



Effect of Characteristics and Entrepreneurial Orientation towards Entrepreneurship Competence and Crafts and Arts Small and Medium Enterprises Business Performance in Makassar

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ABSTRACT

This study was designed to test and analyze the characteristics and entrepreneurial orientation towards entrepreneurial competence and business performance. The population in this study were 117 owners/managers of small and medium enterprises crafts in the city of Makassar, with a rate of return of 79.49%. Convenience sampling technique is used with a total sample of 93 owners/managers. The results of the partial least squares Warp 5.0 analysis of provides evidence that the characteristics of entrepreneurs who are low in the opposite direction but it is significant to improving the entrepreneurial competence. High entrepreneurial orientation in the same direction and significant impact on improving the competence of the entrepreneurial characteristics of entrepreneurs who are low in the opposite direction and significant impact on business performance improvement. The owners or managers high autonomy are entrepreneurs strong desire to develop self-sufficiency in trying to have a significant impact on business performance. Low entrepreneurial competence in the opposite direction and no significant effect on business performance.

Keywords: Characteristics, Orientation, Entrepreneurial Competence, Business Performance

JEL Classification: M2

1. INTRODUCTION

In some developing countries as well as in Indonesia the growth of Micro, small and medium enterprises (SMEs) is one of the crucial driving force for economic growth. There are at least three reasons underlying the developing countries recently considered it the essential presence of SMEs (Berry et al., 2001). The first reason is that the performance of SMEs tends to be better regarding generating productive employment. Secondly, as part of its dynamics, SMEs often achieve increased productivity through investment and technological change. Third, it is believed that SMEs have advantages concerning flexibility compared to large businesses.

Kuncoro (2000) also states that small businesses and home businesses in Indonesia have played an important role in absorbing labor, increasing the number of business units and supporting

household income. Furthermore Zulkieflimansyah and Banu (2003) suggests the potential benefits of economic and social of SMEs are characterized by their capacity in job creation at a level low capital costs, improvements in forward and backward linkage between the various sectors, the creation of opportunities for the development and adaptation of appropriate technologies, as semi skill workers and as a supporter of large-scale enterprises.

In another part, SMEs has some limitations, which the general business climate that is not conducive SMEs which looked at the occurrence of unfair competition, inadequate infrastructure, and development that have not been integrated (Hafsah, 2000). Limited human resources is also a problem faced by small businesses because most small businesses are traditionally grown and is a family business that is hereditary. These limitations include formal education as well as knowledge and skills, so that the management of small businesses are very practical and simple,

making it difficult for optimal development in SMEs (Hafsah, 2000). Problems often faced by small industries, among others tight competition, raw material difficulties, lack of expertise and technical skills, lack of managerial ability (Gaskill et al., 1993).

This research was conducted by selecting SMEs crafts in Makassar, considering that SMEs crafts are unique compared to other MSME clusters, that the growth of MSMEs handicrafts is growing rapidly especially on the eve of religious festivals. Also, they are the perpetrators of MSMEs handicrafts in the city of Makassar in carrying out its business activities, is still very limited attention given by the government to them, both regarding capital and management assistance and other aspects. The research looked at the potential for the development of SMEs handicrafts are quite interesting when looking at the data the development of SMEs in the city of Makassar (Cooperatives and SME Makassar City, 2016).

The study of factors that are affecting the success of a small business can be classified into external factors and internal factors. The study focused on external factors reviewing the government's role in creating an environment conducive to the growth of small businesses, while the internal factors that determine the success of business include variable organizational and individual variables (individual characteristics). Variable organizations that have an impact on the performance of the organization include the organization's resources, the company's competency, organizational culture, and structure (Covin and Slevin, 1991). Individual variables can be seen from the entrepreneurial orientation (entrepreneurial orientation) (Lumpkin and Dess, 2001), individual values (personal value) on personality traits (personality trait) (Boohene et al., 2008; Nimalathasan, 2008), competence entrepreneurship (Man and Lau, 2005; Ahmad, et al., 2010).

Several previous studies have revealed that the performance is determined by the characteristics of the small business owner/manager (De Zoysa and Herath, 2007; Nimalathasan, 2008). Conclusions of some research findings make it clear that the owner/manager is a key factor in business performance improvement. Competence entrepreneurship (entrepreneurial competency) describes the relationship between the attributes and behavior of the owners/managers of the business success (Man et al., 2002). Ahmad et al. (2010) defines the entrepreneurial competence as an individual characteristic includes attitudes (attitudes) and behavior (behavior) that triggered the entrepreneurs to achieve and maintain success/business performance, business performance is determined from the relationship between attributes with behavior through capabilities owners/managers behave in running efforts and behavioral aspects of the representation of entrepreneurs to implement the strategy in entrepreneurship.

The study focuses on the competence factor entrepreneurs to analyze the effect of competence to business success is shown in research Kiggundu (2002) who found that the competence of entrepreneurship (entrepreneurial competencies) is the whole of the attributes of entrepreneurs that includes the attitudes, beliefs, knowledge, skills, abilities, personality, and directed behavior to

achieve success, that the entrepreneurial competence is a realistic view of how an entrepreneur running a business.

Research Ahmad et al. (2010) on SME's in Malaysia found that entrepreneurial competence as a predictor of business success. Results of research Man and Lau (2005) states that the entrepreneurial competencies significant effect on business success. The different findings shown in studies conducted Ardiana et al. (2010) that the competence is reflected by knowledge no significant influence on the performance of SMEs. Such evidence has similarities with the findings Baum et al. (2001) organizational skills and opportunities in the emerging expertise as a representation of the general competence not significant influence on business growth.

Studies conducted by Kotey and Meredith (1997) analyzed the effect of the characteristics of the owner/manager (personal value) on the performance, the findings provide evidence that business performance can be achieved if the owners/managers implement proactive strategies. The emotional connection owners/managers with business performance at the stage of growth of different business, that when SME's are in the stage of decline in business (decline), with entrepreneurial thinking (entrepreneurial minded) owned by the owner/manager of the performance of SME's to be higher, the same thing also occurs when the SME's that are in the growth stage (maturity) (De Zoysa and Herath, 2007). The study of the behavior of entrepreneur (owner/manager) in Indonesia shows that the performance of SMEs determined by the ability of management and business strategy, in which the ability of management and business strategy will be determined by the entrepreneurial orientation of the owner/manager (Suci, 2009).

2. THEORETICAL REVIEW

2.1. Entrepreneurship Characteristics

Characteristics interpreted as temperament, character, traits psychology, morals, or the character that distinguish one person from another, the characteristics of entrepreneurs are attributes or characteristics possessed by an entrepreneur, what distinguishes an entrepreneur with a non-entrepreneurial (Suryana and Bayu, 2011). Measurement of the characteristics of entrepreneurs in this study, develop measures used (Sørensen and Chang, 2006), which consists of 3 indicators, as follows: (1) Psychological factors, psychological factors are individual characteristics (owner/manager) which include achievement needs (need for achievement). and motivation, (2) experience (experience), is the level of experience of the owners/managers in running the business, as well as experience in the business that is currently occupied, (3) the influence of family (family influence), the intensity of family influence in decision-making efforts, and the role of background family behind.

2.2. Entrepreneurial Orientation

Entrepreneurial orientation or an overview on entrepreneurial activity in the company (Suhartini, 2007). Lumpkin and Dess (1996. p. 136) equate the concept of entrepreneurial orientation of the company with the entrepreneurial process of companies. The application of the concept of entrepreneurial orientation contained

in the strategy literature. He also explained that the entrepreneurial orientation refers to the processes, practices and decision making activities. This study elaborates on the measurement of entrepreneurial orientation (Weerawardena, 2003. p. 420) the measurement, include; (1) autonomy is the desire of entrepreneurs strong to develop self-sufficiency, (2) proactive is the desire of entrepreneurs to perform actions that precede the competitors and anticipate the competition, and (3) courage in taking the risk that the desire of entrepreneurs to dare to act in achieving business objectives with conditions of uncertainty and risk.

2.3. Entrepreneurship Competencies

The success or the failure of any business will be affected by the skills and abilities (competencies) of owners/managers. Understanding the role of entrepreneur gives a better insight about what competencies needed by employers to ensure business survival and success of the business (Ahmad et al., 2010. p. 67-75). Entrepreneurial competence as a whole entrepreneur attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, skills and behavioral tendencies are needed to sustain and business success (Kiggundu, 2002. p. 239).

Measurement of entrepreneurial competence in this study developing Man's measurement (Man, 2001) using 5 indicators, namely: (1) Competence conceptual (conceptual competency), a conceptual abilities that between one individual to individual differently (self-employment), which is reflected in the behavior businessman, for example; decision skills, absorb and understand complex information, and to take risks, (2) take opportunities (opportunity competency), the competence of the opportunities within the competence relating to the recognition and develop market opportunities by entrepreneurs through various ways, (3) establish a relationship (relationship competency), the competence of the relationship is competence related to the relationship between individuals (entrepreneurs) with group interaction, for example; building a context of cooperation and trust, using the contacts and connections, persuasive skills, communication and interpersonal skills, (4) learning (learning competency), the competence of learning is learning entrepreneurship gained from experience, the development of saman, training that resulted in someone has work procedures so that businesses that do can be run efficiently, (5) the ability of personal (Personal competency), the personal ability is the ability of the entrepreneurs perceive and conducting business in a positive.

2.4. SMEs Business Performance

Performance refers to the level of achievement or achievements of the company within a Certain time period. The company's performance is crucial in the development of the company. The company's goal to continue to exist, gain, and can thrive (growth) can be Achieved if the company has a good performance. Performance (performance) of companies can be seen from the level of sales, the level of profitability, return on capital, the level of turnover and market share were achieved (Jauch and Glueck, 1998). Performance measuring using measurement (Munizu, 2010) the which consists of 3 indicators: (1) Sales, sales are respondent's perceptions of the performance achieved by measuring the sales

growth from year to year, (2) profits, profit is the perception of respondents the ability of the business to generate profits from time to time, (3) capital, capital is a respondent's perception of growth in venture capital from time to time.

3. RESEARCH METHOD

The study was conducted on 117 handicrafts SMEs in Makassar, with a return rate of 79.49%, or around 93 research instrument (questionnaire) by using a non-probability sampling technique are measured using Likert Scale points 1-5. This research conducted in June to August 2016, this study uses variance-based technique SEM partial least squares (SEMPLS) with 5.0 WarpPLS developed by Kock (2010).

4. RESULTS

4.1. Goodness of Fit Model

P-value for the average path coefficient and the R² value average (ARS) and the ARS must be <0.05 or significant meaning. Additionally average full collinearity variance inflation factor (VIF) as an indicator multikolinieritas should <5. Thus, it is shown in the Table 1.

The results showed that the test results suitability model (goodness of fit model) have been met (Kock, 2011).

4.2. Construct Validity and Reliability Test Results

Measurement models or models that outer construct validity and reliability. This output is used investigators to report the results of testing the convergent validity of measuring instrument (questionnaire). In Table 2 combined loading and cross-loadings are still construct validity konvergennya <0.70 (although the P < 0.05) and should be removed from the model, as shown in Table 3.

Testing results in Table 3 shows that the convergent validity criteria in model 1 have not been fulfilled and to model 2've fulfilled having already qualified, convergent validity of >0.70 and significant (P < 0.05) so that model 2 is used for analysis, (Hair et al., 2013).

4.3. Discriminant Validity of Test Results

Discriminant validity test demonstrated through results output latent variable correlations. This output reports the correlation coefficient between the latent variables. The criteria used are the square roots (square roots) average variance extracted (AVE) is a column diagonal bracketed must be higher than the correlation between latent variables in the same column (above or below) (Sholihin and Dwi, 2013).

Table 1: Fit test model

Measurements	Model 1	Model 2
APC	0.272, P=0.001	0.281, P=0.001
ARS	0.276, P=0.001	0.207, P=0.009
AFVIF	1.285<5	1.203<5

Source: Data processed (SEMPLS, 2016), APC: Average path coefficient, ARS: Average R² value average, AFVIF: Average full collinearity variance inflation factor

Table 2: Combined loading and cross-loadings (model 1)

Indicators	Karakte	Orient	Kompet	Bisnis	Type (a)	SE	P
KW1	0.876	-0.062	0.170	0.046	Reflect	0.081	<0.001
KW2	0.821	0.098	-0.083	0.042	Reflect	0.082	<0.001
KW3	0.427	-0.062	-0.188	-0.175	Reflect	0.092	<0.001
OW1	-0.005	0.665	0.269	-0.395	Reflect	0.086	<0.001
OW2	0.037	0.911	-0.036	0.093	Reflect	0.080	<0.001
OW3	-0.033	0.919	-0.159	0.193	Reflect	0.080	<0.001
KK1	0.121	-0.017	0.689	0.100	Reflect	0.085	<0.001
KK2	-0.030	0.294	0.654	0.220	Reflect	0.086	<0.001
KK3	-0.205	0.003	0.805	0.015	Reflect	0.083	<0.001
KK4	-0.186	-0.164	0.687	-0.372	Reflect	0.085	<0.001
KK5	0.314	-0.097	0.731	0.042	Reflect	0.084	<0.001
KB1	-0.179	0.247	-0.391	0.725	Reflect	0.085	<0.001
KB2	0.038	-0.165	0.054	0.925	Reflect	0.080	<0.001
KB3	0.115	-0.032	0.281	0.828	Reflect	0.082	<0.001

Source: Data processed (SEMPLS, 2016)

Table 3: Combined loading and cross-loadings (model 2)

Indicators	Karakte	Orient	Kompet	Bisnis	Type (a)	SE	P
KW1	0.879	-0.011	0.125	-0.018	Reflect	0.081	<0.001
KW2	0.879	0.011	-0.125	0.018	Reflect	0.081	<0.001
OW2	0.041	0.955	0.040	-0.060	Reflect	0.079	<0.001
OW3	-0.041	0.955	-0.040	0.060	Reflect	0.079	<0.001
KK3	-0.191	0.159	0.838	0.057	Reflect	0.082	<0.001
KK4	-0.119	-0.145	0.780	-0.206	Reflect	0.083	<0.001
KK5	0.332	-0.026	0.761	0.148	Reflect	0.084	<0.001
KB1	-0.210	0.238	-0.338	0.725	Reflect	0.085	<0.001
KB2	0.034	-0.159	0.053	0.925	Reflect	0.080	<0.001
KB3	0.146	-0.031	0.237	0.828	Reflect	0.082	<0.001

Source: Data processed (SEMPLS, 2016)

The Table 4 shows that the discriminant validity have been met, which can be seen from the root of AVE on the diagonal column is greater than the correlation between constructs in the same column. The results of this cross-loading an indication of fulfillment of the criteria for the validity diskriminant.

4.4. Construct Reliability Test Results

Results of testing the reliability of the construct can be shown by output coefficient latent variable, as in the following Table 5.

The coefficient of determination (R^2) that indicates what percentage of the variance of the construct of an endogenous/criterion can be explained by the construct of the hypothesized effect. The higher the R^2 shows a good model. From the results of Latent variable output shows R^2 coefficient entrepreneurial competence by 0.215 means that entrepreneurial competence variance can be explained by 21.50% by the variance of the characteristics of entrepreneurs, entrepreneurial orientation, and business performance, while the R^2 construct SME business performance for 0.199 shows that the variance of performance business can be explained variance of 19.90% by the entrepreneurial competence.

Reliability composite value and Cronbach alpha reliability have qualified that is >0.70 . The output above also shows that the AVE >0.50 , which means qualified convergent validity (Sholihin and Dwi, 2013). Full collinearity VIF is full of collinearity test results which include vertical and lateral multicollinearity. Colinearity lateral is colinearity between the latent variables predictor with

Table 4: Correlations among L versus with square roots of average (model 2)

Variables	Characteristics	Orientation	Competence	Business
Characteristics	(0.879)	-0.118	-0.343	-0.239
Orientation	-0.118	(0.955)	0.253	0.361
Competence	-0.343	0.253	(0.794)	0.111
Business	-0.239	0.361	0.111	(0.830)

Source: Data processed (SEMPLS, 2016)

Table 5: Latent variable output coefficient (model 2)

Measurements	Characteristics	Orientation	Competence	Business
R^2			0.215	0.199
Adjusted R^2			0.198	0.172
Composite reliability	0.872	0.954	0.836	0.868
Cronbach's alpha	0.707	0.903	0.706	0.769
Average variable extract	0.773	0.911	0.630	0.689
AFVIF	1.191	1.216	1.199	1.207
Q^2			0.228	0.273
Minimum	-1.915	-2.390	-2.517	-3.073
Maximum	2.496	1.575	1.689	2.027
Median	-0.650	0.253	0.132	0.271
modes	-0.650	0.253	-1.193	0.449
Skewness	0.487	-0.594	-0.120	-1.382
Excess kurtosis	-0.359	0.005	-0.746	2.506

Source: Data processed (SEMPLS, 2016), AFVIF: Average full collinearity variance inflation factor

the criterion. Colinearity lateral often overlooked when can cause the results to be biased. Full collinearity VIF in this study was lower than 3.3 it indicates that the model is free from the problem of colinearity vertical, lateral, and common method bias. (Kock, 2013). Q^2 is a measure of non-parametric obtained through the algorithm blindfolding and used to study the predictive validity or relevance of a set of latent predictor variables on criterion variables. The output showed Q^2 is greater than zero, namely 0228 and 0273 means that the estimated model shows a good predictive validity. Overall, the results of the measurement model (outer model) reflective construct have been qualified.

4.5. Testing Model and Hypothesis Testing

Results of testing of models and hypothesis testing shows that, among the 5 causality between variables (direct influence) were built in this model, there is one between who reject the hypothesis that the influence of entrepreneurial competencies to business performance $P = 0.060 > 0.05$ (Figure 1 and Table 6).

4.6. H_1 : Characteristics Influence of Entrepreneurial Competencies

Effect of entrepreneurial characteristics of the entrepreneurial competence can be demonstrated by a standardized path coefficient (beta/a standardized path coefficient) amounting -0.359 negative directions. Beta/a standardized path coefficient is negative explain that the low entrepreneurial characteristics tend to improve the entrepreneurial competence. Then it can be proved with a $P = 0.001 < 0.05$. Hypothesis testing results prove that the characteristics of the entrepreneur a significant negative effect on entrepreneurial

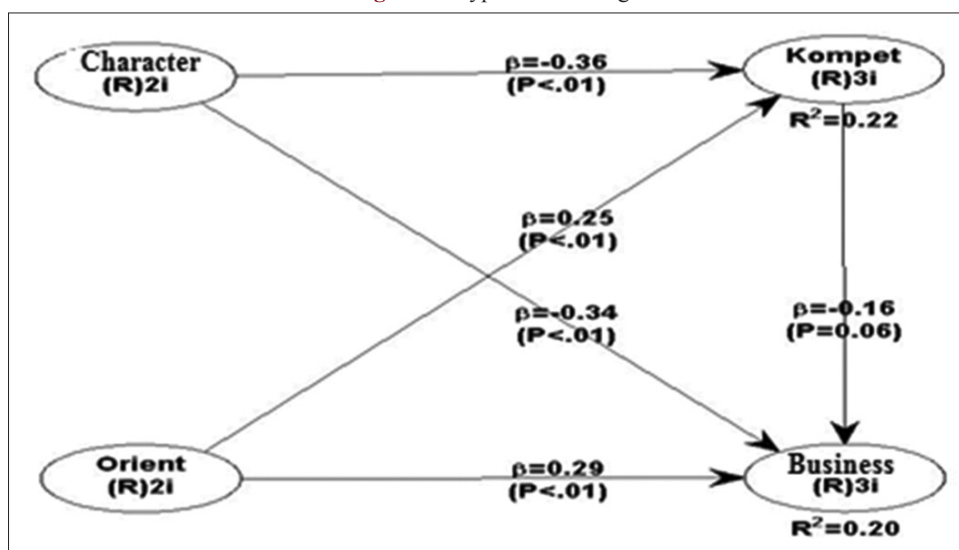
competencies, it can be concluded that the characteristics of entrepreneurs who are low in the opposite direction but it is significant to improving the entrepreneurial competencies So the hypothesis H_1 characteristics of entrepreneurial positive and significant effect on entrepreneurial competence apart of it can be accepted or supported by empirical facts.

Low psychological factors, which are psychological factors (owner/manager) and is characterized by the desire of owners/managers to excel into the factors causing low but the entrepreneurial characteristics significantly impact the competency of the owners/managers to take advantage of its business opportunities. These results support a part of Zimmerer and Scarborough (1998) statement that the characteristics of a successful entrepreneur, including Proactive, which took the initiative and resolute in taking action and decisions. Oriented to the achievement reflected in the views and actions against the odds, orientation efficiency, the quality of work, planning, and prioritizing supervision. Has a strong commitment to others, for example in entering into contracts and cooperative relations.

4.7. H_2 : Effect of Entrepreneurial Orientation Towards Entrepreneurial Competence

Effect of entrepreneurial orientation towards entrepreneurial competence can be demonstrated by a standardized path coefficient (beta/a standardized path coefficient) of 0.255 with a positive direction. Beta/a standardized path coefficient is positive, explaining that the high entrepreneurial orientation owned owner/manager tends to increase entrepreneurial competence. Then it

Figure 1: Hypothesis testing



Source: Data processed using SEM-PLS

Table 6: The path coefficients and P value (model 2)

	Path coefficients				P			
	Characteristics	Orientation	Competence	Business	Characteristics	Orientation	Competence	Business
Characteristics								
Orientation								
Competence	-0.359	0.255			<0.001	0.005		
Business	-0.343	0.293	-0.156		<0.001	0.001	0.060	

Source: Data Processed using SEM-PLS

can be proved with a $P = 0.005 < 0.05$. Hypothesis testing results prove that the orientation entrepreneurial positive and significant effect on entrepreneurial competencies, it can be concluded that the orientation of entrepreneurial high unidirectional and significant impact on improving the competence of entrepreneurship So that hypothesis H_2 orientation entrepreneurial positive and significant effect on entrepreneurial competence can be accepted or supported by empirical facts.

The high courage owner/managers in taking risks which are characterized by the uncertainty of the business environment to be a factor causing the high entrepreneurial orientation which impacted significantly impact the competency of the owners/managers indicated through personal abilities possessed entrepreneurs perceive and conducting business in a positive way. This study supports the statement Weerawardena (2003. p. 424) that someone's proactivity in trying to excel is another indication of the application on entrepreneurial orientation in private. Similarly, when a company emphasizes proactivity in its business activities, the company has been doing entrepreneurial activities that will automatically boost the high performance. Companies with high entrepreneurial activity means visible from the high spirit that never goes out because of the barriers, obstacles, and challenges. Active and dynamic attitude is the key word (Papasolomou-Doukakis, 2002).

4.8. H_3 : Influence of the Entrepreneurs Characteristics to Business Performance

Entrepreneurial characteristics influence on business performance can be demonstrated by a standardized path coefficient (beta/a standardized path coefficient) amounting -0.343 negative directions. Beta/a standardized path coefficient is negative explain that the lack entrepreneurial characteristics owned by the owner/manager tend to improve business performance. Then it can be proved with a $P = 0.001 < 0.05$. Hypothesis testing results prove that the characteristics of the entrepreneur a significant negative effect on the performance of the business, it can be concluded that the characteristics of entrepreneurs who are low in the opposite direction and significant impact on business performance improvement So that hypothesis H_3 characteristics of entrepreneurial positive and significant impact on business performance that some part can be accepted or supported by empirical facts.

Low levels of experience of the owners/managers in running the business, as well as experience in the business that is currently occupied, became the cause of the characteristics of entrepreneurs, but the impact on the real impact on business performance, demonstrated by the growth of venture capital owned by the owner/manager from time to time. This study supports part of the findings by Kotey and Meredith (1997) that business performance can be achieved if the owners/managers implement proactive strategies. The emotional connection owners/managers with business performance at the stage of growth of different business, that when SME's are in the stage of decline in business (decline), with entrepreneurial thinking (entrepreneurial minded) owned by the owner/manager of the performance of SME'S becomes higher, the same thing also occur.

4.9. H_4 : Effect of Entrepreneurial Orientation on Business Performance

Effect of entrepreneurial orientation on business performance can be demonstrated by a standardized path coefficient 1 (beta/a standardized path coefficient) of 0.293 with a positive direction. Beta/a standardized path coefficient is positive, explaining that the high entrepreneurial orientation owned owner/manager tends to improve business performance. Then it can be proved with a $P = 0.001 < 0.05$. Hypothesis testing results prove that the orientation entrepreneurial positive and significant effect on the performance of the business, it can be concluded that the orientation of entrepreneurial high unidirectional and significant impact on business performance improvement, so the hypothesis H_4 orientation entrepreneurial positive and significant impact on business performance can be accepted or supported by the facts empirical.

The high autonomy of the owners/managers are entrepreneurs strong desire to develop self-sufficiency in trying to be a factor causing the high entrepreneurial orientation which impacted significantly affect business performance demonstrated by the performance achieved through sales growth from year to year. This study supports the findings of previous investigators, that a person's desire in entrepreneurship due factorization of pull in the form of the possibility of gain (financially) is higher, the desire to acquire the responsibility of higher as well as control over the decision-making process and the desire to improve the ability of the individual. Meanwhile, the push factor is more about self-motivated employees to leave the place of work and start a new business or things that are 'pressing' for someone to start entrepreneurship. Employers who have more motivation to push that intend to sell or even close down. The causes vary, ranging from poor business performance to the desire for a break from business activities. Thus the success of the business is very dependent on the level of motivation of entrepreneurs. In other words, entrepreneurial orientation determines the performance of the business (Glancey et al., 1998).

4.10. H_5 : Effect of Entrepreneurial Competence to Business Performance

Effect of entrepreneurial competence to business performance can be demonstrated by a standardized path coefficient (beta/a standardized path coefficient) amounting -0.156 negative directions. Beta/a standardized path coefficient is negative explain that the lack of entrepreneurial competencies possessed the owners/managers tend to slow down their business performance. Then it can be proved with a $P = 0.060 < 0.05$. Hypothesis testing results prove that the entrepreneurial competencies negative and not significant to the performance of the business, it can be concluded that the entrepreneurial competence is low in the opposite direction, and no significant effect on business performance So that hypothesis H_5 entrepreneurial competencies positive and significant effect on the performance of the business cannot be accepted or supported by empirical facts.

Low ability conceptual individual to another individual is different, which is reflected in the behaviour of employers, for example; decision skills, absorb and understand complex information, and

risk-taking resulted in a low capacity of the businesses owned by the owners and managers to generate profits over time.

This study rejected the findings of Ahmad et al. (2010) that the entrepreneurial competence as a predictor of business success. Entrepreneurial competence significant effect on business success (Man and Lau, 2005). Then support the findings, that the competence is reflected by knowledge significant no influence on the performance of SMEs (Ardiana et al., 2010). Organizational skills and opportunities in the emerging expertise as a representation of the general competence not significant influence on business growth (Baum et al. (2001).

5. CONCLUSIONS

Characteristics of entrepreneurs who are low in goes the opposite direction but it is significant in improving the entrepreneurial competencies, that low psychological factors, which are psychological factors (owner/manager) and is characterized by the desire of owners/managers to excel into the factors causing low characteristics of entrepreneurs but the real impact on competence owned by the owner/manager to take advantage of its business opportunities.

Other causality, that, the owner/managers high courage to take risks that are characterized by the uncertainty of the business environment to be a factor causing the high orientation of entrepreneurs which leads to significantly impact the competency of the owners/managers indicated through personal abilities possessed entrepreneurs perceive and conducting business in a positive.

In practice it turns out the low level of experience of the owners or managers in running the business, as well as experience in the business that is currently occupied became the cause of the characteristics of entrepreneurs, but the impact has a real impact on business performance, demonstrated by the growth of venture capital owned by the owner or manager from time to time.

The high autonomy of the owners/managers are entrepreneurs strong desire to develop self-sufficiency in trying to be a factor causing the high entrepreneurial orientation which impacted significantly impact business performance, demonstrated by the performance achieved through sales growth from year to year. On the other side, the low capacity of the conceptual individual to another individual is different, which is reflected in the behaviour of employers, for example; decision skills, absorb and understand complex information, and risk-taking resulted in a low capacity of the businesses owned by the owners and managers to generate profits over time.

It takes a serious effort on the part of managers/owners to improve and bring the desire for achievement and high motivation in improving business performance. Business progress is not only due to the characteristics alone, but needed a good entrepreneurial orientation, for it is advisable to develop self-sufficiency so that SMEs have a strong characteristic in advancing their business. Business performance improvement can be done by improving

the competence of entrepreneurship, through entrepreneurship learning process based on experience gained, development era, training that resulted in someone has work procedures so that businesses that do can be run efficiently. High business performance can be upgraded to a higher direction through sales growth from year to year.

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