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The Influence of Entrepreneurs' Personal Characteristics on Business Success (A Study of Small-Medium Enterprises in Malang City)

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ABSTRACT

The objectives of research were to identify personal characteristics of entrepreneurs and also to recognize the effect of all or parts of variables of entrepreneurs' personal characteristics on business success. Result of research indicated that working spirit, competing spirit, leadership and capability to look at business opportunity, had influenced business success. A variable of competing spirit was a dominant variable which increased business success.

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INTRODUCTION

As explored theoretically in Western literatures (especially United States), there will be some characteristics that must be possessed by certain persons if they decided to have a career as entrepreneur. These characteristics included self-confidence, task result-oriented, risk taker, leadership, originality, future-oriented, proactive, achievement and commitment (Steade, 1998). Some portions of information about entrepreneurs' personal characteristics were obtained from experts, while others were taken from journal (Littunen, 2000).

Behavioral characteristics of the entrepreneurs may include: (1) strongly self-dependent; (2) capability to take the risk; (3) capability to learn from experience; (4) self-motivated; (5) competing spirit; (6) hard work-oriented; (7) self-confident; (8) achievement-oriented; (9) high level of energy; (10) strict; and (11) belief toward self-ability [3]. Above characteristics must be combined because Indonesian entrepreneurs had different behavior from that of Western entrepreneurs due to their difference of culture, environment, economic system and education system.

Some characteristics of entrepreneurs were called as interpersonal competences which involved capabilities such as: (1) self-control; (2) working spirit; (3) learning process; (4) good relation; and (5) the mastery of business opportunity (Littunen, 2000). Other prominent characteristics were related to the flexibility and ingenuity in reacting to the change of

market or in seeing the benefiting opportunities, the courage to take the risk, the innovativeness, the marketing skill, and the ability to work in team (Casson, 1982).

This research was an early step to identify the behavioral characteristics of successful entrepreneurs. The characteristics will be used as a green base of the understanding that having a career as entrepreneurs was requiring certain behavioral characteristics (Gartner, 1985).

Formulated Hypotheses:

1. The variables of entrepreneurs' personal characteristics were significantly and simultaneously influencing business success.

The variables of entrepreneurs' personal characteristics were partially and simultaneously influencing business success.

Methodology:

Research was aimed to analyze the variables of personal characteristics of successful entrepreneurs. Focus of research was explanatory, which meant that this research attempted to explain phenomena based previous knowledge. This work can also be called as verification. It is supported by the analysis technique of Multiple Linear Regression (Babble, 1992).

The population of research included all small-medium enterprises at service sector in Malang City. Sampling technique was purposive sampling. The population of small-medium enterprises which had operated for more than three years in Malang City

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remained unknown. Therefore, sample was taken by multiplying the number of question items with 5-7

points (Hair, 1992). As a result, the sample in this research became 91 persons (7 x 13 items).

Hypothesis Model:

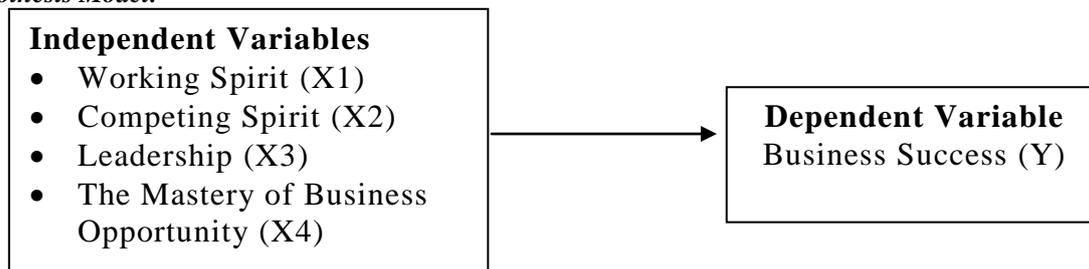


Fig. 1: Research Hypothesis Model.

Table 2: Results of Multiple Linear Regression.

Independent Variables	β	Beta	Sig	Particulars
Constant	0.664			
X ₁	-0.032	-0.022	0.851	Not significant
X ₂	0.338	0.308	0.011	Significant
X ₃	-0.184	-0.168	0.172	Not significant
X ₄	0.229	0.240	0.047	Significant

Source : Data processed

Results:

As shown by the column of Sig at the Table 2, four variables, Working Spirit, Competing Spirit, Leadership and The Mastery of Business Opportunity, were simultaneously influencing Business Success. Also, Working Spirit, Competing Spirit, Leadership and The Mastery of Business Opportunity, were partially influencing Business Success. Two variables had significant partial influence to Business Success. Both were Competing Spirit and The Mastery of Business Opportunity. It was shown by Sig-value < alpha of 0.05. Two other variables, such as Working Spirit and Leadership, did not significantly influence Business Success, as shown by Sig-value > alpha of 0.05. (Hair, 1992)

Discussion:

(i) The Influence of Working Spirit on Business Success:

The negative β (Beta) of Working Spirit may suggest that the increase of working spirit of entrepreneurs will influence toward the decrease of business success. Such inverse relationship was caused by some reasons: (1) Respondents of this research had long experiences in business; and (2) Respondents felt that their business had been successful. The success story may stimulate entrepreneurs to perceive that they shall not work harder to pursue for higher level of success.

(ii) The Influence of Competing Spirit on Business Success:

Competing Spirit was related to the capability of conquering the market using certain strategy. Result of research showed a significant influence of Competing Spirit on Business Success.

(iii) The Influence of Leadership on Business Success:

Leadership was an approach to motivate and drive others to give their best performance. Result of analysis indicated that Leadership did not significantly influence Business Success. The negative sign may suggest that Business Success was not influence by Leadership. Lack of employees may produce lack of leadership possessed by persons in managing their business.

(iv) The Influence of the Mastery of Business Opportunity on Business Success:

The Mastery of Business Opportunity was the effort of entrepreneurs to adapt their product with market condition. The analysis of regression had shown that The Mastery of Business Opportunity was significantly influencing Business Success.

Summary:

The finding had shown that persons must have capabilities of Competing Spirit and The Mastery of Business Opportunity if they wanted to be successful entrepreneurs. Both capabilities are primary strength of entrepreneurs. Result of regression analysis indicated that both variables were significantly influencing Business Success. Beta with negative sign may indicate that Business Success was not influenced by primary strength of entrepreneurs. Such inverse relationship was caused by respondents' business experience and their successful story, which triggered complacency and less ambition to manage the business. They just followed the path of business without pretensions to develop their business into bigger and faster grown enterprise.

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