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Entrepreneurial Skills and SME's Business Performance: Empirical Study Culinary Business

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Abstract

This study aims to investigate the relationship and the influence of entrepreneurial skill on business performance. The quantitative research data type was based on a questionnaire. Populasion is SME's entrepreneur, who are members of the food and beverage sub-sector community in Malang City, 300 SMEs. The sample size is 181 entrepreneurs of SMEs food and beverage on chips as the sub sectors were made using the simple random sampling technique. The Results of this study indicate that the relationship and influence of entrepreneurial skills with business performance SME's is small. Personal Maturity skill have a major contribution of entrepreneurial skill on business performance SME's. In conclusion, managerial skills developed becomes more responsible as marketing strategy plan, implementation and follow-up should be developed by researchers in the future, observing variables like entrepreneurial characteristics, entrepreneurship motivation, entrepreneurship orientation, market orientation, innovation and knowledge sharing as business performance predictions

1. Introduction

SMEs are proven to contribute significantly to the national economy in job creation, employment because it has a high entry barrier, especially in the food and beverage sub-sector. On the other hand, SMEs to ensure business continuity are required to have entrepreneurial skills to develop business amid rapid environmental changes and intense competition (Lee, 2018). Theoretical implications, entrepreneurial skills become capital in managing resources in producing business performance.

However, several studies have shown that entrepreneurial individuals and organizations can differ in their characteristics (Bromiley and Fleming, 2002; Lee and Tsang, 2001; Lee, 2019), which are currently patterned on technical skills, technology grants, capital and technical-management training, and have not been patterned on performance and sustainable entrepreneurship. The gap between the needs of entrepreneurship and entrepreneurship development programs. This is a gap to study entrepreneurial skills in producing business performance in a culinary business (Food and Beverage).

2. Literature Review

2.1. Business Performance

Business competition of small, medium and large businesses is not distinguish. All three business sizes compete for the same market share. Performance is a common construct to measure the impact of corporate strategy implementation. Research shows that performance measurement becomes both a classic problem and debate because performance is a multidimensional construct are both empirical and theoretical (Hakala, 2013). Further research has developed various measures of business performance, Hadji, Monales and Dickson (2000) measure business performance (BP) using increased sales, employee satisfaction, profitability, and increased market growth. Kirca et.al (2005), by measuring customer satisfaction, employee satisfaction, sales growth, and profitability. In the Lumpkin and Dess (2012) study, business performance is measured from the financial dimension supported by financial investment and sales growth indicators, while the non-financial performance dimension measures customer satisfaction. Indicators developed by Sorensen and Chang (2006): sales volume, revenue, sales growth, revenue growth, and organizational growth. For Lee and Tsang (2013), business performance was measured by three indicators, namely sales growth, profit growth and capital growth. The dimensions of performance measurement used in SMEs studies are growth, profitability, and productivity.

2.2. Entrepreneurial Skills

Entrepreneurship is a multifaceted phenomenon. Therefore, entrepreneurship is not only the process of obtaining business; the essence of work as an agent of change. Entrepreneurship in the view of Man et al. (2002),

as competencies or characteristics that are complemented by personality, skills and knowledge characteristics. Bird (1995) which describes entrepreneurship "as a trait that underlies generic and specific knowledge, motives, traits, self-image, social roles, and skills that produce births, life struggles, and / or business growth." Likewise, Kao's view (1995) states that the process of making it is the creation of new works, something different.

In a broad sense, entrepreneurs must equip themselves with learning competencies that support them to assist in managing the business. Skillful in managing a business. Companies that support success or company are needed by competence and competence (Bird, 1995). This view, because entrepreneurial competence is carried out by individuals as entrepreneurs who start and transform organizations by adding value through the organization of resources and opportunities. So, Entrepreneurial skills are abilities that drive attitude changes to be able to have skills, create their own results, and solve problems, on an ongoing basis.
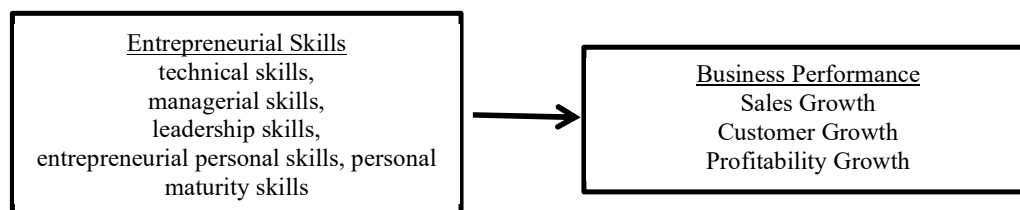
Entrepreneurial skills are an illustration of entrepreneurial competence. Competence in entrepreneurial skills is the key to successfully starting business diversification and sustainable profitability. Several studies have developed indicators of Entrepreneurial skills, Kutzhanova et al (2009) identified four dimensions of Entrepreneurial skills: (1) Technical Skills; (2) Managerial Skills, (3) Entrepreneur Skills; (4) Personal Maturity Skills. Previously in 2007, Smith, Schallenkamp and Eichholz developed 4 skill categories, namely technical skills, managerial skills, entrepreneurial personal skills, and personal maturity skills. Mohammad Salman Shabbir, et al., (2016) developed entrepreneurial skills set as a determinant of business success consisting of technical skills, managerial skills, leadership skills, entrepreneurial personal skills, and personal maturity skills. In subsequent studies this category is a measure of entrepreneurial skills that must be continuously studied / developed in self-employment in ensuring business continuity.

3. The Relationship Entrepreneurial Skills and Business Performance.

The studies have discussed entrepreneurial skills and business performance. Research on performance that requires entrepreneurship provides results that are still debatable. Research findings that support entrepreneurship contribute to and impact on business performance are examined by Covin and Slevin, 1991; Lumpkin and Dess, 2001; Wiklund, and Shephered, 2005; Shabbir Salman, et al, (2016). However, different from the findings of Hastin's research (2010), Muthalib,.2014, and Inna (2016), with the results of entrepreneurship not directly affecting business performance.

Based on the conception and development of the study, it can be illustrated in the research framework :

Figure 1. Conceptual Framework

| Entrepreneurial Skills technical skills, managerial skills, leadership skills, entrepreneurial personal skills, personal maturity skills | → | Business Performance Sales Growth Customer Growth Profitability Growth |

4. Hypothesis:
1) Managerial skill have a major apreciation of entrepreneurial skills on business performance
2) Strong and positive relationship between Entrepreneurial skills and business performance
3) Entrepreneurial skills as technical skill, managerial skill, leadership skill, personal skill and entrepreneur personal maturity has a positive and significant impact on business performance

5. Method

The questionnaires consisted of 39 items split between three instruments that each measured business performance (11-items are based on Sanchez and Marin, 2005), and entrepreneurial skills (28-item). These instruments consist of a five-item scale described at either end by "strongly agree" and "strongly disagree". The target popular was the entrepreneurs of SMEs in the food and beverage sector, because this sector has the ability to absorb 66.8% of the workers in Malang. The selection of the city of Malang as the object of research is megacities with 3 destinations namely the city of education, industry and tourism. The food and beverage sub-sector developed into a supporter of tourism. The sample was 181 entrepreneurs of SMEs in the food and beverage

sector, who have been running a business for at least 3 years, who have a business performance description and are incorporated in the community as *SMEs in the food and beverage sector,* based on simple random sampling techniques. The research analysis was conducted using a simple linear regression.

6. Result

Research testing began with a test of validity and reliability. The instrument tests used on the question items have been concluded as being valid (see Table 1.). The results obtained from each coefficient value reliability were entrepreneurial skills = 0,709 > 0,06 and business performance = 0.601> 0,06. So, The research instrument used in this study is reliable and can be used as a measuring instrument.

Table 1. Validity

Indicator	Items	Coefficients regression	sign	Discription	Variable	Indicators	Items	Coefficients regression	sign	Discription
Technical Skills	TS 1	0,568	0.0000	Valid	Business	Sales Growth	SG1	0,256	0.0000	Valid
	TS 2	0,631	0.0000	Valid	Performance		SG2	0,391	0.0000	Valid
	TS 3	0.652	0.0000	Valid			SG3	0,605	0.0000	Valid
	TS 4	0,432	0.0000	Valid			SG4	0,55	0.0000	Valid
	TS 5	0,682	0.0000	Valid		Customer Growth	CG1	0,326	0.0000	Valid
	TS 6	0.654	0.0000	Valid			CG2	0,129	0.0000	Valid
	TS 7	0,646	0.0000	Valid			CG3	0,184	0.0000	Valid
Managerial Skills	MS 1	0,479	0.0000	Valid		Profitability Growth	PG1	0,533	0.0000	Valid
	MS 2	0,473	0.0000	Valid			PG2	0,577	0.0000	Valid
	MS 3	0,442	0.0000	Valid			PG3	0.600	0.0000	Valid
	MS 4	0,496	0.0000	Valid			PG4	0,633	0.0000	Valid
	MS 5	0,455	0.0000	Valid						
	MS 6	0,547	0.0000	Valid						
Leadership Skills	LS 1	0,602	0.0000	Valid						
	LS 2	0,546	0.0000	Valid						
	LS 3	0,495	0.0000	Valid						
	LS 4	0,583	0.0000	Valid						
	LS 5	0,41	0.0000	Valid						
Entrepreneur Personal Skills	EPS 1	0,599	0.0000	Valid						
	EPS 2	0,555	0.0000	Valid						
	EPS 3	0,595	0.0000	Valid						
	EPS 4	0,611	0.0000	Valid						
	EPS 5	0,553	0.0000	Valid						
Maturity Personal Skills	MPS1	0,482	0.0000	Valid						
	MPS2	0,533	0.0000	Valid						
	MPS3	0,507	0.0000	Valid						
	MPS4	0,552	0.0000	Valid						
	MPS5	0,337	0.0000	Valid						

6.1. Model Analysis and Hypothesis Testing

First test, the data in meeting the eligibility requirements of a simple linear regression model with the Classic assumption test :

6.1.1. Normality Test

The following SPSS output table is obtained sign = 0.907 > 0.05. Thus the normality requirements in the model have been met.

Table 2.
One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			181
Normal Parameters[a,b]	Mean		0E-7
	Std. Deviation		4.09818912
Most Extreme Differences	Absolute		.042
	Positive		.034
	Negative		-.042
Kolmogorov-Smirnov Z			.565
Asymp. Sig. (2-tailed)			.907

a. Test distribution is Normal.
b. Calculated from data.

6.1.2. Autocorelations Test

Based on table 3, Durbin Watson's calculated value (4 - 1.569 = 2.431) > Durbin Watson's table value (1.768), so it can be concluded that there is no autocorrelation.

Table 3. Result Autocorelations Test
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.161[a]	.026	.020	4.110	1.569

a. Predictors: (Constant), X1
b. Dependent Variable: Y

6.1.3. Heteroscedasticity Test.

The output results presented in table 4, the significance value = 0.115 > 0.05, no symptoms of heteroscedasticity.

Table 4. Result Heteroskedastisity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.194	1.729		-.690	.491
	X1	.024	.015	.118	1.584	.115

a. Dependent Variable: LNUI2

Classic assumption tests are met, then hypothesis testing is performed.

6.2. Hypothesis Testing

6.2.1. Hyphotesis 1.

Descriptive analysis of mean indicators is used to prove managerial skills are most appreciated in entrepreneurial skills. The results of the mean entrepreneurial skill indicators in table 5, showing the maturity of SME entrepreneurs are major appreciated, because the biggest mean. H1 is not proven.

Table 5. Result Mean Indicators Entrepreneurial Skills

Indicators	Mean
Technical Skills	4,04
Managerial Skills	3,77
Leadership Skills	4,08
Entrepreneurship Personal Skills	4,13
Personal Maturity Skills	4,20
Entrepreneurial Skills	4,04

6.2.2. Hypothesis 2.

The result of data processing with simple linear regression, obtained R Square of 0,026, it means that the strength and direction of the relationship between entrepreneurial skills and business performance is weak and positive. Thus hypothesis 2 is not fully tested. This indicates the strength of the relationship between entrepreneurial skills and business performance is weak (2.06%), because 97.94% is actually influenced outside skilled in entrepreneurship

6.2.3. Hypothesis 3.

Based on the table of simple linear regression results :

Table 6. Result Simple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	34.116	3.207		10.639	.000
	X1	.062	.028	.161	2.177	.031

a. Dependent Variable: Y

The results of the output regression significant (sign) at 0.031, it means less than 0.05, and the t test at 2.177 > 1.973. Thus, entrepreneurial skills consisting of technical skills, managerial skills, leadership skills, entrepreneurial personal skills and personal maturity skills affect business performance positively and significantly, with the magnitude of influence of 0.062. H3 tested.

7. Discussion And Implications

This study found that entrepreneurial skills affect SME's business performance, but the relationship between the two is weak, and weak managerial skills appreciate entrepreneurial skills but personal maturity skills are most appreciate. This finding is in line with previous research Widji Astuti (2007) that business development requires capital but SMEs most need managerial and technical skills; Lee (2018), that entrepreneurial characteristics namely hard workers was a significant predictor of venture success.

This indicates that SMEs entrepreneurs in the food and beverage sub-sector to become entrepreneurs are not a necessity but as an option, and decide to become entrepreneurs in food and beverage because food and beverage are daily needs and low in risk, because it is enough to have skills in gathering drinks and food. This finding is in line with previous research Widji Astuti (2003, 2005), that being an entrepreneur because there is no other choice, the entrepreneurial family, and the food and beverage business is the easiest and most risk-free. Implications for business, customer and sales performance are growing, but have not been able to grow profits. Entrepreneurs may be able to run their business longer because of their entrepreneurial experience, but are very vulnerable to environmental changes that occur if they don't have managerial skills. Managerial skills make entrepreneurs master change and are able to adapt to change because they have the intuition and ability to plan, implement and control and evaluate their business performance in the long run, because they are able to see market opportunities. With the market opportunity entered, it provides profitability, as Narver and Slater (1990), Morgan and Mason (2009), Mitchelmore and Rowley (2013) argues.

6. Conclusion

Indonesia is very rich with local culinary. In order to support regional tourism, culinary can be one of the tourist destinations. On the other hand the growth of entrepreneurship can be one way out of job creation. However, it needs a guidance strategy and assistance based on needs. Entrepreneurial skills of the food and beverage sub-sector of SMEs still need guidance and assistance in terms of managerial and technical skills, because appreciation is very weak. Future research is very important to develop factors that influence business performance such as entrepreneurship motivation, entrepreneurship orientation, market orientation and innovation.

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