

FACTORS THAT ENCOURAGE DECISION TO BECOME A HYBRID ENTREPRENEUR

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ABSTRACT

The purpose of this research is to search the factors that encourage decision to be a hybrid entrepreneur. Respondents of this research are 97 hybrid entrepreneurs in Surabaya City. This research used quantitative approach through the second order confirmatory factor analysis methods. The content of the questionnaires are made based by indicators of seven variables which is estimated as encourage factors to become a hybrid entrepreneur. Variable which is used are motivation for self-development, sense of security, passion, experience, family and environment. The result of this research shows that all variables which are used in this research are factors that encourage decision of hybrid entrepreneurs in Surabaya City. The result of this research also strengthen some research and theories that are used as base in this research. Also, those seven factors reflect the decision of the researcher to become a hybrid entrepreneur too.

Keywords : Hybrid entrepreneur, Self-development, Experience, Sense of security. Environments

INTRODUCTION

Entrepreneur is also a profession which are believed can fix and bring positive impacts to the economical sectors of a nation. Through entrepreneurship, there are many open employments that can minimize the unemployed. Based on the fact which are said by Kodrat and Christina (2015:5), a country with a good economical sectors must have at least 2% entrepreneurs from their total population in that country. Countries like USA, China, India and Singapore have entrepreneurs above 2% of their total population.

Surabaya is the second biggest city in Indonesia which have a significant growth of entrepreneurs. This are proofed from the data from Event Surabaya that sees Small-Medium Enterprises tend to grow followed by the numbers of bazaars which are growing in Surabaya. Entrepreneurs in Surabaya moves from many kinds of industries like food and beverages, fashions, services, manufactures, creative industries and much more. There are many vessels for Small-Medium Enterprises to introduce their business to the wide community. The majorities are bazaars which are held each week in many places of Surabaya.

The researcher has done his pre-survey to 50 entrepreneurs about backgrounds of their jobs while doing their business. Table 1 is the job background comparison of entrepreneurs in Surabaya.

Table 1. Pre-Survey of entrepreneurs in Surabaya

Hybrid Entrepreneur	Part-time Entrepreneur	Family Business	Full-time Entrepreneur
26 people (52%)	12 people (24%)	8 people (16%)	4 people (8%)

Source: Data is processed

Through Table 1, can be concluded that there are many entrepreneurs in Surabaya who start their career by choosing to become a hybrid entrepreneur. Hybrid entrepreneurs are persons who start their entrepreneurship career by previously becoming an employee to save money and learn so they can applicate it when they had already been an entrepreneur (Folta 2010). The result of the pre-survey done by the researcher is supported by a research done by Burke et al (2008) in Folta Research (2010) where the quantities of entrepreneurs who starts their career by previously becoming an employee are much larger than those who start as entrepreneur directly. In this research, the researcher wants to investigate the factors encouraging decisions to become a hybrid entrepreneur.

LITERATURE REVIEW

Entrepreneur

According to Casson in Wahyudi (2012), entrepreneur is someone who execute their expertise by making a decision different from others to utilize resource so they can prosper more than before. According to Joewono (2013), entrepreneur is someone who is passionate to develop new business by utilizing resources around them so they can prosper more. Based on those theories, it can be concluded that an entrepreneur is someone who can utilize resource among them to be used as something useful.

Hybrid Entrepreneur

Joy (2009) said that hybrid entrepreneur is someone who combines two kinds of jobs which is an entrepreneur and an employee for a purpose to develop business stably on the future. According to Folta et al (2010), hybrid entrepreneur is someone who works as an employee in another firm to learn and save money to stabilize the business which he/she builds at the same time. When hybrid entrepreneurs had assumed that their business had stabled, then he will stop working as an employee. The main point of hybrid entrepreneur from these theories is someone who does 2 jobs at the same time, which is entrepreneur and employee at the same time. The main purpose is to stabilize the business they develop. If it is assumed that it has been stabilized, their work as an employee will be abandoned.

According to Folta et al (2010), there are some benefits to become a hybrid entrepreneur compared to become a normal entrepreneur

1. There are an additional income because a hybrid entrepreneur starts as an employee first
2. A way to save money to start, develop and stabilize business
3. A safer way to start a business because a hybrid entrepreneur can learn and gain experiences when he/she works as an employee
4. A way to gain more business relations

Research Variables

The researcher uses seven variable which is motivation, self-development, sense of security, passion, family, experience and environment. These seven variables are taken from the result of the earlier researches that are connected to this research.

Table 2 Result of Findings from the Previous Research

Researcher Name	Result of Findings
Hammarstrom dan Nylen (2014),	Experience, self-development and environment factors
Raffie dan Feng (2013)	Motivation, family, self-development and sense of security factors
Norstrom <i>et al.</i> (2016)	Passion and environment factors
Indudewi (2015)	Experience, passion, environment and family factors
Thorgren <i>et al</i> (2014)	Motivation, passion, environment and family factors
Koranti (2013)	Motivation and family factors

Source: Data is processed by Koranti (2013), Raffie and Feng (2013), Hammarstrom and Nylen (2014), Indudewei (2015), Thorgen et al (2014), Nordstrom et al (2016)

RESEARCH METHODS

This research uses quantitative approach. Quantitative researches are researches that are based systematically, planned, structured and number oriented (Sugiyono 2012). According to Grove et al (2015), in quantitative research there can be a probability sampling technique and also non-probability sampling. This research uses non-probability purposive sampling method.

Population

Population is the whole research object or called as universe (Purwanto, 2012). The population of this research are the whole hybrid entrepreneur in Surabaya which are not known it's exact number.

Sample

Sample is a part or representative of the population that are researched that is appropriated by the researcher (Bungin, 2015). According to Rao Purba in Aprilia and Ghozali (2013), to determine the population of unknown exact number, then the following formula is used.

$$n = \frac{Z^2}{4 \times (\text{Moe})^2}$$

$$n = \frac{1.96^2}{4 \times (0.1)^2} = 96,04$$

Based from the formula, the sample of this research are 97 hybrid entrepreneurs from Surabaya city

Data Analysis Method

This research uses second order confirmatory factor analysis method by using SMARTPLS-3 software. According to Latan and Gozali (2012), this method is used through 2 steps. The first step is done by testing latent construct dimension to the indicator. The second step is testing latent construct to construct dimension. This technique is used first through indicators in the dimension. The purpose of second order confirmatory factor analysis is to reduce variables to a lesser quantities so it can be known which variables have the outmost part.

Validity Test

According to Abdillah and Jogiyanto (2015), to do the second order confirmatory factor analysis validity test that uses SMARTPLS-3 software, there are some tests which must be done, which are loading factor and cross loading with the recommended score above 0,70 also Extracted Variance Average test with the recommended score above 0,50.

Reliability Test

According to Abdillah and Jogiyanto (2015), to do the second order confirmatory factor analysis reliability test that uses SMARTPLS-3 software, there are two tests which must be done, which is cronbach alpha and composite reliability test with the recommended score above 0,70.

DATA ANALYSIS AND DISCUSSION

Validity Test

Validity test for second order confirmatory factor analysis have three test which are loading factor validity test where indicators must be above 0,70. Second is AVE test where all variables must be above 0,50. Third is cross loading test where all variables must be above 0,70 and indicators in the according variable have the biggest score compared to the other variables. Table 3, 4, 5 are the validity test.

Table 3 Loading Factor Validity Test

VARIABLE	INDICATOR	SCORE	STATUS
Motivation (X1)	Own desire (X1.1)	0,927	Accepted
	Interested (X1.2)	0,929	Accepted
	Feel Competent (X1.3)	0,822	Accepted
Self -Development(X2)	Development of Knowledge (X2.1)	0,956	Accepted
	Skill Development (X2.2)	0,967	Accepted
	Channel Development (X2.3)	0,929	Accepted
Sense of Security (X3)	Financial (X3.1)	0,967	Accepted
	Knowledge (X3.2)	0,859	Accepted
	Skill (X3.2)	0,967	Accepted
Passion (X4)	Feeling Comfortable (X4.1)	0,906	Accepted
	Feeling Undepressed (X4.2)	0,888	Accepted
	Feeling Happy (X4.3)	0,826	Accepted
Experience (X5)	Failure (X5.1)	0,850	Accepted
	Success (X5.2)	0,968	Accepted
	Experience Searcher (X5.3)	0,964	Accepted
Family (X6)	Family Judgement (X6.1)	0,951	Accepted
	Family Information (X6.2)	0,948	Accepted
	Family Experience (X6.3)	0,911	Accepted
Environment (X7)	Similarity From Friends (X7.1)	0,863	Accepted
	Similarity From Family (X7.2)	0,975	Accepted
	Similarity from Partner (X7.3)	0,977	Accepted

Source: Data is processed by SMARTPLS-3

Based on Table 3, it can be seen that all indicators have scores above 0,70 for outer loading validity test. So it can be concluded as a valid indicators.

Table 4. Score of Average Variance Extracted

VARIABLE	SCORE	STATUS
Motivation (X1)	0,799	Accepted
Self-Development (X2)	0,903	Accepted
Sense of Security (X3)	0,870	Accepted
Passion (X4)	0,764	Accepted
Experience (X5)	0,863	Accepted
Family (X6)	0,878	Accepted
Environment (X7)	0,883	Accepted
Hybrid entrepreneur decision	0,512	Accepted

Source: Data is Processed by SMARTPLS-3

Based on Table 4, it can be seen that all variables have scores above 0,50 for average variance extracted (AVE) validity test. So, it can be concluded as a valid variables.

Table 5. Cross Loading Validity Test

	Motivasl (x1)	Pengembangan diri (x2)	Rasa Aman (x3)	Passion (x4)	Pengalaman (x5)	Keluarga (x6)	Lingkungan (x7)
X1.1	0,527	0,458	0,500	0,764	0,491	0,398	0,469
X1.2	0,929	0,433	0,509	0,747	0,517	0,426	0,507
X1.3	0,822	0,503	0,475	0,629	0,506	0,388	0,450
X2.1	0,529	0,956	0,636	0,518	0,443	0,455	0,505
X2.2	0,475	0,967	0,674	0,504	0,490	0,460	0,478
X2.3	0,477	0,929	0,705	0,516	0,459	0,393	0,462
X3.1	0,542	0,677	0,967	0,489	0,485	0,362	0,445
X3.2	0,461	0,611	0,859	0,471	0,499	0,342	0,333
X3.3	0,524	0,685	0,965	0,473	0,524	0,339	0,435
X4.1	0,682	0,418	0,382	0,906	0,551	0,358	0,403
X4.2	0,689	0,412	0,440	0,888	0,563	0,355	0,415
X4.3	0,717	0,569	0,569	0,826	0,584	0,467	0,490
X5.1	0,591	0,458	0,444	0,588	0,850	0,391	0,404
X5.2	0,540	0,477	0,545	0,633	0,968	0,441	0,494
X5.3	0,503	0,425	0,507	0,589	0,964	0,411	0,466
X6.1	0,338	0,390	0,342	0,417	0,364	0,951	0,690
X6.2	0,447	0,398	0,317	0,436	0,448	0,948	0,725
X6.3	0,433	0,497	0,386	0,424	0,421	0,911	0,739
X7.1	0,638	0,428	0,274	0,376	0,396	0,748	0,863
X7.2	0,766	0,485	0,456	0,497	0,495	0,709	0,975
X7.3	0,785	0,511	0,477	0,530	0,485	0,718	0,977

Source: Data is processed by SMARTPLS-3

Based on Table 5, it can be said that all variables and indicators exceeds the determined minimum number so it can be concluded that all variables and indicators are valid.

Reliability Test

Table 6. Cronbach Alpha Test

VARIABLE	SCORE
Motivation (X1)	0,873
Self-Development (X2)	0,946
Sense of Security (X3)	0,923
Passion (X4)	0,845
Experience (X5)	0,919
Family (X6)	0,930
Environment (X7)	0,932

Hybrid entrepreneur Decision	0,952
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Source: Data is processed by SMARTPLS-3

Table 7. Composite Reliability test

VARIABLE	SCORE
Motivation (X1)	0,923
Self-Development (X2)	0,966
Sense of Security (X3)	0,952
Passion (X4)	0,907
Experience (X5)	0,950
Family (X6)	0,956
Environment (X7)	0,958
Hybrid entrepreneur decision	0,956

Source: Data is processed by SMARTPLS-3

According to Abdillah and Jogiyanto (2015:196), the recommended score for the composite reliability test and Cronbach alpha is above 0,70. Based on Table 6 and Table 7, it can be seen that all variables have scores above 0,70, so the variable in this research is concluded reliable.

Hypothesis Test for First Order Construct

The Hypothesis test on the outer loading is done by seeing the score of T-statistics after doing the bootstrap method. According to Abdillah and Jogiyanto (2015:198), hypothesis is accepted if the variable have score above 1,96. Table 8, shows the T-statistics score of each indicators

Table 8. Outer Loading T-Statistics Score

INDICATOR	T-STATISTICS	INDICATOR	T-STATISTICS
X1.1 <- motivation	50,058	X5.1 <- experience	16,316
X1.2 <- motivation	35,149	X5.2 <- experience	93,943
X1.3 <- motivation	11,350	X5.3 <- experience	75,237
X2.1 <- self-development	54,766	X6.1 <- family	77,280
X2.2 <- self-development	63,775	X6.2 <- family	73,218
X2.3 <- self-development	17,450	X6.3 <- family	39,143
X3.1 <- sense of security	92,599	X7.1 <- family	21,405
X3.2 <- sense of security	12,558	X7.2 <- family	188,675
X3.3 <- sense of security	91,536	X7.3 <- family	209,376
X4.1 <- passion	27,836		
X4.2 <- passion	19,103		
X4.3 <- passion	16,944		

Source: Data is processed by SMARTPLS-3

Based on Table 8, it can be seen that all indicators have scores above 1,96 to latent variable, because of that all the indicators are accepted.

Second Order Construct

Second phase test is done to reflective latent variable by seeing hypothesis test by seeing the t-statistics score.

Table 9. Inner Model T-Statistics Score

VARIABLE	SCORE
Motivation (X1)	6,307
Self-Development (X2)	10,099
Sense of Security (X3)	7,605
Passion (X4)	6,362
Experience (X5)	6,371
Family (X6)	6,248
Environment (X7)	8,125

Source: Data is processed by SMARTPLS-3

Based on Table 9, it can be seen that all variables in this research have T-Statistic scores above 1,96, meaning that the first hypothesis is accepted and all variables used in this research significantly reflects the decisions of the citizens of Surabaya to become a hybrid entrepreneur.

Discussion

Based on the respondent’s answers and the processed data, motivation, self-development, sense of security, passion, experience, family and environment are factors encouraging decisions to become a hybrid entrepreneur.

Hybrid entrepreneur is a way or alternative for someone who wants to become an entrepreneur so they can learn and save money first (Folta,2010). Motivation is needed on decision making because it will become a self-encouragement method of hybrid entrepreneurs. (Chinnunda and Emmanuel, 2014). “Interested” indicator is one of the important part, because hybrid entrepreneurs can learn, learn many experiences. Second factor is “self-improvement”. Self-improvement is also an important factor so that hybrid entrepreneur are really ready when they open their business. This is supported by the research by Raffie and Feng (2013) who state that self-development are an important factor for someone who develops business. Skills, experiences and also relations are important when executing business. The third factor is a sense of security. Basically, lots of people psychologically prevent risks because they feel insecure (Suryabrata, 2011). There are many entrepreneurs who experienced obstacles especially in their financial when developing business (Indudewi, 2015). Because of that, becoming an employee first can give some chance to save money first. The fourth factor is passion. Psychologically, someone can be called passionate with their activities when the are happy, calm and not feeling pressed by that activity (Suharti and Sirine, 2011). Respondents in this research are happy when they become a hybrid entrepreneur because there are many benefits they gain for the future. The next factor is experience and family. These factors are linked each other. Family experiences and information are an important part of decision-making process (Uygun and Kasimoglu, 2013). Family is also an external motivation that can help to reconsider the answer of decisions-making. The last factor is the environment. It cannot be denied that the decisions of hybrid entrepreneur is based on the desire to follow the paths of others, maybe it is friends, family or even partners.

These seven variables are used in this research to complete each other and aid the decision-making process to become a hybrid entrepreneur.

CONCLUSION AND SUGGESTION

Conclusion

The result of the research shows that motivation, self-development, sense of security, passion, environment, family and experience encourage student to become a hybrid entrepreneur.

Suggestion

Based on the result of the data process and discussion in this research, there are some following suggestions:

1. In the next research, researchers can use qualitative method by doing interviews so they can create in depth answer.
2. In the next research, researchers can consider using different population so they can create a comparison of factors encouraging to become a hybrid entrepreneur.

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