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CULTIVATING THE SPIRIT OF SUSTAINABILITY, INNOVATION, & GOVERNANCE FOR BUSINESSES AROUND THE WORLD

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PSYCHO-ECONOMIC PHENOMENON, OPPORTUNISTIC BEHAVIOR AND THEIR IMPACT ON ENTREPRENEURIAL FAILURE

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ABSTRACT

This paper investigates and discusses individuals' internal circumstances that caused entrepreneurial failure which consists of psycho-economic phenomenon and opportunistic behavior of individuals. The study is a quantitative study and it operates causal analysis that relates the existing arguments regarding psycho-economic phenomenon to entrepreneurial failure. The study further adds and analyzes the construct of opportunistic behavior as another possible factor that may cause entrepreneurial failure. Sample of the study is 1541 young entrepreneurs in West Sumatra Province, Indonesia, who have experienced failures in their business. Analysis was undertaken by using multiple and partial regression analysis in which the statistical protocol was operated. It is found that psycho-economic factors together with opportunistic behavior of individuals in a lesser to a bigger degree have caused entrepreneurial failure to the context of the study. The study also implies and argues that opportunistic behavior may not only be viewed as a source of entrepreneurial success, as it also contributes to entrepreneurial failure. This finding clearly demonstrates the originality and value of this study since it argues that opportunistic behavior can also be viewed as a factor - apart from the other existing psycho-economic factors (deterministic, voluntaristic and emotive) - that can cause entrepreneurial failure.

Keywords: Deterministic-voluntaristic-emotive factors, entrepreneurial failure, psycho-economic factors, opportunistic behavior.

INTRODUCTION

The most important entrepreneurial learning that can be absorbed by entrepreneurs supposes to be sourced from their experience regarding failures. Almost all entrepreneurs have experienced failure when they undertook their business. In a study about the anatomy of entrepreneurs, Wadhwa, Aggarwal, Holly, and Salkever (2009) came out with the finding that a successful entrepreneur has averagely experienced two until three times failures in every new venture that they previously established before he/she reached success. This situation and the condition of failure have triggered entrepreneurs to become tougher, more resilient, and the most important thing, are able to learn from failures. Therefore, analyzing failure as a part of entrepreneurial journey would be necessary, since entrepreneurs cannot avoid it during this entrepreneurial journey to achieve success. The existence of failure as an event in entrepreneurs' entrepreneurial journey – which is followed by mental and learning processes and an experiential process has raised a particular concept in entrepreneurship, which is introduced as the concept of serial entrepreneurship.

Lafontaine and Shaw (2014) mentioned that the serial entrepreneurship can be understood as an entrepreneurial process which happens to an entrepreneur in achieving success of new ventures after he/she experienced failures, in which the following element exists: [a] the learning process from the failure, [b] the process of change in entrepreneurial behavior after the failure, and [c] the experience in managing the business. There is no uniform arguments and opinions from scholars to state number of venture failures that need to be happened and experienced by entrepreneurs before he/she reaches entrepreneurial success. It is believed that the number of venture failure before achieving entrepreneurial success is situationally, conditionally and contextually related to an entrepreneur as a person. This means that the most entrepreneurs will experience entrepreneurial failure – and the number of failures varies among them. However, one common argument raised and approved by the scholars; the entrepreneurial success is very seldom to be achieved only in one single venture creation/establishment.

Studies and research to reveal the determinants of entrepreneurial success factor have clearly identified that the entrepreneurial success is influenced by: [a] internal and external environments of the entrepreneur, [b] psychological condition and situation of the entrepreneur, and [c] sociological situation of the entrepreneur. Each factor has its own specific determinants, in which opportunism is considered as one psychological determinant that can lead to entrepreneurial success (see, for example, the studies of Herath, 2014; Wasdani & Matthew, 2014; Chang, Liu, & Chiang 2014).

An interesting question therefore is: what would be the other sensible psycho-economic construct apart from the existing deterministic, voluntaristic and emotive factors that may cause entrepreneurial failure? Further, is there any

determinant in entrepreneurial success factors that can play intersection roles with the determinant of entrepreneurial failure? Based on that overview, part of this study and paper tries to investigate and further, to examine and discuss the possibility of opportunistic behavior to be identified and introduced as a possible determinant that may not only be viewed as the determinant in entrepreneurial success but also influences entrepreneurial failure.

Taking nascent entrepreneurs in West Sumatra – Indonesia as the unit of analysis and context of study, it tries to reveal the psycho-economic phenomenon experienced by nascent entrepreneurs that has led to entrepreneurial failure. In detail this study reveals entrepreneurial failure within nascent entrepreneurs in West Sumatra which was caused as the result of psycho-economic phenomenon together with opportunistic behavior. This study was undertaken quantitatively with 1541 nascent entrepreneurs in West Sumatra, who have experienced entrepreneurial failure. Our earlier investigation through the pilot study found that the number of entrepreneurial failure experienced by the West Sumatran nascent entrepreneurs averagely reaches three to four times until they can settle the business. This situation of course, is a challenging one – as people normally undertake necessary steps and efforts to reduce the failure rate. Therefore, this study is interesting and valuable as it tries to reveal the entrepreneurial failure phenomenon experienced by nascent entrepreneurs which can be used as the reliable source and foundation to state and support government policies regarding nascent entrepreneurs.

LITERATURE REVIEW AND HYPOTHESIS

In general, entrepreneurial failure can be understood as the cessation of entrepreneurial process undertaken by entrepreneurs as a result of failures that occurred during the preparation, implementation and management of the venture. One main possible sign of this failure can be seen in the inability of the entrepreneur to manage the financial matters, which has further resulted the cessation of business operation, and worst – bankruptcy. However, even though the inability to manage the financial matters is closely linked to the bankruptcy, it cannot be viewed as the one and only reason in entrepreneurial failure. Instead of inability in managing the financial matters of the venture, entrepreneurial failure is mainly viewed as a result of the combination and interaction between psychological and economic factors of an entrepreneur. It is viewed that psychological factors of individuals will lead them to decide and further, to undertake error actions – which will further result entrepreneurial failure. As Smida and Khelil (2010), entrepreneurial failure is a psycho-economic phenomenon which will lead entrepreneurs to undertake error actions to allocate resources and will result further consequence, in terms of psychological situation in the form of disappointment. However, entrepreneurial failure can be concluded as the situation in which the psycho-economic phenomenon relates to:

- [a] individual situation and condition (in particular behavior and personality),
- [b] organization as a business entity), where an entrepreneur undertakes entrepreneurial process
- [c] social environment which is directly and/or indirectly relates to individuals
- [d] entrepreneurial process happened to individuals.

However, such four factors individually cannot influence entrepreneurial failure as it does not have sufficient power that lead to a failure. There should be a combination and an interaction between factors and elements which will impact failure to the business run by entrepreneurs.

Knowledge and observation regarding entrepreneurial failure is considered important as one of main concerns in entrepreneurship is to minimize the failure rate of new businesses. Even though entrepreneurs are described as individuals who can tackle risks (including business risks), we view that the information and knowledge regarding failures can also be used as a guidance by nascent entrepreneurs in preparing their business. The information and knowledge regarding failures can also be used to reduce the rate of serial entrepreneurship process that happened to entrepreneurs. Apart from those, failures will also be a learning event and experience from post-mortem assessment to analyze the reasons of entrepreneurial failure. One of this post-mortem assessment is in the form of cognitive structural analysis that can be used by entrepreneurs to analyze the type of failure and re-motivate themselves to be back in the business, getting experiences from cases, new ability to face and tackle failures and the most important, to determine the transformation process of failures into opportunities.

Study and research regarding new venture failure are normally emphasized to the analysis in the following topics: [a] what and why a new venture fails? (Artinger & Powell, 2015) and, [b] what is the consequence that needs to be borne by entrepreneurs as the result of their failure? (Singh *et al.*, 2015; Yamakawa & Cardon, 2015; Jenkins, Wiklund, & Brundin, 2014; Ucbasaran, Westhead, Wright, & Flores, 2010). Contextually, studies and research that

have been completed mostly analyzed the consequence of failure to the business belongs to the entrepreneur – which means that the analysis has mainly been done to the business as an entity. Considering this, research contexts were mostly centered in the question ‘why can be a business fail?’ Wennberg, Wiklund, DeTienne, and Cardon (2010) concluded that a business mainly fails because of the following reasons: [a] low business performance, [b] the problem of resources, and [c] un-achievable positive goals and growth of the business. In a more broaden scale, Wennberg and DeTienne (2014) and Hammer (2012) further identified the existence of three conditions that can lead to a failure in business, which is: [a] business environment, [b] the business itself – mainly inappropriate resources and competence, and [c] the entrepreneur as an individual/personal – mainly less commitment from entrepreneurs in managing the business.

If we objectively observed, business failure, in particular new ventures failure is closely related to the analysis on those who is operating the business. This means that the entrepreneur as a person is considered as an individual who is having prominent roles to determine whether a business can be success, or, in reverse, fail. Therefore, the unit analysis of the research cannot always be focused on to the business as an entity. It is why we put emphasis of our focus and analysis merely to the entrepreneur as an individual. According to Smida and Khelil (2010), the concept of business and organizational failure can be viewed from the entrepreneur as an individual, and it is sourced from: [a] deterministic factors, and [b] voluntaristic factors. Deterministic factor is defined as the failure of new ventures which is sourced from entrepreneur’s environment, which its existence cannot minimally controlled by the entrepreneur. As Cardon, Stevens, and Potter (2011) mentioned, the deterministic factor of business failure comes from entrepreneur’s environment which cannot be avoided by entrepreneurs in their business operation. In reverse, Mellahi and Wilkinson (2010) mentioned that voluntaristic factors are related to the business failure which is sourced from errors done by entrepreneurs in making decisions and conducting actions. It can be inferred from Mellahi and Wilkinson (2010) that deterministic factors are not the only one factors that resulted business failure – but it rather is voluntaristic factors.

Cardon *et al.* (2011) further stated that business failure is not a result/consequence of uncontrollable situation and condition by the entrepreneur, such as the environment factor. One possible source of the business failure rather comes from a stigma that is embedded inside of entrepreneurs which makes them try as hard as they can to avoid it – but unfortunately, they ended up with making false decisions and wrong actions and as the result of these, their business got failed (Singh *et al.*, 2015). Khelil (2016) further mentioned that apart from deterministic and voluntaristic factors, as Cardon *et al.* (2011) - there is also an emotive factor inside of entrepreneurs which is a decisive factor in entrepreneurial failure. Emotive factors as meant by Khelil (2016) is described as a factor that can show interaction and combination between business performances achieved by entrepreneurs (in terms of failure) and the disappointment to that unachieved business performance. In relation to this, the finding of Hammer (2014) also showed us the indication of goal setting bias in entrepreneurs as a major source of the business failure. Goal setting bias happens because of the unlatch situation between expectation and real business performance experienced by entrepreneurs. This emotive factor as Khelil (2016) is an interaction and a combination between deterministic and voluntaristic factors in entrepreneurial failure. Therefore, failure is not only sourced from uncontrollable/difficult-to-control environment but it is also sourced from errors in decision making and wrong-doing actions done by the entrepreneur in managing his/her business.

In previous studies, Khelil (2012) mentioned that failure in new venture mostly happened because of the following patterns and types that are embedded in entrepreneurs as an individual: [a] gambler – ones who would like to start a business without resources and without any clear orientation, [b] supported at arm’s length – ones who have limited resources, [c] bankrupt – ones who have limited competencies, [d] megalomaniac – ones who have too much self-confident, and [d] dissatisfied with lord – ones who do not fully rely on God’s will. We further can categorize those reasons into 3 (three) categories: [a] individual personality as a source of failure [consists of gambler, megalomaniac, dissatisfied with lord], [b] environmental situation as a source of failure [consists of supported at arm’s length and bankrupt]. Meanwhile, Hammer and Khelil (2014) strengthened the analysis about entrepreneurial failure by saying that based on the consideration of input, process and output in the new venture creation process in individual and enterprise levels. They further draw this in a figure which show the model of entrepreneurial failure that would experience by entrepreneurs. This figure is shown in Figure 1.

It can be seen from the Figure 1 that the entrepreneurial failure in the form of exit decision from the business is drawn as the result of: [a] individual level which has competency and security as its dimensions and, [b] firm level

which has support and business model as its dimensions. The existence of both factors will lead entrepreneurs to a decision to stop their business – and therefore, the business fails. Further impact of this exit decision can lead entrepreneurs to try to find other jobs, restarting a new venture, or selling their business with the hope that they will get some profits or worst, bankrupt.

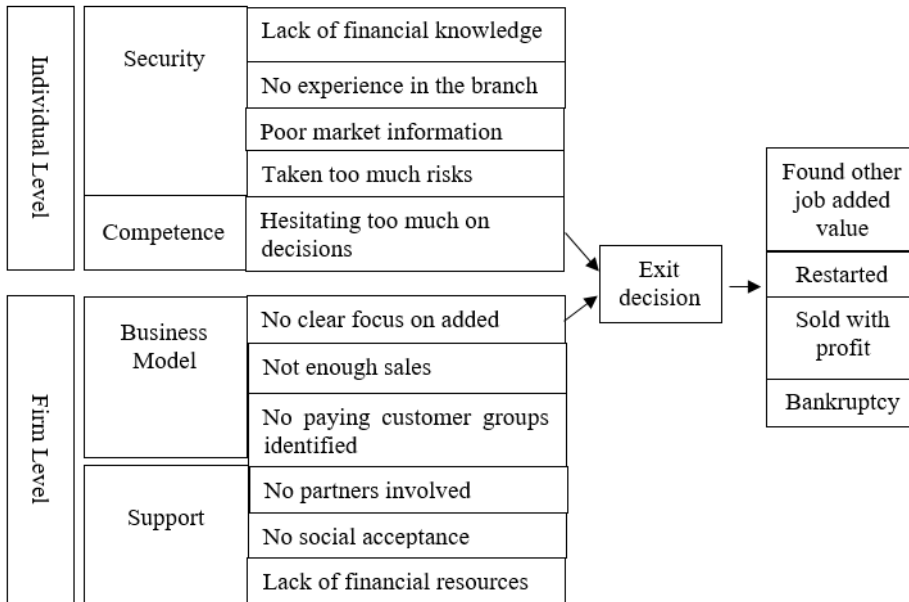


Figure 1. The model of entrepreneurial failure
 Source: Adopted from Hammer and Khelil, 2014.

Concept and studies regarding opportunism mostly related to the opportunistic behavior of individuals and it mentioned that this opportunistic behavior is a hidden will of an individual which can bring negative impact to the business and it is shown by efforts to achieve that hidden will (Cordes, Richerson, McElreath, & Strimling, 2010). Andrunik and Svetlakov (2013) and Cordes *et al.*, (2010) have further revealed that the existence of opportunistic behavior is closely related to the transaction cost concept and will create conflicts and bargain situations in which individuals need to choose one most appropriate choice from many alternative decisions. Those both concepts are clearly related to the topic of this paper and study – and they demonstrate an indication that an entrepreneur will prefer a situation which brings more benefits to him/herself personally. This situation can be in terms of an alternative to secure for a better job compared with career in entrepreneurship, or the desire to start other new businesses but in the condition that the earlier business is still unstable/immature. This situation will put entrepreneurs in a conflict or a bargaining position which require them to make their own decision – securing and entering the job, or to start another new venture or maintaining the earlier venture to reach its maturity. Sometimes the decision is a good and powerful decision but it can also be a wrong decision which will lead them to a failure in the earlier venture. We can see here that entrepreneurs can be trapped in an individual level (as Hammer and Khelil, 2014) psychological situation where they are demanded to secure their future life which is possibility related to possible future career that they need to possess.

In the study of impacts and consequences of entrepreneurial failure, Mantere, Aula, Schildt, and Vaara (2013) mentioned that entrepreneurial failure is a social construction where the process of individual psychology in terms of [a] the existence of emotional processes and [b] cognitive process to justify every action, exists. We can conclude from this opinion that entrepreneurial failure brings psychological impacts to the failed entrepreneurs – and as the results, they are trying to do their best to maintain their self-esteem and to avoid of losing their own business. Psychological impacts can also be seen in efforts to reduce, and moreover, to eliminate stigma that arises from the failure, Singh *et al.*, (2015). An interesting phenomenon regarding the existence of stigma lies to the fact that it can also be a source of the next failure. As Singh *et al.*, (2015) the fear of failure and efforts to stay away from the stigma of failure have contradictively resulted negative situations to an entrepreneur – as he/she will probably make a wrong decision and doing a wrong action in the business. As the result, this will make entrepreneurs sink into failure (again). Therefore, the stigma of failure can be seen as a psychological reason and impact on why an entrepreneur fails in the business.

Following the study and opinion from Mellahi and Wilkinson (2010), Fatoki (2014), and Arasti (2011) regarding entrepreneurial failure, there is a clear indication that deterministic factor can be viewed as one of major reasons that cause entrepreneurial failure. We use this as our foundation to state the initial hypothesis in this study. Combining it with the opinion from Khelil (2012) and Hammer and Khelil (2014), we further formulate our first hypothesis as follow:

H₁: Deterministic factor in terms of [a] the existence of support to entrepreneurs, [b] social situation and social environment, [c] competition in the industry, and [d] the high operation cost of the business has brought positive and significant influence to the creation of entrepreneurial failure within nascent entrepreneurs in West Sumatra.

In a study about economic situation and its influence to the success and failure factor of a business Devece, Peris-Ortiz, and Rueda-Armengot (2016) mentioned that individual characteristics of an entrepreneur in a certain economic situation will influence success or failure of business start-up. Based on this study and opinion as well as Khelil (2012), we further stated our second hypothesis in our study.

H₂: Voluntaristic factor in the form of [a] individual competencies, [b] individual orientation and, [c] entrepreneurial behavior towards customers will bring positive and significant influence to the creation of entrepreneurial failure by nascent entrepreneurs in West Sumatra.

In relation to the emotive factor, Khelil (2016) and previously, Mellahi and Sminia (2009) argued that this factor has a close relationship with motivation, commitment and aspiration of an entrepreneur when they undertake the business. We further put this emotive factor as a psychological construct inside an entrepreneur as an individual which will determine success or failure in his/her business. From Khelil (2016), we view that this psychological condition will let the creation of pressure inside the nascent entrepreneur and his/her social environment to get a job soon. We consider this situation as a necessity based situation where individuals have limited employment opportunities, failed to get a job and failed during the test for a job. As this is the main motivation, there will be a significant impact to the creation of failure in business. We further formulated our third hypothesis as below.

H₃: Emotive factor in the form of [a] psychological pressure to get income and, [b] indication of necessity base motive in entrepreneurship have brought positive and significant influence to entrepreneurial failure experienced by nascent entrepreneurs in West Sumatra.

As the context of developing countries (such as Indonesia) which still has a very limited employment opportunities and the existence of negative culture and perception regarding entrepreneurship, this study viewed that there is a tendency of pattern and opportunistic behavior exist within nascent entrepreneurs in Indonesia. As Yakovleva, Grigoryeva, and Grigoryeva (2016) mentioned, opportunistic behavior can be seen as behavior manipulations of individuals and the nature of exogenous opportunistic manifestations as a society and economic phenomenon. This opportunistic behavior will lead nascent entrepreneurs to leave their business once they get a job offer or an opportunity to get a job (either in public or private institution). In the context of corporate management, Andrunik and Svetlakov (2013) mentioned that the moral hazard has become an acute problem in corporate management as the results of the transformation of social relations, change of the status of company employees and managers, development of stock markets, increasing complexity of products. It is viewed that the opportunistic behavior is the mode of action of the economic entity, not limited by moral considerations, accompanied by the acts of deception, contradicting to the interests of other agents and characterized by a tendency to implement only proper interests

Apart from that overview, this study also considers aggressivity inside individuals as a construct of opportunistic behavior which belongs to nascent entrepreneurs. Aggressivity will lead nascent entrepreneurs to neglect their initial business since they have an uncontrollable passion to create and establish other businesses. In relation to the consideration regarding aggressivity, this study added one concept regarding opportunistic behavior as an additional construct that can cause entrepreneurial failure. Therefore, this study formulates its fourth hypotheses as in the following statement.

H₄: Opportunistic behavior which is related to an opportunity to get a job, get higher income, future security and aggressivity in starting businesses will positively and significantly influence entrepreneurial failure within nascent entrepreneurs in West Sumatra.

H₅: Furthermore, this study also formulated the next hypotheses by saying that [a] deterministic [b] emotive, [c] voluntaristic, and [d] oopportunistic behavior will simultaneously influence entrepreneurial failure experienced by nascent entrepreneurs in West Sumatra.

Based on those five hypotheses, this study has further developed its framework and research method.

RESEARCH METHOD

The study is an explanatory study and it operates quantitative methodology as its research approach. Causal analysis is used to investigate the simultaneous relationship and the influence of psycho-economic factors and opportunistic behavior as variables of the research to the entrepreneurial failure. Cross-sectional cohort data and information were collected by using questionnaire as the research instrument.

The study uses 1541 young entrepreneurs in West Sumatra, Indonesia as sample of the research. Samples are chosen based on certain criteria, which are: [a] age, [b] the minimum level of formal education, and [c] the experience of failure in business. The study considers its samples as gender neutral which means that gender is not considered as the sampling criteria. Furthermore, the study does not consider a certain business branch as the background of the samples. Operation of the variables in the research uses the following guidelines.

Table 1
Operation of Variables

Variables	Dimension	Indicators	Measurement
Entrepreneurial failure	a. Failure to allocate resources b. Failure in decision making c. Failure in actions	a. Infectivity and inefficiency in allocating resources b. Decision making is not based on data, information and facts c. Actions do not fit with what supposed to be done	Likert scale 1–5 nine questions
Deterministic factors	a. The availability of supports b. Social environment of entrepreneurs c. Competition d. High operational cost of the business	a. The existence of social support from the nearest social environment b. Response of social environment to the choice of becoming an entrepreneur c. Degree of competition d. Level of operational cost	Likert scale 1–5 11 questions
Voluntaristic factors	a. Competencies b. Individual orientation c. Behavior related to customers	a. Level of knowledge, skills, motivation and personal characteristics b. Personal orientation of the entrepreneurs c. Response to customers’ complaints and needs	Likert scale 1–5 14 questions
Emotive factors	a. Psychological pressures to get income b. Necessity motives	a. Level of psychological pressure to get income b. Necessity based motives in entrepreneurship	Likert scale 1–5 eight questions
Opportunistic behavior	a. The possibility to get a better job b. Job security in a longer period c. Desire and much passion to start other businesses	a. Level of income that would be received continuously b. High level of social status c. Opportunity to get a better career d. Level of intention to start other businesses	Likert scale 1–5 eight questions

Source: Mellahi and Wilkinson, 2010; Khelil, 2012; Hammer and Khelil, 2014; Devece *et al.*, 2016; Cordes *et al.*, 2010; and Yakovleva *et al.*, 2016.

As shown on Table 1, opportunistic behavior is measured based on the conceptual foundation that there will be transactional circumstances that appear to individuals regarding the choice of their future life. In this study, it is reflected with the possibility of a person: [a] to choose a better job rather than entrepreneurship, [b] to choose to secure a job in a longer period, and [c] the possibility of a person to follow his/her desire to immediately establish other new ventures but in the condition that the earlier business is still unstable or immature. Both these possibilities are then connected to the possibility of failure in the earlier business that an entrepreneur has. For this purpose, findings and results of the study were analyzed by using multiple regression analysis and supported by the use of SPSS as the statistical tool. Design of the research framework in this study uses the Figure 2.

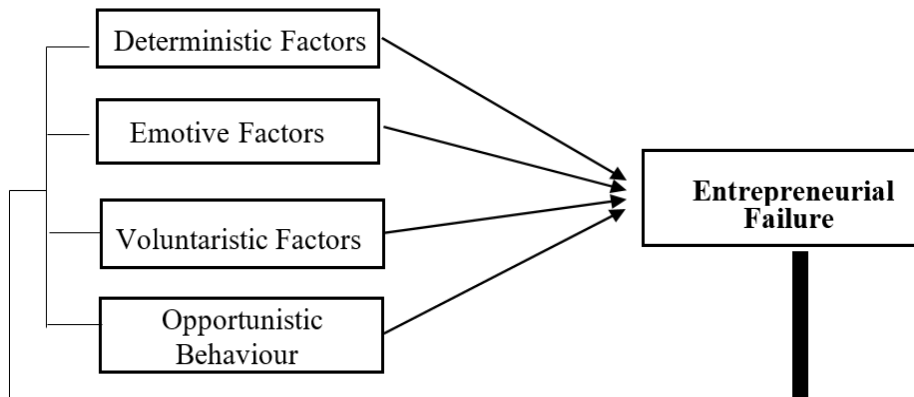


Figure 2. Research framework

Based on the research framework developed in Figure 2, we further arrange it in the following statistical equation that will be used as the multiple regression model of the study.

$$Y_{ef} = a + b_1X_v + b_2X_d + b_3X_e + b_4X_o + e$$

remarks:

- Y_{ef} = entrepreneurial failure
- X_v = voluntaristic factors
- X_d = deterministic factors
- X_e = emotive factors
- X_o = opportunistic behavior
- e = error
- a = constant

The statistical model which is developed for this study is used as the basis to measure the simultaneous influence of: [a] voluntaristic, [b] deterministic, [c] emotive, and [d] opportunistic behavior to entrepreneurial failure. As the concept of entrepreneurial failure and nature of the data analyzed in the study, we use the F -test statistic to test this model. To measure the influence of each independent variable to entrepreneurial failure as the dependent variable, we operate t -test statistic.

FINDINGS

Our first task in this study is to investigate and further, to reveal profiles of our sample, which is divided into two categories: [a] personal profile, and [b] business profile which belongs to the sample. Our major intention is to prove that descriptively, our samples fit with the sampling criteria previously stated in the methodology part of this paper. The personal profile of our sample is shown in one integrated table as in the Table 2.

Despite showing gender profile of our sample in Table 2, we consider our sample as gender neutral. This means that we do not consider and do not concentrate our study on gender perspective of our samples as we believe that both (either male or female) may experience the same business failure. We are more interested to discuss our sample profiles from the perspectives of age, level of education and the age when they are first starting a business because we think those profiles are more related to the exposition and the elaboration on why entrepreneurs fail in their business.

Table 2. Sample Profile of the Study (Personal Profile)

Category	Characteristic	Number of Sample	Percentage (%)	Valid Percent
Gender	Male	840	54.50	54.51
	Female	701	45.49	100.00
Level of Education	Elementary & Junior High School	147	9.60	9.60
	Senior High School	724	47.00	56.60
	Undergraduate	669	43.40	100.00
Age (years)	18–20	62	4.23	4.23
	21–25	716	46.46	50.69
	26–30	763	49.51	100.00
Age when first starting a business (years)	18–20	491	31.86	31.86
	21–23	726	47.11	78.97
	24–26	252	16.35	95.32
	27–30	72	4.68	100.00

We can see from Table 2 that the majority of our sample is male respondent and is dominated by individuals who are in the age of 26–30 years, have attended the higher education institution and were mostly in the age of 21–23 years when first started the business. The demographic characteristics of our samples are viewed to bring influence to entrepreneurial failure experienced by them considering their ability to absorb new knowledge and skills in business. As the justification for using the demographic characteristics in our study, we consider the opinion from Talas, Celik, and Oral (2013) who previously argued that gender, age, education and the type of school previously attended by individuals are the demographic factors that can influence entrepreneurship.

Meanwhile, the profile of the business belongs to our sample is shown in the Table 3. Table 3 suggests that our samples had business which previously experienced failures. The most of our samples' current businesses are the second business, which means that the previous one has failed. Our sample also revealed that they mostly (1101 samples) experienced business failure once. If we look at Table 2 closely, there is an indication of the process of serial entrepreneurship happened to our sample. Our samples still have courage in the business (either in the same business as the previous one or starting a completely new one with the different business branch). As Lafontaine and Shaw (2014) previously argued, the serial entrepreneurship is a journey of an entrepreneur by experiencing failures in order to achieve success, in which the processes of [a] learning from the failure, [b] change in entrepreneurial behavior after the failure, and [c] experience in managing the business, are taking place during the failure. Processes and experiences during business operation which result failures will further bring impact to the creation of entrepreneurial resilience. Entrepreneurs can take benefits from this process by improving their personal capacity to make realistic business plans, have self-confidence and a positive self-image, possess communication skills, and have the capacity to manage strong feelings and impulses (American Psychological Association [APA], 2010). Those will be further used as the main sources of entrepreneurial learning. As Jenkins *et al.* (2014) and Wadhwa *et al.* (2009) argued, learning from failure is an important characteristic of entrepreneurs – and once an entrepreneur learns from failures they experienced with, then there are more possibilities to rebuild the business and to achieve success in the business.

Our second task in the study is to measure whether questions in our research instrument (questionnaire) are valid and reliable. For this purpose, we use *r-table* with the value of 0.1308 as the basis for the validity analysis. Our validity measurement shows that the value of Corrected Item-Total Correlation for deterministic, voluntaristic, emotive and opportunism factors are bigger than the value of *r-table* (0.1308). We then conclude that questions in our research instrument are valid. The measurement of reliability in our study uses the reliability statistics table – in which the rule says that variables are reliable if they have the value of Cronbach's Alpha more than 0.7. The measurement of reliability statistics from our research instrument shows the following results.

Table 3
Sample Profile of the Study (Business Profile)

Category	Characteristic	Amount of Sample	Percentage (%)	Valid Percent
Current business is the...	2 nd	990	64.24	64.24
	3 rd	426	27.64	91.89
	4 th	84	5.45	97.34
	5 th	13	0.84	98.18
	>5 th	28	1.82	100.00
Number of experiencing failure	1	1101	71.45	71.45
	2	353	22.91	94.35
	3	57	3.70	98.05
	4	16	1.04	99.09
	5	1	0.06	99.16
	>5	13	0.84	100.00

Table 4
Reliability Statistics of the Variables

Variables	Cronbach's Alpha
Entrepreneurial Failure [EF]	0.843
Deterministic Factors [DEF]	0.783
Voluntaristic Factors [VEF]	0.828
Emotive factors [EEF]	0.823
Opportunistic Behavior [OEF]	0.766

As we can see from Table 4, our reliability measurement shows that the value of Cronbach's alpha for the variables of entrepreneurial failures [EF], deterministic [DEF], voluntaristic [VEF], emotive [EEF] and opportunistic behavior [OEF] factors are bigger than 0.7 – which means that all points in our questionnaire are reliable.

After we found that the validity and reliability measurements of our questionnaire are satisfactory, we then measured the simultaneous influence of the variables DEF, VEF, EEF and OEF to entrepreneurial failure. Using the multiple regression analysis, our finding shows the following result.

It can be seen from the result of multiple regression analysis undertaken in this study that the value of F is 217.249 with the Sig. 0.000. As this value is less than $\alpha = 5\%$, we can summarize that the regression model of this study can be used to predict the entrepreneurial failure. Our finding indicates that the four independent variables in this study namely deterministic [DEF], voluntaristic [VEF], emotive [EEF] and opportunistic behavior [OEF] are simultaneously and significantly influencing entrepreneurial failure.

The final task in our study is measuring the result of t-test in order to get insights regarding the possible relationship between each independent variable which is deterministic [DEF], voluntaristic [VEF], emotive [EEF] and opportunistic behavior [OEF] to entrepreneurial failure [EF]. T-test in the study allows us to analyze the partial relationship between each of the independent variables to dependent variable. The result of partial relationship between independent variables and dependent variable in our study is shown in the Table 6.

Table 5
The Result of Multiple Regression Analysis (F-Test) to Measure the Simultaneous Influence of DEF, VEF, EEF and OEF to Entrepreneurial Failure

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	30.720.010	4	7.680.003	217.249	.000 ^a
Residual	106.795.989	3.021	35.351		
Total	137.515.999	3025			

¹ Predictors: (Constant), DEF, VEF, EEF, OEF

² Dependent Variable: EF

Table 6
The Result of Partial Regression Analysis (*t-test*) to Measure the Influence of DEF, VEF, EEF and OEF to Entrepreneurial Failure

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	<i>B</i>	Std. Error	<i>B</i>	<i>t</i>	
(Constant)	7.393	1.049		7.045	0
EF_DEF	0.068	0.019	0.062	3.47	0.001
EF_VEF	0.126	0.017	0.126	7.396	0
EF_EEF	0.323	0.02	0.3	16.168	0
EF_OEF	0.195	0.021	0.167	9.236	0

Predictors: (Constant), DEF, VEF, EEF, OEF

Dependent Variable: EF

The partial regression analysis using *t-test* measures the relationship between: [a] EF and DEF, [b] EF and VEF, [c] EF and EEF and [d] EF and OEF. The *t-test* of each relationship between dependent and independent variable shows the values 3.470 (for EF and DEF), 7.396 (for EF and VEF), 16.168 (for EF and EEF) and 9.236 (for EF and OEF). We also found that the Sig. values for all relationship is in between 0.000 and 0.001. Since all the Sig. value are less than $\alpha = 5\%$, we can summarize that the partial regression model from each of the variable DEF, VEF, EEF and OEF are having significant relationship with entrepreneurial failure.

We specifically put our attention to the construct of opportunistic behavior (OEF) and its relationship to entrepreneurial failure. From partial regression model above, it has the *t-value* of 9.236 with Sig. 0.000 – which means that there is a significant relationship between opportunistic behavior as a construct that can cause entrepreneurial failure. Using our understanding to this model and its relationship, we further argue that opportunistic behavior can be predicted as another factor (apart from the deterministic, voluntaristic and emotive factors) that can cause entrepreneurial failure experienced by nascent entrepreneurs.

DISCUSSION

Our study proved that psycho-economic phenomenon of individuals which consists of: [a] voluntaristic factor, [b] emotive factor and, [c] deterministic factor is influencing entrepreneurial failure experienced by the West Sumatran nascent entrepreneurs. If we look at the descriptive results gathered from our sample, the most deterministic factor that causes failure is the inability of our respondents to meet the most efficient operational cost in their business. In emotive factors, most of our respondents revealed that the pressure to fill-up their personal and family needs have stressed them and have contributed to their failure in business. In the descriptive analysis to the construct of opportunistic behavior, we found that most of our sample think and view that getting into entrepreneurship is only a way to wait for a formal job – and once that opportunity comes, they will simply cease and leave their business. The main findings of the study which are related to psycho-economic phenomenon of individuals empirically support and confirm the opinion of Smida and Khelil (2010) and Hammer and Khelil (2014) about organizational failure which is sourced from those three factors (deterministic, voluntaristic and emotive). Similar to Mellahi and Wilkinson (2010) and as the main result of our finding, we also argue that the interaction and combination of psychological and economic circumstances of individuals in terms of deterministic, voluntaristic and emotive factors have caused and contributed to business and organizational failure.

Further, our study also shows argues that proxies of [a] choosing a better job rather than entrepreneurship, [b] choosing to secure a job in a longer period, and [c] the possibility of individuals to follow their desire to immediately establish other new ventures but in the condition that the earlier business is still unstable or immature are representing the construct of opportunistic behavior. We argue that when an opportunistic behavior of individuals simultaneously combined with their psycho-economic circumstance as an entrepreneur, then it will cause and positively contribute to entrepreneurial failure experienced by them. As in the partial regression analysis, we also found that opportunistic behavior of individuals could partially cause entrepreneurial failure. In this essence, the correlation between the opportunistic behavior of our sample and entrepreneurial failure is explained as the following.

Firstly, our sample who has already had a business but then has an opportunity to enter into the formal job market tends to leave his/her business and will concentrate on working in the job as an employee. Our further investigation

clarifies the fact about the reason of our sample to concentrate on the job rather than on the business. It is mostly related to the motive and interest for securing the future life. If we consider the culture of Indonesian people in general, one particular cultural dimension and value of Indonesian people is the high uncertainty avoidance, Hofstede (2017) and Mangundjaya (2010). This culture and value have made Indonesian people prefer to choose a stable situation in their life – and in their mind-set, this stability can only be achieved when they are having a formal job where they can get regular monthly salary and get a pension in the future. Although the cultural perspective of Indonesian people shows this, but psychologically we can understand why our sample prefer to have a job rather than to maintain themselves to stay in the business. The feeling of insecurity regarding the future life as the impact of [a] limited chances and severe competition in the job market and, [b] insecure business environment, which includes severe business competition, inconsistent government rules, regulation and laws about business environments (especially which are related to small and medium scale enterprises) as well as insecure sustainable business operation have psychologically influenced our sample to choose to have a job once the opportunity appears. This psychological circumstance has made our sample leaves his/her business and as a consequence, their attention to their business vanished and further, their business fails. Our finding is also relevant with the opinion from Hammer and Khelil (2014) who argued that the exit decision from entrepreneurs can be in the form of finding the other job. Our empirical study has proven the mechanism why this happens to the context of our study.

This situation is also relevant to the condition of opportunistic behavior of individuals as previously described by Andrunik and Svetlakov (2013) and Cordes *et al.* (2011) who revealed that there will be a creation of conflicts and bargain situations in which individuals tend to choose one most appropriate choice from many alternative decisions. In case of our sample, this is shown by their preference to choose the formal job rather than staying in the business that they have started. We consider and are viewing this psychological circumstance as the sign of opportunistic behavior which impacts and causes entrepreneurial failure.

Secondly, our study also found that some of our samples have an uncontrollable passion in business that led them to be very aggressive in terms of creating new ventures. They do believe that business is always about catching up opportunities only – but they forget that they also need to concentrate on the existing business that has been started earlier. This uncontrollable passion has made some of our sample tend to follow their desire to immediately establish other new ventures in the condition that their previous/ earlier business is still unstable or immature. We also view this as a psychological circumstance sourced from opportunistic behavior. This circumstance leads individuals to choose their passion and desire (which could be uncontrollable) to get success soon (i.e. by immediately starting other new ventures) rather than being patience until their initial business reaches maturity stage.

In this essence, we carefully put our attention to the construct of opportunistic behavior by considering the maturity of the initial and earlier business as an event that can or cannot raise the opportunistic behavior. If an entrepreneur follows his/her desire and has (uncontrollable) passion in creating new ventures in the situation that his/her earlier business is not yet reaching the maturity stage, then we view this circumstance as an opportunistic behavior. In contrast, if an entrepreneur creates a new venture after his/her earlier business has reached the maturity stage, we view this as a consequence to develop and improve the business scale. Entrepreneurs always want to improve their business scale, which one of the strategies is through business diversification, acquisition or merger. Therefore, in this particular case and circumstance, we would not say that entrepreneurs as having an opportunistic behavior.

Following the finding of our study and a deeper elaboration, we argue that the construct of opportunistic behavior should not only be considered as a psychological factor that can influence entrepreneurial and firm success Unlike most of the scholars who argued that opportunistic behavior is considered as an entrepreneurial success factor, we rather believe that this construct may have two positions: [1] as a factor for entrepreneurial success, and [2] in the same time, as a factor in entrepreneurial failure. Findings of our empirical study regarding opportunistic behavior of individuals which are proxied by the opportunity to choose a much better alternative for their future life and the existence of much (uncontrolled) passion/desire inside a human being have clearly shown and can be used as the basic foundation of our theory. This is the reason why we believe that opportunistic behavior should also be considered and counted as a factor that can cause entrepreneurial failure.

CONCLUSION

We have found that simultaneously, the deterministic, voluntaristic and emotive factors together with the construct of opportunistic behavior have contributed to the cause of entrepreneurial failure experienced by nascent entrepre-

neurs in the context of study. We further believe and argue that the opportunism which is reflected by opportunistic behavior of individuals, should be both considered as an entrepreneurial success factor and as an entrepreneurial failure factor. We stress this and put our main attention to this issue as the originality and value of our study.

Our study implies that the creation of resilient entrepreneurs should follow entrepreneurial processes and one of the processes could be the failure process where nascent entrepreneurs will learn from mistakes they have made. Thus, government intervention to strengthen entrepreneurial personality and to focus on psychological aspects regarding nascent entrepreneurs would be a sensible and reasonable policy alternative to be chosen. This can be undertaken by arranging capacity building schemes and programs for nascent entrepreneurs in order to strengthen their psychological aspects that are related to motives, maturity, logical consideration to choose alternatives, decision making processes, dealing with social pressures etc. Other capacity building scheme can be related to the improvement business knowledge where nascent entrepreneurs can learn to manage their business in more effective and efficient ways.

However, we also realize that our study has particular limitation and it still needs further exploration to broader contexts. As our study only discussed one particular context (nascent entrepreneurs in one province in Indonesia), it would be worth to expand topics of this study into a comparative study regarding entrepreneurial failure of nascent entrepreneurs (between cities or regions) and to consider causes of entrepreneurial failure in certain business branches. We also think that it is worth to relate the content of study in entrepreneurial failure with the study of entrepreneurial resilience and serial entrepreneurship. We believe that those three particular fields with the mediation effect of learning process are interrelated between one to each other – and this could be one of the research directions related to this topic.

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