FACTORS AFFECTING ENTREPRENEUR CHARACTERISTICS: A STUDY OF SMALL MEDIUM ENTERPRISE IN GARUT

Rohimat Nurhasan
Garut University,
Faculty of Economics
E-mail: rohimat.nurhasan@uniga.ac.id

Risma Muhamad Ramdani
Garut University,
Faculty of Economics
E-mail: risma.ramdani91@gmail.com

Abdullah Ramdhani
Garut University,
Faculty of Social and Political Sciences
E-mail: aramdhani@fisip.uniga.ac.id

Gugun Geusan Akbar
Garut University,
Faculty of Social and Political Sciences
E-mail: gugun.ga@fisip.uniga.ac.id

ABSTRACT

The aim of this study was to identify factors which affect the characteristic of entrepreneur in small medium enterprise in Garut. Proportional random sampling was used to select participants from 4 region in Garut. The study used 54 traditional cap crafters in Garut who has been in the business in the last 5 years. We used descriptive and factor analysis to analize the data. The result showed that traditional cap crafters had good entrepreneur characteristics. Based on factor analysis, the initial 27 variables can be reduced to 8 variables and form new construct consist of three factors which had correlation above 0.5. Such factors were (1) innovativeness in producing new knitted prodcts, able to develop new ideas and keep up with the industry trends, (2) eager to take risks which consists of high independency, not affraid to face price competition, and able to manage the workers, and (3) focus on profit which reflected on two variables of pursuing profit and not easily satisfied.

Keyword: entrepreneurship characteristics, inovation, leadership, high risk taker

1. INTRODUCTION

Small medium enterprises had important and strategic role in supporting a nation's economic. They employed workers and distributed the development. They also had the advantage to be able to survive the crisis. Indonesia has million of such small medium enterprises (SME), but such numbers will not conribute to the nation's economic if their scope of business was not develop (Zuraida, Ramdhani, &

Amin, 2008). Nowadays, every industries face fierced competition. Business owners tried to double their profit, which indirectly can affect SME. Therefore, SME should be ready to compete and preserve their business by optimizing their resources.

Garut as one of Kabupaten in West Java Province has abundant resources. One of them was industrial potential. Such industrial potency located in Samarang, Pasirwangi, Bayongbong, and Tarogong Kidul. Home industries with main business in producing knitted cap already develop their market abroad. Facing the tight competition, the knitted cap crafters faced problem in capital adequacy. This problem is very common for SME in Indonesia. Inadequacy of capital can affect the smoothness of their business. Without adequate capital, crafters can not independently and easily set the selling price and buy sufficient materials. These affect their ability to get more profit. They could not overcome the fluctuation of the price for raw materials which in the end affecting their profit since they cannot easily raise their selling price. Other disadvantage was they can not produce in a large number which affect their ability to meet the customers demand. Despite the caapital problem, crafters also found it difficult to get a skilled employees since they only can offer limited salary. Most of locals found jobs outside Garut or outside the local industries which offer bigger salary and opportunity.

These obstacles caused some SMEs to failed in running their business, while others could survived and even develop the business. Those who succeed turn out to have stable enterpreneurship profile. They step over the weaker and less optimistic enterpreneurs. The entrepreneur characteristics proved to be a crucial factors, since studies found that 15% of entrepreneur success was related to their education background, while the other 85% related with their attitude, mental ability, and personality (Schriber in Alma, 2017).

Based on the above discussion this study will identify entrepreneur characteristics of knitted cap crafters in Garut and to identify which factors that form the entrepreneurship characteristics in knitted cap crafters in Garut.

2.   LITERATURE REVIEW

2.1   ENTREPRENEURSHIP ATTITUDE

Dayakisni (2003) explained that attitude is a function of believed regarding the possibility of the consequences when somebody determined their attitude, both negative and positive. They will expresses their attitude in their behavior. They will evaluated every consequences that might come out. Furthermore, Barata (2004) defined attitude as a set of emotion, believe, and behavior tendency of an individual, oject, and group. Ajzen (2005) defines attitude as a tendency to react positively or negatively to an object, people, institution, or a moment. Meanwhile, according to Suryana & Kartib (2014) entrepreneurship attitude is individual readiness to consistently respond to show self confidence, task oriented, rist taker, facing challenges, focus on leadership, originality, and future mindset. Meredith, 1982; Meredith, 2000) explained in detail;

Tabel 1. Entrepreneruship Characteristic

Characteristics	Attitude
1. Self confidence	Believe, independency, optimist

	Characteristics	Attitude
2.	Task oriented	Need for achievement, persistent, hard working, strong will, energetic, and initiative
3.	Risk taking	Eager to take risks and not affraid to face challenges
4.	Leadership	Act as leader, extraversion, open to critics and suggestions
5.	Originality	Innovative, creative, flexible, resourceful, various ability, abundant of knowledge
6.	Future mindset	Having vision and future perspective.

Source: (Meredith,1982; Meredith,2000)

Based on the above review we understand the attitude of the entrepreneur (qualitative) is behavior tendency of an individual (quantitative) to manage the business or activities that create and implement certain ways to do the job in order to maximize profit.

Entrepreneur attitude variables seek and defined accoridng to the business situation, then the potential variables analyzed using factor analysis to form new factors which were not yet known how many they were.

3. METHODOLOGY

This study using exploratory method which aimed to gather information that support the effort to identify the problem (Ramdhani & Ramdhani, 2016). The population in this study is 60 knitted traditional cap crafters who had been in the business for more than 5 years, operated in 4 different areas in Garut. Using Slovin formula with 5% error we had 54 participants as samples. The proportional random sampling used to get equal participants from 4 areas.

Data collected from parties who were expert and have sufficient knowledge regarding the research topic. Primary and secondary data used in this study. Data collection conducted by literature study and field study through observation, interview, and questionnaire.

Likert scale was used to measure the result and the data was interpreted using exploratory factor analysis which aimed to defined the structure of matrix data and to analyze the correlation between variables. These defined variables will summarized or reduced to form a new factor, which doesnot diminish its meaning. The formed variables easier to control (Ghozali, 2016; Ramdhani & Ramdhani, 2016).

4. RESULT AND DISCUSSION

51 participants (94%) was male entrepreneur, which is in line with the traditional view that regard man as the ultimate provider for his family by working or doing business (Mazzareol et al, 1999). No wonder in Garut we identify that there are more men conductng business compare to women.

We also identify that participants was dominated by entrepreneurs who were more than 50 years old. Previous research explained the relation between age and business success (Kristiansen, Furuholt, &

Wahid, 2003). Entrepreneur over the age of 25 years old usually more succesful that the yournger one. Age might be related with maturity and also experience. Older entrepreneur assumed to had more experience and mentally more ready to do the business. Though it was not rule out the possibility that younger person could become succesful entrepreneur.

From 54 participants there were 63% (43 persons) who had only secondary education level (SD). This showed that education of the knitted traditional cap crafters level is still low. 8 participants (14.81%) received junior high school education and only 3 (5.56%) who had senior high school education background. Entrepreneur who had junior and senior high school education continue to runn their parent's business and become second generation of the family business. Though also it does not rule out the possibility for several of them who started their own business. BPS Garut mentioned that Garut society had low level of participation in education. This view supported by 2015 data which discuss the average years in education was only 6.85 in 2015. Schriber dalam Alma (2017) argued that education had only 15% impact for the success of the entrepreneur. Harry Matlay (2008) mention that entrepreneur's education has no affect on the entrepreneur ability, knowledge, and attitude. Nevertheless education still needed to support entrepreneur in developing their business.

There were negative attitude in fulfilling th demand. On certain ocassion such as in time of Rajab, Syakban and Ramadhan, the knitted traditional cap demand was high. The increased demand cause several entrepreneur overwhelmed. It depends on prowness of these entrepreneur and to manage their employees to accept the order. Besides their own primary business crafters also get contract as outsource for other company. To avoid certain fined most of them decline the opportunity. They were not certain whether they could meet the demand.

The entrepreneur's ability to produce the new knitted products and develop new ideas was not good. Nost of them rarely came out with fresh ideas. Most of them just copied good and marketable products. They done it without add modification. One of the obstacle to implement new ideas is that they have to call the mechanic to set their machine according to the new model. They also didnot develop cocreation.

The respond from 54 participants towards 27 variables formed antrepreneur attitude of traditional knitted cap crafters in Garut. 43,28% participants were strongly agree, 40,60% were agree, 14,33% reluctantly agree, 1,37% disagree, and 0,41% were strongly disagree. The average score was 228,93 and still categorized as very good.

Factor Analysis

After four iteration in processing data we got 8 variables by reducing 19 variables from the initial of 27. The final KMO value for MSA (*Measure of Sampling Adequecy*) was 0,700 which bigger than 0,50. In this case, factor analysis considered appropriate to measure data in form of correlation matrix because there were enough samples. *Barlett's Test of Sphericity* showed the Chi-Square value of 216,138 (df = 28) and sig. value of 0,000 which is less than 0,5. This means those variables were correlated and feasible to use in further analysis.

Based on *Anti-Image Corelation*, we got MSA value bigger than 0,5. We do not have to conduct re-test. This also showed that 8 variables need no more reduction because all of them correlated and met the requirement.

Factoring process run by extracting a group of variables using *Principlal Component Analysis* (PCA) method and obtain *communalities* value. *Communalities* was the numbers of variance (in percentage)

from initial variable that can be explained by the existig factor. We got the *exstraction* value on *comunalitis* (X2) independency 0,622; (X7) profit oriented 0,636; (X12) not afraid to take risk 0,648; (X18) able to manage employees 0,789; (X21) ability to develop new knitted product Sebesar 0,912; (X22) ability to develop new ideas 0,876; (X23) ability to cope with industry trend 0,735; and (X27) not easily satisfied 0,744. Such numbers showed how big the variance in every variables can be explained by the formed factors. The bigger the *comunalities* value on variable the tighter the relationship with formed factors.

Total Variance Explained show positive result to summarized initial variables to become new factors which consist of 8 variables (*component*). Then factor analysis used to process each variables which had 1 varians. The first factor can explained 44,029% of varians, the second factor explained 17,230% varians, and the third factor explained 13,262%. All three factors explained 74,520% of variability from thr 8 original variables.

Based on the output of *rotated component matrix* we get factor loading value, to determine which section such factors will be categorized. Table 2 showed the correct place for the ne factors:

Tabel 2. New Factors

New Factors	Variable	Factor loading
Faktor 1	X21 Develop new knitted product	0,937
	X22 Develop new ideas	0,906
	X23 Ability to cope with indutry newest trends	0,851
Faktor 2	X2 Independency	0,783
	X12 not affraid to compete in price	0,741
	X18 Ability to direct employees	0,800
Faktor 3	X7 profit oriented	0,595
	X27 not easily satisfied	0,788

Source: Data proccesing output, 2017

The factor analysis result reduced the 27 variables to become only 8 and form three factors;

- Factor 1 consist of variables (X21) develop new knitted product, (X22) develop new ideas, and (X23) ability to cope with newest industry trends. This factors named as innovativeness.
- Factor 2 consists of variable (X2) independency, (X12) not affraid to compete in price, and (X18) ability to direct employees. These attitude help crafters to overcome business obstacles, we called the second factor as daring to take risks.
- Factor 3 consists of variable (X7) focus on profit and variable (X27) not easily satisfied, this factor named as profit oriented.

Table 3. *Component transformation matrix*

Component	1	2	3
1	**0,799**	0,594	0,092
2	-0,590	**0,804**	-0,066

Component	1	2	3
3	-0,113	-0,001	**0,994**

Source: Data proccesing output, 2017

Based on the tabel of *component transformation matrix,* we can safey said that three factors (*component*) is right. They had very strong correlation in each component with the value above 0.5 (0,799, 0,804, and 0,994 respectively).

5. CONCLUSIONS AND RECOMMENDATIONS

Based on the responses from 54 participants regarding the related variables to the factors which form the entrepreneurial attitude, we conclude that the crafters entrepreneur attitude can be classified as very good. Initial 27 variables can be reduced to 8 variables and form 3 factors, innovativeness, daring to take risks, and profit oriented.

Reference

Ajzen, I. (2005). *Attitude, Personality and Behaviour.* Open University Press.

Alma, B. (2017). *Kewirausahaan Untuk Mahasiswa dan Umum .* Bandung: Alfabeta.

Anggadwita, G., Ramadani, V., Alamanda, D. T., Ratten, V., & Hashani, M. (2017). Entrepreneurial intentions from an Islamic perspective: a study of Muslim entrepreneurs in Indonesia. *International Journal of Entrepreneurship and Small Business*, 165-179.

Brata, A. A. (2004). *Dasar-Dasar Pelayanan Prima .* Jakarta: Gramedia Pustaka .

Dayaksini, T., & Hudaniah. (2003). *Psikologi Sosial.* Malang: Universitas Muhammadiyah Malang.

Ghozali, I. (2016). *Aplikasi Analisis Multivariete dengan Program IBM SPSS 23. Edisi 8.* Semarang : Badan Penerbit Universitas Diponegoro.

Kristiansen , S., Furuholt, B., & Wahid, F. (2013). Internet Cafe Enterpreneurs; Pioneers in Information Dissmenition in Indonesia. *The International Journal of Entrepreneurship and Innovation*, 251-263.

Matlay, H. (2008, 5 16). The Impact of Entrepreneurship Education on Entrepreneurial Outcomes. *Journal of small business and enterprise development, 15*(2), 382-396.

Mazzarol, T., Volery, T., Doss, N., & Thein, V. (1999, 4 1). Factor Influencing Small Business Start-up: a Comparison with Previous Research. *International Journal of Entrepreneurial Behavior & Research, 5*(2), 48-63.

Meredith, G. G. (2000). *Kewirausahaan.* (A. Aparsayogi, Penerj.) Jakarta: Pustakan Binaman Pressindo.

Meredith, G. G., Nelson, R. E., & Neck, P. A. (1982). *The Practice of Entrepreneurship.* London : Pitman Publishing.

Ramdhani, A., Alamanda, D. T., & Sudrajat, H. (2012). Analysis of consumer attitude using Fishbein multiattributes approach. *International Journal of Basic and Applied Science, 1*(1), 33-39.

Ramdhani, M. A., & Ramdhani, A. (2016). *Penelitian Pemasaran.* Bandung: UIN Sunan Gunung Djati.

Suryana , Y., & Bayu, K. (2013). *Pendekatan Kewirausahaan Sukses .* Jakarta : Prenada Media Group .

Tran, A. T., & Korflesch, H. V. (2016). A conceptual model of social entrepreneurial intention based on the social. *Asia Pacific Journal of Innovation and Entrepreneurship*, 17-38.

Zuraida, R., Ramdhani, A., & Amin, A. S. (2008). Analysis of the Cultural Factors Impact on the Development of Entrepreneurship in Garut. *Jurnal Ilmiah Psikologi, 1*(2), 183-196.