ENTREPRENEURS’ PERSONALITY CHARACTERISTICS IN CULINARY SECTOR IN INDONESIA

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ABSTRACT

This research aims to investigate the influence of work motivation and entrepreneurial intention toward Small and Medium Enterprises (SMEs) in culinary sector at Indonesia. Population in this research are 121 culinary businesses in Indonesia, whereas the samples are 93 respondents. Result shows that work motivation significantly influence the SMEs business performance, while entrepreneurial intention does not significantly influence the SMEs business performance.

Keywords: Work Motivation, Entrepreneurial Intention, SMEs Business Performance.


INTRODUCTION

Informal sector has strategic role in a nation’s economy, in particular to overcome the problem of poverty and unemployment. Mostly, informal sector is occupied by Small and Medium Enterprises (SMEs), whether it is in the developing countries or developed countries. Previous research has supported this statement (Schneider & Williams, 2013).

Existing discussions around the field has been explored. The results of these discussions highlighted around two major perspectives. The first perspective focuses on how the lack of role and contributions of SMEs toward economy (Hurst & Pungsley, 2011; Miliaras, 2012; Gonzales, 2013). On the other hand, the second perspective argues that SMEs are playing significant role and giving major contribution toward economy (Hurst & Pungsley, 2011; Mazzucato, 2013).

Despite SMEs are playing significant role in an economy, this sector also has its own problems and challenges, particularly for its subsistence factor. Other problems are revolving around work motivation and entrepreneurship intention which are important variables in predicting SMEs entrepreneurial behaviour. Along similar lines, differences in motivation factor are also one of problems in creating and sustaining new entrepreneurs (Sánchez-Medina et al., 2018; Siyamintinah, 2016). Besides those mentioned factors, entrepreneurship intention is also come along in the surface of the faced problems in entrepreneurship (Gelderen et al., 2013).

Empirical results in Indonesia show that most of the SMEs still using simple technology and unprofessional business management practices Cassar (2014). This is happened as those SMEs are only using their business as the side job and not fully put their attention toward it. This indicates that SMEs still face the problem of the low work motivation and entrepreneurship intention in order to create better business performances (Sahabuddin, 2016). Another phenomenon shows that mainly SMEs limited their production as only to fulfil their basic needs.
and to fulfill domestic demands in their surroundings, which would hinder them to fulfill the demands from the bigger markets. These production activities conducted in a particular period, not in a continually manner, and mainly depend on the agriculture and husbandry activities. Therefore, it can be argued that not all of the SMEs realize the importance of building a better business performance which can contribute to their family well-being in positive ways (Sahabuddin et al., 2018).

Some previous studies that conducted research on the personality characteristics of entrepreneurs showed different results. Arasteh et al (2012) conducted research on entrepreneurial personality characteristics. They found that participants in the study tended to show that acceptance of risk taking were an entrepreneur characteristic. They disagree with the idea of external factors such as luck or fate to bring them success. Different from the research conducted by Ensari and Karabay (2014) where they used case studies that conducted in Turkey provide the results of several insights about the relationship between external factors and internal factors of entrepreneurial success under the dynamic process of SMEs with a superior market position globally. In short, the results show that external factors are recognized as significant factors for international companies in SME settings Swierczek and Ha (2003).

This paper focused on the characteristics of entrepreneurial personality. According to Deáková et al. (2010) the most important personal qualities for an entrepreneur are courage, independence, responsibility, determination, perseverance, proactive approach, and entrepreneurial creativity. Entrepreneurs have a tendency to choose their own business field that has a consistency between their personal characteristics and requirements for success. In addition, they tend to manage their businesses by using their strong and specific qualities (Sidik, 2012). Different from the previous studies, this research focused on the culinary sector. The culinary sector is interesting to research because currently in Indonesia, the culinary business is growing, starting from regional and international specialties. Based on the phenomenon, researcher is interested in digging more information on the culinary sector (Delmar & Davidsson, 2000).

**LITERATURE REVIEW**

There are several studies show the combination of financial and non-financial measures which offer a comprehensive evaluation on SME’s business performance (Sahabuddin et al., 2018; Li et al., 2009) because financial performance alone could not provide an accurate assessment on the overall business performance. Subjective non-financial measurement on performance includes such indicators as follows: customers’ satisfaction, loyalty, and brand equity. Collecting financial data such as sales revenue and net income through surveys often leads to measurement failures because business owners are reluctant to disclose the type of information (Hallak et al., 2012). Therefore, studies on non-financial aspects need to be put forward, especially those related to entrepreneurial behaviour (Davidsson & Honig, 2003).

Creativity, risk-taking and independence can increase the chances of becoming an entrepreneur, and reduce the chances of becoming an employee (Knörr et al., 2013). Moreover, Almeida et al. (2014) suggest that entrepreneurs are enterprising and creative individuals. According to Cunha, et al. (2020), entrepreneurs are very different from employees in many characteristics. They are more individually oriented; they have a greater responsibility. In this context, Omerzel and Kušce (2013) show that the tendency to take risks, self-efficacy and the need for independence are the most important factors affecting the entrepreneur's personal performance. According to Fairlie and Holleran (2012) higher risk tolerance personalities use
more of their professional knowledge from the past than personalities with lower risk tolerance. In this context, Ramoglou, et al (2020) states that these people have realistic expectations in business (Kolvereid & Isaksen, 2006).

Along similar lines, Boyer and Blazy (2014) tested the non-innovative and innovative determinants of enterprise viability. The survival of these companies is associated with personality characteristics, such as gender, age, relationships with national minorities, professional experience, and financial resources Thorsten & Demirgüç-Kunt (2004). The result of this study is that the younger individuals, women and persons belonging to minority groups have a significantly higher risk of business failure than other entrepreneurs (Sahabuddin et al., 2018).

Some researchers have also conducted a study of the personal characteristics of entrepreneurs on the performance of the company (Li et al., 2009; Sidik, 2012). They argue that despite there is a positive relationship between the characteristics of entrepreneurial personality and SME business performance, this relationship is still not convincing. According to Buelow and Cayton (2020) there is a weak effect of personality characteristics on firm performance.

Cai et al. (2018) found that the demographic characteristics of entrepreneurs, attitude, and behavioural, managerial and technical competencies are considered as the most influential factors on the performance of SME’s. Motivation categories lead to business success, found that; entrepreneur motivation falls into four distinct categories that include, extrinsic rewards, independence/autonomy, intrinsic rewards and family welfare (Staniewski et al., 2018; Suttikun et al., 2018). These four groups of factors determine the level of entrepreneur motivation which in turn has an effect on the success and performance of their business. This study establishes a significant relationship between entrepreneurial motivation and small business performance. Walker and Brown (2004) revealed that information, knowledge, politics, economics, legal systems, government issues, technology, natural disasters, entrepreneurial motivation, personal efficiency, and ability are part of the successful growth of small businesses (Krueger et al., 2000).

**Entrepreneurship Intention and SME’s Business Performances**

The most important variable to predict how entrepreneurial behavior is by looking at how the entrepreneurial intentions of an individual (Peng, et al, 2012). Current researches also have an extensive and extensive discussion of the factors that influence the intentions of individual entrepreneurs while measuring their entrepreneurial intentions. Some researchers have proposed new models of entrepreneurial intent (Sahabuddin, et al., 2018; Adekiya & Ibrahim, 2016; Sánchez and –Sahuquillo, 2018). In general it can be concluded that these models analyse many different factors that affect individual entrepreneurial intentions, which include individual or psychological factors, family background factors as well as social and environmental factors Van Gelderen & Jansen (2008); (Van Gelderen et al., 2013).

Jena (2020) argues that entrepreneurial intentions help explain why many entrepreneurs decide to start a business long before they look for opportunities. The term entrepreneurial intent relates to awareness of entrepreneurship, entrepreneurial potential, prospective employers, entrepreneurial tendencies, and entrepreneurial orientation. In addition, Nowiński and Haddoud (2019) states that intention is a representation of future action to be performed, it is not just a hope for future action, but a proactive commitment to make it happen. The intentions focus on the action plan (Williams, 2010).
The perceived feasibility is the level of personal competence that a person perceives in starting a business (Williams, 2006; 2007). In addition, entrepreneurial intent is an attitude towards entrepreneurship. Attitudes toward entrepreneurship have a significant and direct influence on intent. Successful entrepreneurs have an important role for community development because they contribute to job creation, and for the advancement of economic growth (Hatthakijphong & Ting, 2019). However, agreements have not been reached among the various authors on the definition of success, especially in the context of small businesses (Karanja et al., 2013; Sahut & Ortiz, 2013; Tiba et al., 2020). Business performance is a complex and multidimensional phenomenon in business studies and is used to refer to business success in the market, which may have different results. Performance can be characterized as a company's ability to create acceptable results and actions. In business studies, the concept of success is often used to refer to a company's financial performance (Islam et al., 2011). The success of entrepreneurship has also been reported to be highly dependent on individual and situational variables, including entrepreneurial intentions (Wiltbank et al., 2015).

**MATERIALS AND METHOD**

This research employs a quantitative research stance. The data used in this research is collected from small business of culinary sector in Indonesia. The reason to choose the subject of this research considering the small business sector of culinary in Indonesia has a promising market potential. Inclusion criteria of the sample are those who are engaging in the last 10 years and actively perform their business in the culinary sector. The population in this study is culinary business as much as 121 units (Williams, 2009a; 2009b; 2009c). The number of samples determined in this study was 93 respondents. To obtain relevant data according to the research design then closed-ended question type is employed. The questionnaire type of closed question was intended to measure the characteristics of entrepreneurial personality that include work motivation and entrepreneurial intentions, and business performance. Work motivation is measured by four dimensions, namely; (1) motivation for achievement, (2) motivation to achieve business growth, (3) ideals and expectations, and (4) instinct to conduct business activities. The intention of one's entrepreneurship can be seen from four dimensions, namely desires, preferences, plans and behavior expectancies. The performance of SME’s business is measured by four dimensions, namely; (1) venture capital growth, (2) employment growth, (3) sales volume growth, and (4) profit growth (Lee & Tsang, 2002).

Moreover, population in this research is the total number of elements or members of the population studied (Cooper & Schindler, 2011), that is SME’s in Indonesian culinary sector. This study uses the analysis at the organizational level so that the members of the population are all small business owners of the culinary sector. This study does not use all members of the population so it is sufficient to take some of the members of the population that is representative or known as the research sample Shepherd and Detienne (2005).

The sample was taken by using non probability method that is purposive sampling. The inclusion criteria are those SME’s business owners in the culinary sector which has been operated in the last 5 years. Target population in this research is culinary sector small business around 121 units. The number of samples determined in this study was 93 respondents, with statistical samples sufficient to obtain 0.8 with alpha 0.05, the samples were at least 5 times to 20 items observed (Ozsoy et al., 2001).

Data collection can be done in various sources and various ways that is using primary data, and secondary data. Viewed in terms of ways or data collection techniques: field study
(field research) which is the primary data collection conducted by conducting several visits to small businesses, with activities that include: interviews, observation, and questionnaires. In this study the data generated in the form of perceptions, attitudes or opinions. To measure the perception, the scale used is Likert scale. This research uses multiple regression analysis by studying the relationship, either partially or simultaneously between several variables, namely: work motivation, and entrepreneurial intention as independent variables to business performance as dependent variable Unni and Rani (2003).

RESULTS AND DISCUSSION

Summary of research results can be seen in Table 1. Based on the results of data processing through SPSS Program Version 21 obtained the results of regression equation  \( \hat{Y} = 2.154 + 0.802 X_1 + 0.181 X_2 + e \). This equation shows from the two independent variables that include work motivation, and entrepreneurship intent, all have a positive influence on business performance. This means that if the motivation of work increases, and the intention of entrepreneurship increases, will also further improve business performance. Contribution of work motivation and entrepreneurship intention to small business performance is 36.3 percent, while the rest 63.7 is the contribution of other variables that are not included in the research model.

<table>
<thead>
<tr>
<th>Independent Variable and constant</th>
<th>Regression coefficient</th>
<th>Standard of Error</th>
<th>Equal variance assumed</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.154</td>
<td>8.611</td>
<td>0.250</td>
<td>0.803</td>
</tr>
<tr>
<td>Work Motivation</td>
<td>0.802</td>
<td>0.149</td>
<td>5.369</td>
<td>0.000</td>
</tr>
<tr>
<td>Entrepreneurship Intention</td>
<td>0.181</td>
<td>0.115</td>
<td>1.573</td>
<td>0.119</td>
</tr>
</tbody>
</table>

*P Value α = 5%  
R Square = 0.363

Significance test results through t test using SPSS Program Version 21 can be seen in Table 2. From the two independent variables that include work motivation and entrepreneurship intentions, only work motivation has a positive and significant impact on the performance of small businesses, while the intentions of entrepreneurship have a positive and insignificant influence on business performance.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Equal variance assumed</th>
<th>Significant</th>
<th>Significance Level</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.250</td>
<td>0.803</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Work Motivation</td>
<td>5.369</td>
<td>0.000</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Entrepreneurship Intention</td>
<td>1.573</td>
<td>0.119</td>
<td>0.05</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>

This study was conducted to investigate and examine the relationship between work motivation and entrepreneurship intentions on small business performance. The findings of this study indicate that only work motivation has a significant positive effect on the performance of small businesses. These findings will help small business owners to intensify the initiative to
foster a better understanding of the importance of their work motivation that will enhance their business competition position and better promote their business to superior performance. This will help small business owners to become more productive and more oriented so that their small businesses can survive in highly competitive business environments. In addition, small business owners should have a passion about their product or service, willing to engage privately in it, willing to stay with business, be able to clearly define markets and pay attention to details proactively. The contributions of this study include the complementation of the literature on the relationship between work motivation and small business performance, particularly small businesses in the culinary sector. However, practical findings will help small business owners to improve their business performance through more effective work motivation. Thus, this study shows that small business owners should focus on work motivation.

The findings of this study adopt an entrepreneurial perspective judging by their motivational profile and behavioural reasons that may lead them to create new ventures. Several previous studies have applied these theories to study entrepreneurs (Hsieh et al., 2018; Sahabuddin et al., 2018). A review of the literature suggests that the profile characteristics of entrepreneurial personality make a strong difference in the study of small businesses (Fuller, 2018). Although the referred study cannot be directly compared to each other because they differ in the variables being considered, all of them recommend that the personal characteristics of entrepreneurs: free will, higher risk-taking, higher needs for achievement, work motivation, locus of internal control, and a higher preference for innovation include (Hmieleski & Sheppard, 2018; Hopp et al., 2019).

CONCLUSIONS

According to the research result, work motivation has a positive and significant influence on business performance, while the intentions of entrepreneurship have a positive and insignificant effect on business performance. Contribution of work motivation and entrepreneurship intention to small business performance is 36.3 percent. Moreover, in order to capture the comprehensiveness of the topic, future research may employ a qualitative method. This is intended to explore the materials more deeply. Qualitative stance also allows us to grasp the meaning of being an entrepreneur and the reason of the reason behind it.

REFERENCES


