculture.

Currently the development of technology and information is also growing rapidly that have many benefits for all people in this world. For company or organization of technology and information is sues to achieve a competitive advantages against its competitors in developing a product or services. Alongside with the advancement in technology and information that are growing rapidly have influenced in various field, one of that field is business. Many business people using the development of technology and information as a medium to support the progress of the business that they run (Brem & Borchardt, 2014: 17).

According to Shane & Venkataraman (2003) in Zupic (2014:1), the bond between entrepreneurship and technology that understands about a business process and recognizes an opportunity and technology innovation is called Technology Entrepreneurship or Technopreneurship which aims to create a value of uncertainty and risk that will arise in the technology itself (Brem & Borchardt, 2014:19)

(Hartono, 2011) state if in these past years, the term of technopreneurship has often been encountered and heard in various media, both print and electronic media. Technopreneurship is a term that being

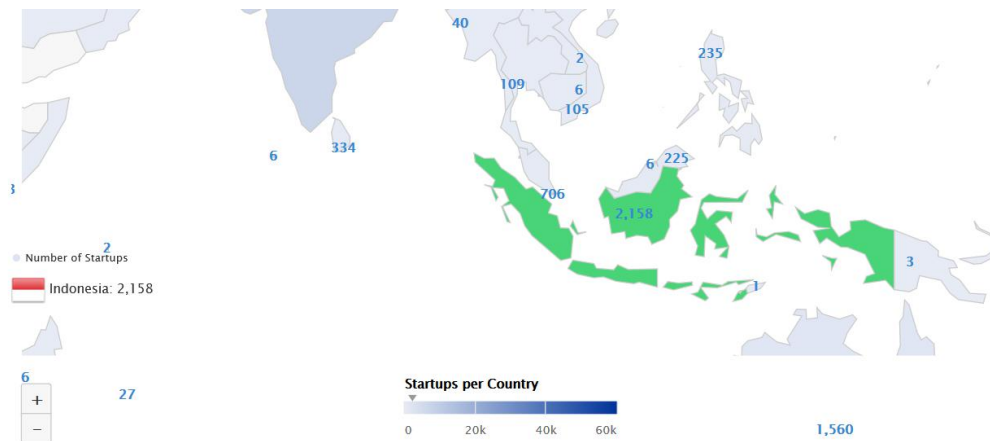
formed from two word, namely “techno” and “entrepreneurship”. in general, the word technology is used to refer to the practical applications.

Technopreneurship is likened to a technology-based business incubator, which has the insight to foster entrepreneurial spirit among young people, especially students and is one of the new breakthrough strategies to anticipate the increasing problem of intellectual unemployment.

By becoming an educated businessman, the young generation will act as one of the engines of the economy through the creation of new jobs. It also can be an arena to improve the quality of human resources in the mastery of science and technology, so they can prepare reliable personnel in the midst of global competition. ("Technopreneurship-Based Education", in the Islamic Education Institute Sabilal Muhtadin, 2013).

Indonesia is the right place to develop a start up because, Indonesia itself has more than 250 million population and where more than 130 million internet users. This means that our country has a large share of potential that continues to grow. In fact, the government also serious about this by providing support for the start up, from funding to holding in a certain programs.

Business start up as a new business that based on business technology. Usually business start up are being categorical as a newly established and still in growth stage to find the right product or services with the right target market. But, in reality there is some obstacle while doing this start up business such as financing operational activities and how to gain the customer (Tony Susanto dalam Tempo Tekno 2017).



Picture 1.1
Number of Startup in a Country
 Source: Startupranking.com

According to the registration site of start up, Start up Ranking. Indonesia included in the list of top five countries in the world with the most number of start up. The total reaches 2.158 startup and make Indonesia in the fifth place below Canada with 2.576 number of start up.



Picture 1.2
Number of Start up in Indonesia, 2018
 Source: MIKTI and Bekraf

But in other side based on data from MIKTI (Masyarakat Industri Kreatif Teknologi Informasi dan Komunikasi Indonesia) that means Indonesia

Digital Creative Industry Community as a profit organization functioned as a gathering place for all people who pay attention to the development of digital creative industry in Indonesia, record number of start up in Indonesia at 2018 is around 992 start up (Kominfo, 2019).

The research contained in the 2018 Indonesia Start up Mapping & Database book that aims to have valid data on the number of start up in Indonesia. That number was obtained by the MIKTI team based on direct verification to the field and accessing the companies official website and application. Start up companies are mushrooming in line with the rise of the digital economy industry 4.0 in Indonesia. However, the Indonesian e-commerce association (idEA) acknowledged that many of the start up fell, even though they were only about the age of corn.

The chairman of idEA " Ignatious Untung said there is several reason why many of Indonesian start up didn't last long, first, lack of opportunity to have mentoring with other start up companies that already success before. Second, many of start up founder doesn't have any experience in digital business or knowledge to operate such a company. If those start up companies have an opportunity to have mentoring with the successful start up, the success rate of the start up itself can increase. because, an experience from other people would be helping a lot. if they meet an experience people with broad knowledge as well as open minded, therefore with those thing hopefully it can help them in any way.

In reality not always ideas in the digital world can being executed properly, even according to the empirical research showing 70 percent until 90 percent, creative ideas can't be changed to the business innovation because of the weaknesses of supporting ecosystem.

Didit Hermawan from Indigo.id as one of the biggest incubator in Indonesia state, its very important for Indonesia to have and build more business incubator in order to grow a new start up (CNN Indonesia, 2017).

Business incubator program like Indigo.id are like incubators in hospitals that help babies to live and seems like that, business incubators also

help start ups to grow into big business because they provide an innovation ecosystem for start up itself to growth and development.

Didit hermawan also said “ trend in the world already changes to the digitalization way in every aspect in our life, Indonesia need to learn from other country such as India which has been going fast in the digitalization and dissemination ICT (Information Communication and Technology).

Incubator program that relevant with the government vision can help Indonesia to achieve that for example, program incubator startup from PT. Telkom through Indigo.id. By doing those incubation program it can help encouraging many new start up from all direction.

In general, start up in Indonesia need a mentor who have broad knowledge, has long experience in business and also has good network. With those experience it can solving problem more comprehensively. Incubators are the places were ideas become business, this is the place where start ups receive support and guidance as they tackle the market and search for investment.

Incubation and acceleration program for start up is one of factor that can help and accelerate the development of the start up. This program is usually being initiated by investors or governments, who expect success from the start ups that they funded before.

In incubator the activity that they do is an introduction about startup in front of investor, to letting them know about the product and their business model. After that, start up can get direction and mentoring to have good concept, product, marketing and etc that can helping to speed up the business.

In Indonesia there are more than 10 incubator and accelerator program that already incubated and accelerated many start up. For example, Indigo.id by PT. Telkom, Skydtar Ventures by Kompas Media Group, IDX Incubator by Indonesia Stock Exchange (IDX), Bandung Techno Park, Grab Ventures Velocity by Grab, Google Launchpad Accelerator and etc.

Bandung that famous as creativity have a lot of interesting place to explore an ideas and creativity. Since 2012, Bandung has Bandung Digital

Valley an incubator and co-working space located in the Telkom complex in the Gegerkalong area.

In addition, Bandung also has a creative industry development center called Bandung Creative Hub and also Block71 which was inaugurated by Ridwan Kamil as a governor of west java. Block71 being created as a hub for creating startup entrepreneurs from various cities to collaborate with each other, build networking and get strategic access to investor.

With this program, government expect to have more new startup that can create new jobs and also increase the economic growth. New innovative firms are often considered to be key drivers of innovation and the creation of new jobs (Colombo and Delmastro, 2002).

However, many start-ups lack internal resources, including financial, human, and social capital; due to the double liability of being both new and small, they also face greater obstacles than better established larger firms (e.g., Lukeš and Zouhar, 2016). Van Praag and Versloot (2008) reviewed the empirical literature on the economic contribution of small and young firm and suggested that these firm have positive effect on job creation, innovation, and productivity.

According to the previous research that being done in by Martin Lukes, Maria Cristina, and Jan Zouhar from Italy it was state that there is a significant negative effect of incubator tenancy on sales revenue and negligible negative effect on job creation of Italian innovative start-ups.

The results show that despite a slow start in the first two years after their foundation, innovative start-ups located in a business incubator subsequently increase their sales revenue growth more rapidly than non-incubated innovative start-ups and thus have a good chance of outperforming them. Regarding job creation, a propensity-score-matching estimator provided some evidence of faster employment growth in four-year-old incubated start-ups when compared to their non-incubated counterparts, but this evidence was inconclusive.

If we see the phenomenon that happen regarding start up and their incubator itself. As we know that business incubator start up as a place where start ups receive support and guidance as they tackle the market and search for investment.

Alongside with that, do business incubator really enhance entrepreneurial growth or whether incubator start up are in line with the purpose building those facility. Is there any differences between incubated and non-incubated start up based on their sales revenue, job creation, initial capital and start up age.

From the research that was done by Reyno Gusti Anggara that study about the factor that influence the success of technopreneur. Quoted from interviews that being conducted with several incubator start up from Bandung Techno Park (BTP), there arr several factor than can influence a success of a start up such as communication between evaluator team with the start up itself and an obstacle with the timeline and deadline and etc. We can see it at the table below.

Table 1.1

Technopreneur respons regarding the factor of success of a startup

No.	Technopreneur Identity	Interview Result
1.	Farid Naufal Aslam as a team leader from Pasarlaut.com	The lackness of communication between evaluator team with startup, so it can lead to miss communication, toward rhe progress of startup. Even more, the lack of non-business activity such as fun days, physical exercise and etc.
2.	Rosya Satria Firdhaust as a team leader from eLocker	An individu provlem, and also the team leader mentality (start up). or a problem with the timeline and deadline, so the process of incubation seems being forced so the result also

		not optimal.
3.	Tiara Agung Juliansyah as a team leader from Garputara	The people who have low education can be an success entrepreneur by forecasting an opportunity and also didn't give up easily if they faced the failure.
4.	Iman Ahmad Setyawan as a CEO Rubric Learning, DKantin	Factor that really influence the success of technopreneur is the services quality, this is happen because of that factor are linked closely with the consumer from the business itself.

Sources: Thesis by Reyno Gusti Anggara

From that research also, we can see that even though the startup are being incubated, there is also a chance that the startup are didn't going well.

According to the explanation and background above. The author are interested to do research by analyzing the incubated and non-incubated startup in Bandung to know whether the incubator startup really enhance the startup and also to know with incubation did the startup exhibit better performance rather than non-incubated one.

With those explanation and background above, the author will do a research with the title **“The analysis of Incubation to the Start up in terms of Sales Revenue Growth, Job Creation, Initial Capital and Start Up Age with the non-incubation Start up firms”**

1.2 Problem of Statement

Based on the background that being explained above, then the problem in this research is :

1. How is sales revenue, job creation, initial capital and start up age in an incubated start up ?
2. How is sales revenue, job creation, initial capital and start up age in an non-incubated start up ?
3. Is there any differences between incubated and non-incubated start up in terms of sales revenue, job creation, initial capital and start up age ?

1.3 Purpose of The Study

Based on the problem of the research above, then the purpose in this research is :

1. To know the sales revenue, job creation, initial capital and start up age in an incubated start up.
2. To know sales revenue, job creation, initial capital and start up age in an non-incubated start up.
3. To know whether there is differences between incubated and non-incubated start up in terms of sales revenue, job creation, initial capital and start up age.

1.4 The Advantage of The Study

1.4.1 Theoretical Aspect

This study is closely related to the course that has been taught, entrepreneurship, so that by doing this research it is expected that the writer and all of the interested parties can have more knowledge understand about start up. And this research is also expected to be useful for other parties who want to use it as a consideration or reference in research activities or other scientific works.

1.4.2 Practical Aspect

This study more focused on the innovative incubated and non incubated start up in Bandung city as the object. This study is expected to know whether incubator start up really enhance the entrepreneurial in terms of sales revenue and job creation.

1.5 Limitation of The Study

The limitation of the problem in this study is to discuss the role of incubator toward the start up development in terms of sales revenue, job creation, initial capital and start up age. Also to know whether there is differences between incubated and non-incubated start up.

1.6 Writing System

The systematic writing of this thesis was arranged to provide a general description of the research conducted.

1. CHAPTER I INTRODUCTION, contain background of the research, problem of the research, the purpose of the research, the advantage of the research, the limitation and also writing system.
2. CHAPTER II LITERATURE REVIEW, this chapter explains a description of the basic theory that being used that contain theoretical framework, previous research, research hypothesis.
3. CHAPTER III RESEARCH METHODOLOGY, this chapter explains the problem solving steps that will being used to complete the research in accordance with the objectives of the problem discussed that contain type of research, operational variable, sequence of the research, population and sample, data collection, and data analysis technique.
4. CHAPTER IV DISCUSSION AND RESULT, contain respondent characteristic, result of the research, the discussion of the result.
5. CHAPTER V CONCLUSION AND SUGGESTION, contain conclusion and suggestion of the research.