
Strengthening Entrepreneurship Characteristics in the Effort of Increasing MSME Performance Through Management Ability and Entrepreneurship Competence

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ABSTRACT

MSME is a form of business carried out by micro, small and medium scale business actors. The development and growth of MSMEs contribute to the economy of a region so that efforts are needed that lead to improving the performance of MSMEs. Likewise, traditional food MSMEs in Bendungan Village, Gajahmungkur District, Semarang, which have contributed to absorbing labor in the field of entrepreneurship. Related to the above, this study aims to analyze (1) the effect of entrepreneurial characteristics on management ability, (2) the effect of entrepreneurial characteristics on entrepreneurial competence, (3) the influence of entrepreneurial characteristics on the performance of SMEs, (4) influence management ability ton the performance of SMEs and (5) influence of entrepreneurial competence ton the performance of SMEs. The research population is MSME actors who do business in the field of traditional food in the Bendungan Village, Gajahmungkur District, Semarang City. This study used 88 data from MSME respondents who came from the answers to the questionnaire. The analysis tool uses Partial Least Square (PLS). The results of the study show that entrepreneurial characteristics influence management ability, entrepreneurial competence and MSME performance. Furthermore, management capabilities and entrepreneurial competencies are proven to be able to improve MSME performance.

Keywords: Entrepreneurial characteristics, management ability, entrepreneurial competence, MSME performance.

INTRODUCTION

Entrepreneurship is a very important issue in efforts to improve the economy of a developing country. The existence and role of groups of entrepreneurs also contribute to the progress or decline of a nation's economy (Sun et al., 2020). According to (Foss et al., 2019), the entire process of economic change ultimately depends on the person causing the change, namely the "entrepreneur". Entrepreneurship can also be said to be one of the determining factors for the progress of a country's economy. Economic growth can be achieved if the country has many entrepreneurs. In other words, entrepreneurs are important actors in today's modern economic activities. Efforts to improve the performance of the MSME sector have been made by the government by issuing various regulatory supports and various incentive programs for MSMEs, including tax breaks, capital assistance and training. However, this business cannot run optimally without a strong commitment from the

MSME owners themselves to continue to develop their learning capacity and continue to innovate (Elwisam & Lestari, 2019).

Entrepreneurship refers to the spirit, attitude and behavior as an example in the courage to take calculated risks based on one's own will and ability. People who have this attitude are called entrepreneurs or entrepreneurs. Therefore, an entrepreneur is a warrior who is gallant, noble, brave and deserves to be an example in the field of business. Entrepreneurs are people who have entrepreneurial characteristics: dare to take risks, virtue, creativity, and exemplary in managing a business or company based on their own will and ability (Thobias, 2013). Businesses in the culinary field are increasingly popular with the community because they have potential and creative land in their management. Various food creations ranging from unique to extreme are popular with Indonesian culinary lovers, including from the traditional food segment. The Ministry of Industry (Kemprin) predicts that the food and beverage



sector this year will only grow in the range of 7.5% -7.8%. Meanwhile, entrepreneurs estimate that it can grow at least the same as in 2016, which is around 8.2% -8.5% (<http://www.kontan.co.id/tag/Kementrianindustry>).

The success of small business performance is also determined by individual factors and environmental factors (Cheng, 2019). Specifically for individual factors, business actors must have good entrepreneurial characteristics and certain competencies (Dhamayantie & Fauzan, 2017). Someone can act like entrepreneurial characteristics, including self-confidence, task and result oriented, risk-taking, leadership, originality, and future-oriented, but only people who are entrepreneurs are able to act using these characteristics in their work (Cahyani, 2017). The results of previous studies show that entrepreneurial characteristics can improve business performance and success in small businesses in Indonesia (Sarwoko & Nurdiana, 2013). Another factor that contributes to improving the performance of small businesses is management ability. The results of (Purwanto et al., 2021) show that management capabilities have a significant and strong effect on the productivity and performance of small manufacturing industrial companies. Entrepreneur management capabilities can increase productivity and also marketing capabilities so that it will have a significant effect on business performance.

Based on this background, it can be seen that the current problem faced by traditional food MSMEs in Bendungan Village, Gajahmungkur District, Semarang is business performance which has experienced a decline in turnover since the Covid-19 Pandemic occurred. Therefore the problem of this research is (1) how does the influence of entrepreneurial characteristics in improving MSME performance, management ability and entrepreneurial competence? And (2) How does management ability and entrepreneurial competence influence the performance of UMKM?

LITERATURE REVIEW

1. Relationship between Entrepreneurship Characteristics and MSME Performance

Someone can act like entrepreneurial characteristics such as self-confidence, task and result oriented, risk-taking, leadership, originality, and future-oriented, but only people who are entrepreneurs are able to act using

these characteristics in their work (Cheng, 2019). The results of previous studies show that entrepreneurial characteristics can improve business performance and success in small businesses in Indonesia (Sarwoko & Nurdiana, 2013). Entrepreneurial characteristics are also able to increase entrepreneurial optimism. The characteristic of an optimistic entrepreneur, even in a bad situation, is an important factor in driving success. High entrepreneurial characteristics are positively related to business success.

H1: Entrepreneurial characteristics have a significant effect on the performance of SMEs

2. Relationship between Entrepreneurial Characteristics and Management Capability

Individual factors that need to be possessed by business actors must have entrepreneurial spirit and characteristics. There are several types of entrepreneurial characteristics related to business performance, namely demographic characteristics (gender, age, ethnicity, and parental background), psychological and behavioral characteristics (motivation, personal attributes, values, goals, and attitudes), and human capital characteristics (education, experience, training, skills and technical knowledge). By having entrepreneurial characteristics which include the personality traits of business actors, it will have an impact on improving capabilities in the field of management so that it will directly or indirectly have an impact on MSME business performance. For this reason, MSME actors are required to be able to apply an entrepreneurial spirit in controlling their business to improve their management capabilities so that they can maintain their business from failure (Febriwanti et al., 2017). H2: Entrepreneurial characteristics affect management ability.

3. Relationship between Entrepreneurial Characteristics and Entrepreneurial Competence

Entrepreneurial characteristics such as individual entrepreneurial traits (motivation, intention, and experience) can also be factors that influence entrepreneurial competence (Ernawati et al., 2022). An understanding of entrepreneurial characteristics is needed to assess technical and managerial competence

in starting, developing and sustaining small businesses (Adegbite et al., 2006). The results of research by (Sarwoko & Nurdiana, 2013) showed that there is a significant positive influence between entrepreneurial characteristics and entrepreneurial competence.

H3: Entrepreneurial characteristics have an effect on entrepreneurial competence

4. The Relationship between Management Capability and MSME Performance

According to (Bird, 2019), management ability is the ability to manage business such as planning, organizing, providing motivation, monitoring and assessment. Management capability is also the ability to mobilize resources so that they can achieve their goals appropriately, which consists of technical expertise, human expertise and conceptual expertise. In managing MSMEs, understanding and skills in management are needed by entrepreneurs to be able to encourage MSME performance improvement.

Research Model

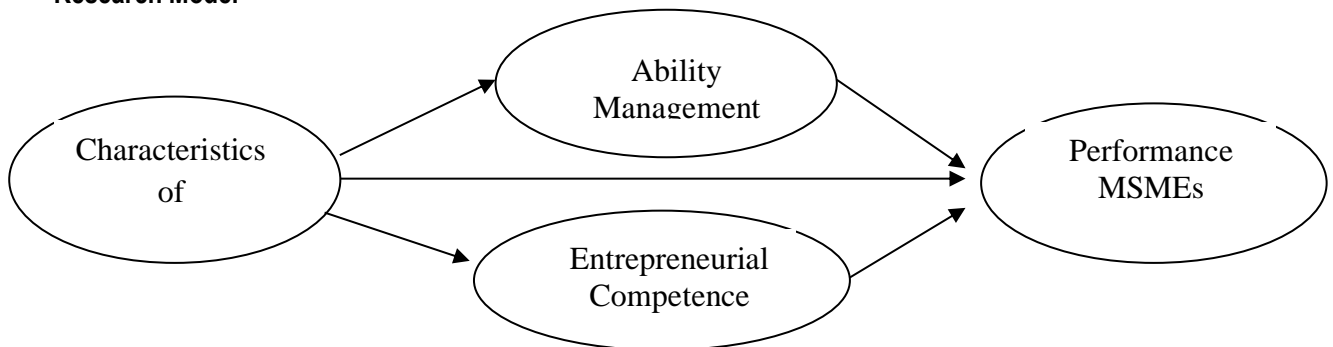


Figure 1. Research Model

METHOD

The population of this study were all traditional food SMEs in the Bendungan Village, Gajahmungkur District, Semarang. The sampling technique uses the census method. The type of data in this study is primary data obtained from the answers of MSME actors in the field of traditional food. Methods of data collection using questionnaires and also through interview techniques.

Data analysis techniques use: (1) Descriptive statistical methods to describe the characteristics of each research variable. The data that has been collected is then tabulated into tables and discussed descriptively. Descriptive measure is

H4: Management capability affects the performance of SMEs

5. Relationship between Entrepreneurial Competence and MSME Performance

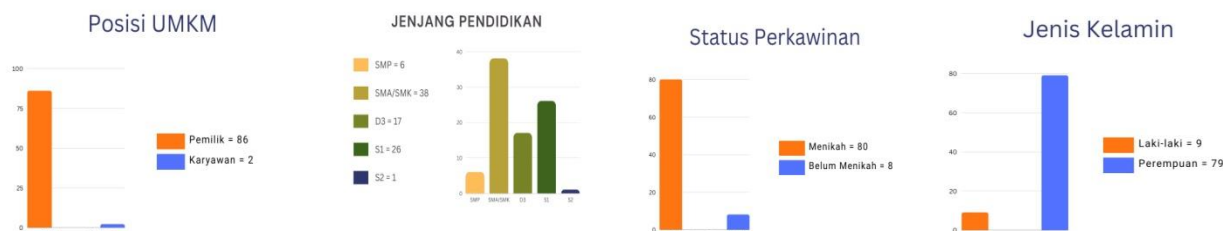
(Wickramaratne et al., 2014) consider entrepreneurial competence as a higher-level characteristic that includes personality traits, skills and knowledge, and can therefore be seen as the total entrepreneur's ability to perform job roles successfully. Competence is a set of success factors that contribute to achieving high performance and real results (Suwanto et al., 2022). The results of previous studies (Ardiana et al., 2010; Sarwoko & Nurdiana, 2013; Tanoira & Valencia, 2014) prove that entrepreneurial competence contributes to the performance of MSMEs. So it takes MSME actors who have adequate entrepreneurial competence.

H5: Entrepreneurial competence influences the performance of MSMEs

the provision of numbers, as well as in the form of percentages. (2) Inferential analysis, is a data analysis technique using a variance-based approach or often known as Partial Least Square (PLS) for testing the model or structure of the relationship between variables. PLS considerations used in this study: (a) Partial Least Square (PLS) is an analytical method that can be applied to all data scales, does not require a lot of assumptions and the sample size does not have to be large (Solimun, et al, 2006) and (b) This research model uses one exogenous variable, namely entrepreneurial characteristics (X) and three endogenous variables, namely, management ability (Z1), entrepreneurial competence (Z2) and MSME performance (Y).

Partial Least Square (PLS) can be used to build variable relationships for which there is no strong theoretical basis or to test hypotheses.

RESULTS AND DISCUSSION



Based on the picture above, it is known that there were 79 female respondents while 9 male respondents. Based on marital status, 80 respondents were married and only 8 respondents were unmarried. When viewed from the position in UMKM, 86 respondents are owners and only 2 respondents are employees. Then based on the level of education, 38 respondents were SMA/SMK

1. Respondent Profile

This study used 88 data from MSME actors who were willing to participate in this research. The profiles of respondents can be seen in the following graphic image.

graduates, 26 respondents were S1 graduates, 17 respondents were D3 graduates, 6 were SMP graduates and only 1 respondent had a Masters degree.

2. Description of Research Variables

The data is presented in the form of an average, which will be interpreted based on a scale of five levels or categories, using the following formula:

$$Interval = \frac{\text{nilai tertinggi} - \text{nilai terendah}}{\text{Jumlah kelas}} = \frac{5 - 1}{5} = 0,8$$

Furthermore, variable assessment criteria, can be explained as follows:
 1.00-1.80 = very low or very bad
 1.81-2.60 = low or bad

2.61-3.40 = pretty good
 3.41-4.20 = good
 4.21-5.00 = very good

Table 1. Answer Description Characteristics of Entrepreneurship

No	Statement	Answer Frequency					Average	Ket.
		1	2	3	4	5		
1	Free time available is always used to improve skills by learning.	0	1	6	37	44	4,41	Very good
2	MSME actors dare to take risks if there is a loss in doing business.	0	2	11	47	28	4,15	Good
3	MSMEs are able to lead their business well.	0	0	3	52	33	4,34	Very good
4	MSMEs want the business they manage to grow in the future.	0	0	0	12	76	4.86	Very good
Average							4.37	Very good

Based on Table 1, it is known that the most answers (mode) are at a score of 4 which means entrepreneurial characteristics of respondents can be said to be high/good.

Overall the average response of respondents ranged from 4.15 to 4.86 which is in the very good category.

Table 2. Answer Description Management Capability

No	Statement	Answer Frequency					Average	Ket.
		1	2	3	4	5		
1	MSME actors are able to direct employees through good communication	0	0	8	49	31	4,26	Very good
2	MSMEs can always deliver goods/orders on time.	0	0	3	39	46	4.49	Very good
3	All decisions are made well without the help of others.	0	17	18	46	7	3.49	Good
4	MSMEs are always able to solve business problems properly (such as in the fields of marketing, finance and production and employment).	0	3	14	58	13	3.92	Good
5	MSMEs are always able to resolve conflicts that occur between companies and employees and customers.	0	0	9	61	18	4,10	Good
Average							3.96	Good

Table 3. Description of Entrepreneurial Competency Answers

No	Statement	Answer Frequency					Average	Ket.
		1	2	3	4	5		
1	MSME actors always try to develop their creativity and innovation in the MSME sector they are currently working on.	0	0	6	38	44	4,43	Very good
2	MSMEs always look at the latest business opportunities on the internet to expand the market share of their MSME products.	0	0	6	45	37	4.35	Very good
3	MSME actors always consider every expenditure and income in one period.	0	0	3	45	40	4,42	Very good
4	MSMEs always try to be able to interact and communicate with other people properly.	0	0	1	46	41	4.45	Very good
Average							4,42	Very good

Table 4. Answer Description MSME performance

No	Statement	Answer Frequency					Average	Ket.
		1	2	3	4	5		
1	MSME businesses experience very fast consumer growth.	0	0	22	56	10	3.86	Good
2	Within 5 years the production output of MSME players has increased.	0	0	11	52	25	4,16	Good
3	The number of sales of MSME actors increases every month.	0	2	15	58	13	3.93	Good
4	The number of requests is always increasing.	0	2	10	62	14	4.00	Good
5	MSMEs have run culinary businesses for more than 5 years	1	4	15	39	29	4.03	Good
Average							3.99	Good

3. Factor Loading

The need to test the unidimensionality of constructs is carried out as an effort to prove

the convergent validity evaluation of each construct indicator. (Ab Hamid et al., 2017)states that an indicator is considered to have good reliability if the value is greater than 0.70. However, for models that are still under

development, a loading factor of 0.50 to 0.60 is still acceptable. Therefore, indicators that have a loading value below 0.50 will be eliminated from the analysis.

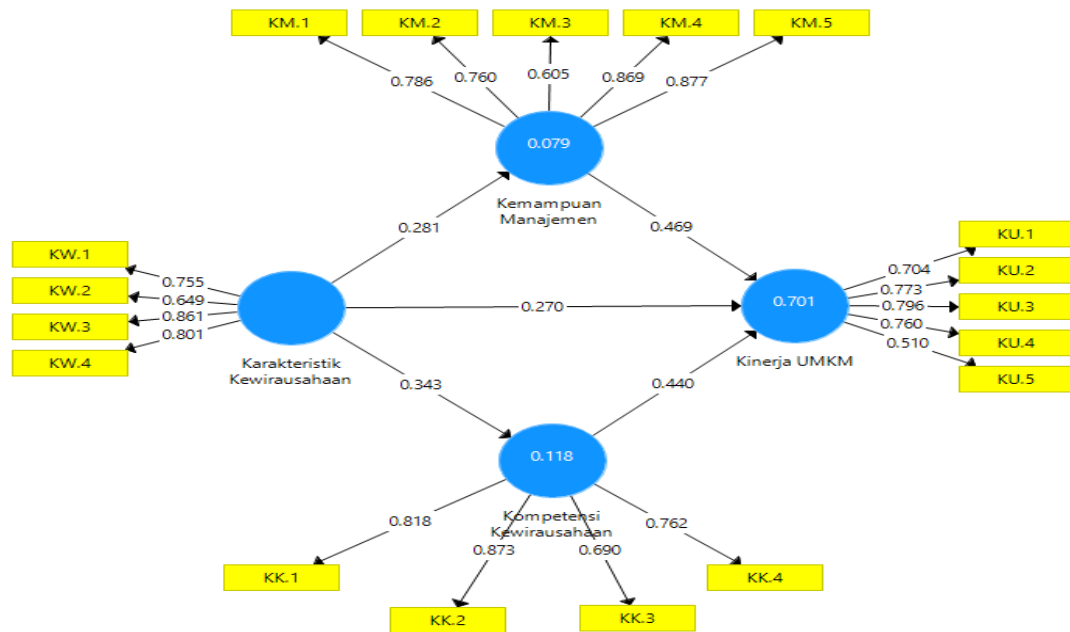


Figure 2. Outer Model

Based on this criterion, indicators with a loading value of > 0.50 will be maintained and can be used for further analysis.

Table 5. Factor Loading Test Results for each Item

Latent Construct	Indicator	Loading Factor Value	Information
Characteristics of Entrepreneurship	KW. 1	0.755	>0.5
	KW. 2	0.649	>0.5
	KW. 3	0.861	>0.5
	KW. 4	0.801	>0.5
Management Capability	KM. 1	0.786	>0.5
	KM. 2	0.76	>0.5
	KM. 3	0.605	>0.5
	KM. 4	0.869	>0.5
	KM. 5	0.877	>0.5
Entrepreneurial Competence	KK. 1	0.818	>0.5
	KK. 2	0.873	>0.5
	KK. 3	0.69	>0.5
	KK. 4	0.762	>0.5
MSME performance	KU. 1	0.704	>0.5
	KU.2	0.773	>0.5
	KU.3	0.796	>0.5
	KU.4	0.76	>0.5
	KU.5	0.51	>0.5

The results of the outer model analysis show that all latent constructs have a loading factor > 0.5 so that the analysis can proceed to the inner model analysis to determine the effect between latent constructs. The entrepreneurial characteristic construct has an indicator value between 0.649-0.861, so that in the next analysis it uses 4 indicators. The latent construct of management ability uses 5 indicators with a range of 0.605-0.877. The construct of entrepreneurial competence

uses 4 indicators with a factor loading value of 0.690-0.873. The MSME performance latent construct uses 5 indicators with a value of 0.510-0.796.

4. Reliability Test Results

With the test, it can be seen how far the trust in the instrument and its ability as a data collection tool is known. The method commonly used is Cronbach Alpha. The research instrument is considered reliable if the alpha value is > 0.7 .

Table 6. Reliability Test Results

	<i>Cronbach's Alpha</i>	<i>rho_A</i>	<i>Composite Reliability</i>	<i>Average Variance Extracted(AVE)</i>
Characteristics of Entrepreneurship	0.771	0.807	0.853	0.594
Management Capability	0.84	0.861	0.888	0.617
Entrepreneurial Competence	0.794	0.803	0.867	0.622
MSME performance	0.756	0.784	0.837	0.513

Based on the table above, it can be seen that all latent constructs used in this study are reliable and can be trusted for data collection. In this study the reliability of the instrument was determined using the composite reliability coefficient (ρ_A), with a value greater than 0.7 indicating good reliability of measurement results. In addition, the AVE value for each latent construct is > 0.5 , which means that the questionnaire used is valid and reliable for measuring the latent construct.

5. Discriminant Analysis

Validity means measuring what should be measured (Ghozali, 2016). Discriminant validity is carried out to ensure that each concept from each latent model is

different from other variables. Validity testing is carried out to find out how precisely a measuring instrument performs its measurement function (Ghozali, 2006). In SMART-PLS, discriminant validity testing can be assessed based on Fornell-Larcker criterion. In testing the Fornell-Larcker criterion, discriminant validity can be said to be good if the root of the AVE in the construct is higher than the construct's correlation with other latent variables.

Discriminant validity measurement uses the criteria presented by Fornell-Larcker. Fornell-Larcker states that a latent variable shares more variance with the underlying indicator than with other latent variables.

Table 7. Discriminant Analysis Results

	<i>Management Capability</i>	<i>Entrepreneurial Competence</i>	<i>MSME performance</i>	<i>Characteristics of Entrepreneurship</i>
Characteristics of Entrepreneurship	0.771*			
Management Capability	0.281	0.786*		
MSME performance	0.553	0.611	0.716*	
Entrepreneurial Competence	0.343	0.149	0.603	0.789*

The results of discriminant analysis showed that the AVE root value on the management ability variable was 0.771 which

was greater than the construct correlation value on the other latent variables. Likewise the AVE root value of entrepreneurial competence

is 0.786, the AVE square root value of the MSME performance variable is 0.716 and the AVE square root value of the variable entrepreneurial characteristics is 0.789, all of which are greater when compared with the construct correlation values on other latent variables. This can prove that all research variables have fulfilled discriminant validity. Therefore, it can be concluded that the indicators used in the study have met good discriminant validity in the preparation of each variable.

6. Determination Coefficient Test Results

SEM analysis of alternative methods, namely the Partial Least Square outer model also produces R Square values for endogenous constructs which are the Goodness Of Fit model test (Ghozali, 2014), t-test to assess the significance of the structural path parameter coefficients. There are three categories in the grouping of R-square values, namely 0.75 (strong), 0.50 (moderate) and 0.25 (weak) (Hair et al, 2010). The R-square value of the dependent variable in this research model can be seen in the following table:

Table 8. Test Results for the Coefficient of Determination

	R Square	R Square Adjusted
Management Capability	0.079	0.068
MSME performance	0.701	0.69
Entrepreneurial Competence	0.118	0.107

Based on the table above, it is known that the adjusted R-square value for the management ability variable is 0.068, which means that 6.8% of the variation in management ability can be explained by variations from the exogenous construct, namely entrepreneurial characteristics, the rest is influenced by other variables outside the model. The adjusted R-square value on the MSME performance variable is 0.690, which means that 69% of the variation in MSME performance can be explained by variations

from exogenous constructs, namely entrepreneurial characteristics, management capabilities, entrepreneurial competencies, the rest is influenced by other variables outside the model. The adjusted R-square value on the entrepreneurial competence variable is 0.107, which means that it is 10.

7. Inner Model

The next step after conducting the reliability test is to re-execute the PLS model with bootstrapping analysis, which aims to produce structural model equations. It is necessary to know what factors influence endogenous latent constructs. In the structural model analysis, there are two types of tests, namely the direct effect test and the indirect effect test through moderation. The results of this analysis are shown by the output in the PLS analysis which includes the original sample values, t-statistic values, and p values. If the original sample value is positive, then the direction of influence is positive and if the original sample value is negative, then the direction of influence is negative. The t-statistics values are used to show significance. If the t-statistic value is > 1.96 and the p value is <0.05, the hypothesis is accepted.

Bootstrapping is a technique in statistics used to obtain the sampling distribution of a statistic by re-sampling the available data. The use of this bootstrapping technique in the PLS model aims to obtain a sampling distribution of the estimated coefficient values in the PLS model, so that it can be used to test the significance of these coefficients. Furthermore, the results of structural model analysis can assist researchers in identifying the factors that influence endogenous latent constructs and evaluate the significance of the influence of each of these factors.

8. Direct Influence Test Results

The direct effect test aims to determine the effect between latent constructs directly. Based on these provisions the results of hypothesis testing can be seen in the following table and figure:

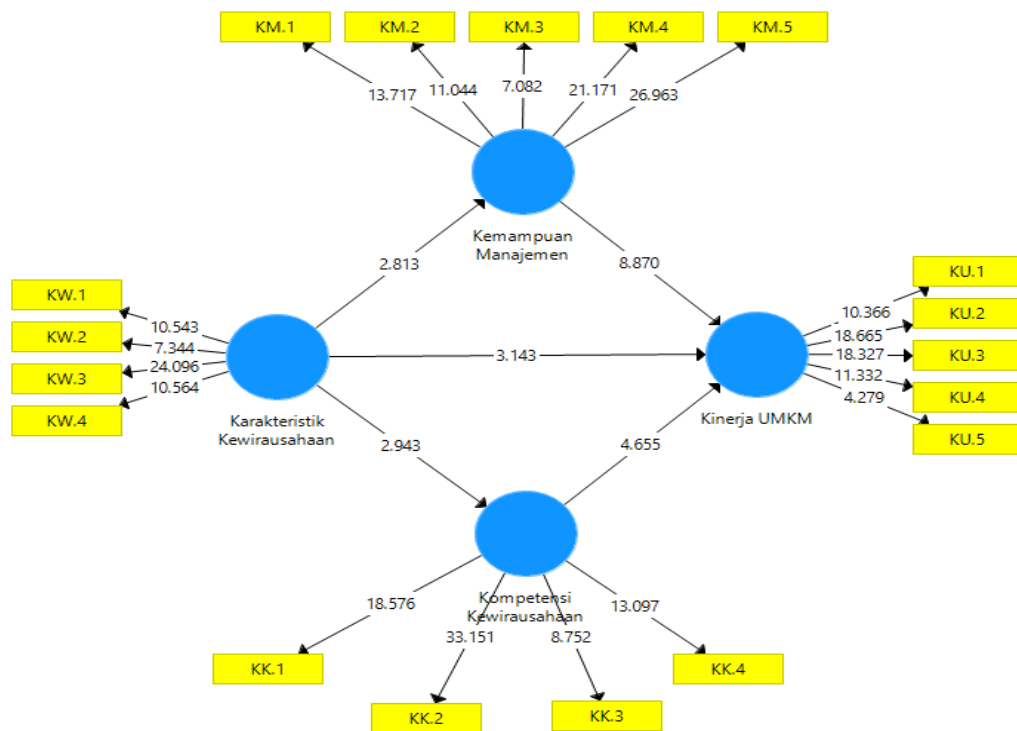


Figure 2. Structural Model of Direct Effect Analysis

Based on the results of the direct influence test it is known that the influence of entrepreneurial characteristics has a positive original sample value of 0.281 with a t-statistic value of 2.813 > 1.96 and a p value of 0.005 where the value is smaller than the significance value of 0.05. These results indicate that entrepreneurial characteristics have a positive

influence on management ability. The better the entrepreneurial characteristics possessed by MSME actors, the higher their management abilities, and vice versa, the lower the entrepreneurial characteristics, the lower their management abilities. Furthermore, the direct effect test image is complemented by the following table results:

Table 9. Direct Effect Test Results

Relations between Constructs	Original Sample (O)	T Statistics (O/STDEV)	P Values
Entrepreneurial Characteristics -> Management Capability	0.281	2,813	0.005
Characteristics of Entrepreneurship -> MSME Performance	0.27	3.143	0.002
Characteristics of Entrepreneurship -> Entrepreneurial Competence	0.343	2,943	0.003
Management Capability -> MSME Performance	0.469	8,870	0
Entrepreneurship Competence -> MSME Performance	0.44	4,655	0

The influence of entrepreneurial characteristics on the performance of SMEs has a positive original sample value of 0.270, a t-statistic value of 3.143 > 1.96 and a p value of 0.002, where the value is smaller than the significance of 0.05. These results indicate that entrepreneurial characteristics have a significant positive effect on MSME performance (H1 is accepted). The better the entrepreneurial characteristics possessed by MSME actors, the higher their performance. Vice versa, the lower the entrepreneurial characteristics, the lower the performance. According to respondents who participated in this study, the entrepreneurial characteristics that need to be possessed include being friendly, honest, diligent, disciplined

and also tenacious. In addition, business actors should also have an independent attitude, never give up and have a creative spirit. These characteristics will be able to improve the performance of the SMEs that are undertaken. The results of this study support the research findings of Sarwoko et al. (2013).

The influence of entrepreneurial characteristics on management ability has a positive original sample value of 0.282 with a t-statistic value of 2.813 > 1.96 and a p value of 0.005 which is smaller than the significance of 0.05. These results indicate that entrepreneurial characteristics have a positive and significant influence on management ability (H2 is accepted). The better the entrepreneurial characteristics possessed by MSME actors, the better management abilities will be. Vice versa, the lower the entrepreneurial characteristics, the lower the ability in management. Research respondents argued that some of the characteristics that UMKM players must have are active, always willing to learn, diligent and never give up. This will contribute to efforts to improve management capabilities.

The influence of entrepreneurial characteristics on entrepreneurial competence has a positive original sample value of 0.343, a t-statistic value of 2.943 > 1.96 and a p value of 0.003 where the value is smaller than the significance value of 0.05. These results indicate that entrepreneurial characteristics have a significant positive effect on entrepreneurial competence (H3 is accepted). The better the entrepreneurial characteristics possessed by MSME actors, the higher their entrepreneurial competence. Vice versa, the lower the entrepreneurial characteristics, the lower the entrepreneurial competence. The characteristics that need to be owned by business actors according to the answers of the respondents of this study include being observant of opportunities, daring to try new things and also using social media to promote products. These things will help business actors in increasing competence in the field of entrepreneurship. The results of this study are in line with Sarwoko et al. (2013) who concluded that there is a significant positive influence between entrepreneurial characteristics and entrepreneurial competence.

The influence of management capabilities on the performance of SMEs has a positive original sample value of 0.469, a t-statistic value of 8.870 > 1.96 and a p value of 0.000 where the value is smaller than the significance value of 0.05. These results indicate that management ability has a positive and significant influence on MSME performance (H4 is accepted). The better the management capabilities of SMEs, the higher their performance. On the other hand, the lower the management ability, the lower the MSE performance. Based on the answers of the respondents, the management skills that business actors need to have are in the areas of marketing, finance, communication and human resource management. In addition, it is also necessary to improve capabilities in the field of management information systems and time management. This will be able to improve the performance of MSMEs which is reflected in increased sales turnover, market share and product diversification potential according to consumer tastes. According to Siagian (2007), management ability is the ability to manage a business which includes planning, organizing, motivating, monitoring and evaluating activities.

The effect of entrepreneurial competence on the performance of SMEs has a positive original sample value of 0.440, a t-statistic value of 4.655 > 1.96 and a p value of 0.000 where the value is smaller than the significance value of 0.05. These results indicate that entrepreneurial competence has a positive influence on MSME performance (H5 is accepted). The better the entrepreneurial competence possessed by MSME actors, the higher their performance. Conversely, if the lower the entrepreneurial competence, the lower the performance. According to the respondents who participated in this study, business people should have competencies related to communication, marketing, being assertive and independent as well as being innovative. Other competencies that need to be improved are being able to read opportunities, never give up, skilled, agile and digital abilities. With the competencies possessed, it will encourage increased performance. The research results of Ardiana et al (2010), Sarwoko et al., (2013) and Tanoira & Valencia (2014) support that entrepreneurial competency can contribute to MSME performance.

9. Mediation or Intervening Indirect Influence Test Results

Baron and Kenny (in Ghozali, 2013) state that the mediating variable is a variable that is traversed by the relationship between the predictor variable (exogenous) and the criterion variable (endogenous). Analysis of mediating or intervening variables can be carried out using the PLS program by looking at the effect coefficient on the specific indirect effect output. If the coefficient is positive or negative and significant, then the variable suspected of being a mediating variable is proven. Vice versa, if the coefficient is positive or negative and not significant, then the variable suspected of being a mediating variable is not proven.

Table 10. Indirect Influence Test Results

Relationship between constructs	Original Sample (O)	T Statistics (O/STDEV)	P Values
Characteristics of Entrepreneurship -> Entrepreneurial Competence -> MSME Performance	0.151	2,409	0.016
Characteristics of Entrepreneurship -> Management Capability -> MSME Performance	0.132	2,682	0.008

Based on the results of the indirect effect test, it is known that the original sample value is 0.151, the t-statistic value is 2.409 > 1.960 with a significance value of 0.016 < 0.05 so that it can be said that entrepreneurial competence bridges the influence of entrepreneurial characteristics on MSME performance. In this case, entrepreneurial competence acts as a link between the entrepreneurial characteristics possessed by MSME actors and the performance of the resulting MSME. By utilizing their entrepreneurial competencies, MSME actors can optimize their entrepreneurial characteristics to achieve better MSME performance. For example, MSME actors who have creative characteristics can utilize their entrepreneurial competencies to develop products or services that are innovative and attractive to the market. Therefore,

Based on the results of the indirect influence test, it is known that the original sample value is 0.132, the t-statistic value is 2.682 > 1.960 with a significance value of 0.008 < 0.05 so that it can be said that management ability bridges the influence of entrepreneurial characteristics on MSME performance. Management capabilities of MSME actors play an important role in bridging the relationship between entrepreneurial characteristics and MSME performance. Management capabilities include the ability to plan, organize, direct, supervise, and evaluate the resources owned by MSMEs, such as human, financial, and production resources. With good management skills, MSME actors can effectively and efficiently utilize their entrepreneurial characteristics to improve MSME performance. As an example,

In addition, management capabilities also enable MSME actors to direct their resources towards predetermined goals. This can maximize the potential and optimize the use of resources, so that the performance of

MSMEs can increase. Thus, the ability to manage MSME actors is very important to bridge the relationship between entrepreneurial characteristics and MSME performance. By optimizing management capabilities, MSME actors can maximize their potential and improve MSME performance as a whole.

CONCLUSION

The results of this study succeeded in concluding several things, namely that (1) entrepreneurial characteristics, management abilities and entrepreneurial competencies have a positive and significant influence on MSME performance, and (2) entrepreneurial characteristics have a significant effect on improving management abilities and entrepreneurial competencies. The limitations of this study are the coefficient of determination of the management ability variable which is only 6.8%. So for future research it is advisable to add other variables in order to get a more comprehensive research model.

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