

# The Roles of Entrepreneurial Orientation of Indonesian Jamu Entrepreneur in Facing Jamu Industry's Global Opportunities and Challenges

B. Irmawati and Berta Bekti Retnawati

**Abstract**—The tightly global competition requires nation and citizen to explore various uniqueness and products bringing culture, giving strong diversity of the nation. Indonesia virtually has various unique and excellent products which should be exposed precisely in global level. One of them is jamu product. It has been realized by Indonesian stakeholders that jamu industry becomes one of the potential products needing to be developed, since it promises them market potency in local or global market. However, the challenge of developed jamu industry have so far included developed jamu with a base of safety, quality, and advantage which can be accounted scientifically. Besides that, there is minimal pride and belief degree of Indonesian citizens in consuming jamus and traditional medicines. Perceiving this potency, high-grade activators in jamu industry are necessary in terms of entrepreneurial orientation. High-grade oriented jamu entrepreneurs are expected to have high performance with the ability of facing dynamic environment. This study is based on exploratory empirical research of jamu entrepreneurs in Central Java on a large, medium, and small size. The result shows that entrepreneurs' orientation and antecedents comprise innovativeness, proactive personal, and risk taking which enable jamu entrepreneurs to keep optimistic in facing challenges and opportunities recently. The higher jamu entrepreneurs's efforts are, the more independent, innovative, and proactive the entrepreneurs are in facing numerous opportunities and challenges in recent jamu industries.

**Keyword:** Entrepreneurial orientation, innovative, proactive personal, risk taking, jamu industry, cultural heritage product

## I. INTRODUCTION

COMPETITIVE advantage of a country is sorely determined by strength to show global world uniqueness and resource possessed. The country possessing innovative industry and always upgrading it will have potency towards competitive advantage [1]. Shelby clearly indicates that a nation will grow strong if it has sustainable marketing of advantageous products. The sustainable marketing is supported by sustainable development in which it is extremely influenced by the settlement of the country.

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The prosperity and settlement of the country rely on the economic growth, whereas the economic growth is related to enterprise freedom which is badly influenced by creativity in managing and processing resource advantage.

The tightly global competition requires nation and citizen to explore various uniqueness and products bringing culture, giving strong diversity of the nation. Such countries as Thailand with its various advantageous horticultural products, Japan which has been well-known and substantial automotive industry are the examples of the countries having advantageous products so that they are called as country of origin (COO) in world competition.

Indonesia actually has some unique and excellent products that should be strongly exposed in global level. One of them is jamu demonstrating original and popular Indonesian product whose brands are *Air Mancur* (PT. *Jamu Air Mancur*), *Jamu Jago* (PT. *Industri Jamu Cap Jago*), *Jamu Iboe* (PT. *Jamu IBOE Jaya*), *Nyonya Meneer* (PT. *Jamu Jawa Asli Nyonya Meneer*), and *Sido Muncul*. Indonesian jamu industry contains 95% local ingredients and yields export value increasing from year to year (in 2013 it reaches USD 9,7 millions increasing quite higher than the previous year that is USD 8,3 millions)

It has been realized by Indonesian stakeholders that jamu industry becomes one of the potential products needing to be developed, since it promises them market potency in local or global market. However, there is obstacle in developing jamu industry that needs solution in order to be able to produce jamu with a base of safety, quality, and advantage which can be accounted scientifically. Besides that, Indonesian citizens' pride and belief in consuming traditional jamu and medicine need to be increased, although they realize that consuming natural substances with minimal side effects has opportunity to balance chemical medicine which has been formerly accepted by them.

The jamu industries in Indonesia recently consist of 1.247 traditional medicine industries. 129 industries are traditional medicine industries, while the rest are small traditional medicine enterprise and micro traditional medicine enterprise. Perceiving this potency, high-grade activators in jamu industry are necessary in terms of entrepreneurial orientation. High-grade oriented jamu entrepreneurs are expected to have high performance with the ability of facing dynamic environment.

## II. LITERATURE REVIEW

**Entrepreneur's Orientation: Entrepreneur's Assets in Facing Dynamic Competition**

After having been found by [5] which is developed further by [6], entrepreneurial orientation concept refers to the creative and innovative ability in which there are dimensional abilities of risk taking, innovativeness, and proactiveness inside them that will help company place activities to gain and exploit new opportunities [7].

In addition to the dimensions of entrepreneurial orientation, there are other dimensions from the researchers providing various construction [8] adds two dimensions that are autonomous competition and aggressive competition. Some references construct entrepreneurial orientation and all of them do not contradict such three things as innovativeness, proactiveness, and risk taking.

Entrepreneurial orientation and its dimensional construction have been arranged widely in such various empirical findings as the influences of strategic orientation, financial performance, marketing performance, competitive advantage not competitor or management culture [9]

### **The Antecedents of Entrepreneurial Orientation**

Entrepreneurial orientation will discuss the following things:

#### **The ability of risk taking**

An entrepreneur is expected to have bravery in taking risk of enterprise activity, but he or she still have to orientate realistic consideration. Risk taking is associated with tendency to launch new product, reorganize company structure, or bravery to enter new market segment [10].

An entrepreneur generally is a risk taker. The bravery of risk taking indicates a choice in doing more challenging attempt to achieve goal than higher or lower risk. Even though he or she takes moderate risk, he or she tends to perceive risk element optimistically by seeking to be an entrepreneur.

In recently hypercompetitive business environment, a company is expected to take aggressive and risky decision as a part of defending and maintaining position in an industry by defeating other competitors. The bravery of risk taking focuses on the attempt to face environmental change and to exploit existing opportunities due to environmental business change which is easily fluctuational and needs to take action [10]

#### **The ability of proactive personal**

The ability of proactive personal will observe proactive potencies demonstrating initiative, action taking, and attempt to reach the final result which is able to influence the process of environmental change [11]. It contrasts with reactive way waiting for the change, then taking action. The ability of proactive personal tries to use initiative aggressively, compete, and push the company so that it precedes competitors and enable it to act towards environmental change.

In the ability of proactive personal, the company is expected to be 'first mover' as the answer of the forthcoming wish and need by advantageously involving itself in hypercompetitive business.

The tendency to proactive personal potentially becomes important factor in raising company performance. The more industrious and persevering the company is in terms of proactive personal and facing environmental challenge, the better the company performance is [8].

### **The ability of exploring innovativeness**

The tendency to actively involve exploring new ideas, doing creative process is not similar to the existing standard. It reflects power of exploring innovative ideas. The creative and innovative process are supported by fresh ideas, willingness to conduct experiment producing new product, new process, new service, new market, new segment target or new technic [8]. The company tends to apply marketing strategy responsively and anticipatively [9].

The various innovations are important factor of organizational innovation. The entrepreneurs are regarded as primary catalyst for growth and change towards natural company betterment. The main characteristics of the entrepreneur are the willingness and ability to find creative and innovative ideas, the personal characteristic which is open to experiences, able to work imaginatively, has self-confidence, consistent in acting, responsible for achievement, energetic, and smart [10].

### **Jamu Industry as Traditional Indonesian Heritage**

Indonesia has abundant biological assets and primary material for producing jamus. This country has been producing hereditary jamus. That is why it is inevitable that they are called as heritage product. If they are developed optimally, they will add national values, since inside the jamus, there are cultural values as the reflection of national civilization. Nevertheless, the use of jamus in society inevitably leads to competition in the use of modern medicine which has been tested clinically and proved safely. In this case, jamus should be more acceptable in society by overriding national heredity. Innovative product strength, understanding the preferences of the consumers, research and development, finance, marketing expansion, management, new proactive personal market, winning the hearts of the consumers are some challenges for jamu industry to hold out under modern medicine and global competition.

Biological assets of jamu industry comprise approximately 30,000 kinds of plants and 2,500 jamual medicine. In the future this enterprise can be developed for health, industrial product, and tourism sector. This industry gives a lot of advantages, for it involves hundreds of thousands of farmers, researchers from pharmacy, agriculture, biology, food technology, biotechnology, biopharmacy, and so on. Jamu industry provides approximately 5 million workers with job vacancies. It is recorded that Indonesia has 1,247 traditional medicine industries consisting of 129 traditional medicine industries, and the rest is small-sized traditional medicine enterprise and micro traditional medicine enterprise. Meanwhile, the company joining Group of Jamu Company has approximately 800 companies in Indonesia. In Central Java there are approximately 200 jamu enterprises. Based on the data, approximately 15 industries are large-sized traditional medicine, whereas the rest is small-sized traditional medicine industry. Central Java itself is well-known jamu province, since the predominant large-sized Indonesian jamu industries are in this province.

### III. FINDING

#### **The Relationship between The Antecedents of The Formation of Entrepreneurial Orientation and The Way to Face Challenges and Opportunities in Jamu Industry**

##### **The ability of risk taking**

In this dimension there are some indicators explored. In the first place, there is the bravery of opening new market. From the field finding, the bravery of opening new market is actually wanted by the entrepreneur. However, the obstacle to implement it is capital. Therefore, this indicator strongly appears in the large-sized entrepreneur who is relatively stable in terms of capital. The way is to open export market in such particular countries before they are entered as Russia, Australia, and the Middle East.

In the second place, for the bravery of producing new products all the respondents of enterprise have to be able to discern product opportunities which are wanted by the market. For instance, there is medium-sized enterprise trying to breach other businesses (in this case, it is beauty salon or parlour) by producing new products which is needed by other business partners, such as facial mask, spa fragrance, and natural drink which have not been produced before. Also, small-sized jamu enterprise has new innovation in producing drinks to heal particular diseases which are produced in limited production.

The other dimension is that the bravery of making new strategies which emerge from some entrepreneurs, especially from medium size and large size. For instance, for the medium size, there is way to brand all variant products produced to support corporate branding that has been made before. Because of high promotion cost, the way to introduce new brand from this medium-sized entrepreneur is by conducting Below The Line (BTL) activity and maximizing positive Word of Mouth (WOM) in market target. Another new strategy from large-sized entrepreneur is to make holistic concept of marketing combining some activities to raise society's awareness about company products, tourism and shop: plant tour-welcome drink-jamu making experience-and body treatment with variant jamus available. Besides, ordering online products should be done by medium-sized and large-sized enterprises with the aim of reducing traffic jam for the consumers needing speed and comfort in shopping.

##### **The ability of proactive personal**

In facing jamu business challenges, the entrepreneurs realize how important they take advantage of existing opportunities, such as following trend change of market need, creating product needed by market, and educating market with communicative improvement (in this case, taking advantage of social media is quite necessary). For the entrepreneurs, especially large size and medium size, competition is faced by maximizing aggressive market, considering competence which is different from one another.

Government support is virtually not maximal enough for the entrepreneurs to develop Indonesian jamu products in international level. Therefore, some large-sized enterprises with true-soul entrepreneurs have enough capital to relatively promote products by openings in some countries (in China, Germany, America, and Australia). For the medium-sized and

small-sized enterprises, the effort to promote products still needs financial support from the government.

##### **The ability of exploring innovativeness**

The creative process in looking for innovations, such as new product, new market, new service, new segment target or new technic is found in all sizes: large, medium, or small.

The first indicator is to investigate market in order to find new market, such as making jamu product which is not 'old' for major youth, producing jamu aromas following market target (green tea, lavender aroma for certain products). The next indicator is to increase consumers' satisfaction by creating modern jamu products, such as jamu for acne healing made practically (cream, capsule, and pill). The use of sophisticated technology for making hygienic, neat products and modern package is shown by a large-sized enterprise in Central Java in which it invests sophisticated and qualified technological machine.

All sized jamu industries also evaluate products which are not wanted by market by changing other creative products. There is interesting field finding that is each industry will try to find position to differentiate it among other industries, although large-sized industries have many variant jamus and jamu brands (more than 50 variances, even there is large-sized industry having 250 variant products). Each of the large-sized industries tries to place self-image by taking particular competence. There is also industry stating strongly that it can create products for male stamina. Another industry is to provide female products. The other one is to provide salon needs. This is the signal that the jamu entrepreneurs realize the importance of maximizing competence and difference as the way to increase additional value of competition

### IV. CONCLUSION

The antecedents of entrepreneurial orientation are the abilities of risk taking, innovativeness, and proactiveness possessed by all the jamu entrepreneurs that have been tested by empirically conducting exploratory study. However, medium-sized and large-sized jamu enterprise dominate the strength and bravery of risk taking, proactiveness and innovativeness. This happens due to limited access and capital. Field finding proves that the willingness to practise entrepreneurial orientation in small-sized enterprise is quite high and needs to take action. Nevertheless, the shortage of financial support causes small-size enterprise to explore creativity and innovation in facing future jamu business challenge. In this case, the roles of government or jamu supporter as cultural Indonesian heritage need to be increased so that they will help jamu industries substantially to face recent global competence.

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