

## **Linking personal attributes, technical skill and managerial competence towards entrepreneurial orientation and the success of traditional home culinary industry**

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### **Abstract**

Surveys had shown that there are lots of people who work in the culinary business industries in *Seberang Kota Jambi*, and even though they were not managed professionally they had survived for quite some time. This study aimed to test the relationship between personal attributes, technical skill and managerial competence toward entrepreneurial orientation and successes. The data were collected through the questionnaire for 44 people who owned small culinary businesses in several districts in *Seberang*, then were analyzed using Partial Least Squares Path Modeling (PLS-SEM). The result had shown that the personal attributes and technical skills have no significant influence on the entrepreneurial orientation, but their managerial competence had a significant influence on their entrepreneurial orientation. Then the entrepreneurial orientation have positive influence on the success of business. So in a way, the managerial competence determine their success in business. That's why it was needed a lot of help from the government and academicians to increase their managerial competence by giving them special guidance, counselings and trainings continuously.

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**Keywords:** *personal attributes, technical skills, managerial competence, entrepreneurial orientation, culinary home industries.*

### **INTRODUCTION**

In the midst of the rapid flow of competition in goods and services as in the current situation, competitiveness can no longer rely solely on the wealth of natural resources, low wages of labor and other non-renewable resources. The economic structure has shifted from natural resource-based economy towards human resources-based called creative economy. This means that the creative economy is strongly supported by information and creativity in the form of ideas and knowledge of human resources. The implementation of creative economy concept in Indonesia aims to improve the domestic industry, especially small and medium industries commonly known as Small and Medium Enterprises (SMEs). The successful implementation of the creative economy will be realized if there is synergy between government, business and academia (<http://www.bekraf.go.id/profil/tugas>).

Across the city of Jambi which is the center of Jambi indigenous people also do not want to miss in stimulating the creative economy. Local government support is obvious, with many established craft centers, such as the center of Jambi batik, hand embroidered centers, crackers centers and various other centers. But there is a center that has not been much touched, the traditional culinary centers such as cake craftsmen rocking, maximal cake, 8-hour cake, gandum cake, apam, putu, jando bergoyang, sumping soil and other pastries. They exist, but their existence is not traced. This is

because their business is still traditional. Their potential for growth is quite wide open, given the cakes they make are delicious, different flavors of the modern cake, using natural ingredients and preservative-free.

From the initial survey conducted showed that their numbers are quite large and spread in eleven villages along Seberang City. The effort they do generally involves the family and has been running for a dozen years. They are actually creative economic actors who have a creative idea to keep the traditional traits in the midst of community behavior that tends to side with western cuisine such as pizza hut, hamburger, dunkin donut, papa bread and others.

There is one interesting phenomenon of the personality of the traditional cake entrepreneurs They persisted despite sales growth on a stable chart. The high harvest will be enjoyed only during Ramadan and Idul Fitri, the rest is stable and only produce based on order. They have a high self efficacy that their cake will be sold out because of the belief that every business will have its sustenance.

Referring to the opinion of Hellriegel et al. (2016) , the success of self-employment is influenced by personality attributes, technical skills and managerial competence. Atirbut personality includes characters who have " need for achievement ", desire to be free (desire for independence), confidence (self-efficacy) and are willing to sacrifice (self-sacrifice). Technical skills have a meaning to understand the field of business that they do. For example the traditional culinary entrepreneur, then he must understand about the world of traditional cakes, ranging from recipes to creativity in processing. Managerial competence includes the ability to plan and strategize, cooperate, communicate and manage oneself (self management). Hellriegel et al. (2016) also affirms that entrepreneurs are not born , but are formed. Because the development of personality with the ability to adapt to the environment that causes the entrepreneurial spirit was formed, not because of being born as a factor of heredity or talent. There are indeed entrepreneurs who only continue the efforts of previous generations, but if they do not have the personality attributes of entrepreneurship, technical skills and managerial skills, then the effort will slowly crumble. As the phrase is often heard, that the first generation finds, the second generation enjoys and the third generation destroys.

Another opinion about the factors that influence the success of self-employment is proposed by Nicolas (2009). Nicolas (2009) shares the factors that influence entrepreneurship into internal and external factors. Internal factors include firm size, stakeholder personality, educational background (owner and worker), and corporate culture. Meanwhile, external factors include national culture, a country's economic system, regional economic integration, and people's purchasing power. Furthermore, Nicolescu (2009) stated that internal factors more influence SME's performance than external factors by considering the economics scale of SME's. The combination of external and internal variables can be an example of how it can affect the survivability of MSMEs.

Base on combining the two opinions, then in this study will use the attributes of personality, technical skills and managerial competence as a factor that affects the success of self-employment. However, the success of entrepreneurship will also be influenced by carefulness to respond to changes in the external environment as reflected in the courage to take risk, speed and flexibility and never give up, or known as the concept of entrepreneurship orientation (Debbie et al., 2001). The entrepreneurial orientation emphasizes the spirit to create business innovation, as a refresher of business congestion, often accompanying the initial step of innovation (Zhou et al . 2005). Therefore, the attributes of personality, technical skills and managerial competence will affect the entrepreneurial orientation and the success of the business.

Referring to the results of previous studies and origin of the fact initial survey results showing that entrepreneur unique culinary Jambi still doing business the traditional way, it is felt necessary to test more about the factors that affect the success of the entrepreneur and how the mechanism of factors it can affect the success of self-employment. By knowing the factors and how the mechanism of these factors affect the success of self-employment, is expected to provide input to improve the success of their business. The success of the entrepreneurship of one of the culinary sub-sectors, is expected to be transmitted to other entrepreneurs, so that the traditional culinary home industry develops and ultimately will drive the creative economy of culinary sub-sector and other sub-sectors.

**METHODS**

This research is quantitative because it wants to test the correlation between personal attribute, technical skill and managerial competence to entrepreneurial orientation and linkage between entrepreneurship orientations with home industry success. The main data in this study is primary data obtained directly by distributing questionnaires to selected respondents.

The number of samples is determined based on the Kretjie table using 5% significance level of 44 people. The sampling technique used in this study is proportional cluster sampling distribution . The sample taken is based on the domicile of the business unit concerned .

Measurement of each variable based on indicators with reference to previous research (Table 1).

**Tabel 1.** Concept and indicator variable

Variable	Concept	Indicator
Personal Attribute (X1)	The character or characteristics possessed by the business owner is a strong driver from within himself for entrepreneurship and consistent in running his business.	The desire to excel The desire to be free Confidence Want to sacrifice
Technical Skill (X2)	A knowledge and technical skills possessed by the entrepreneur about the cake he made	Know the cake history Know the recipe Know technical make cookies
Managerial Competence (X3)	Managerial abilities owned by the entrepreneur in running his business	Have a plan and strategy Cooperate Communication Self Management
Entrepreneur Orientation (Y1)	The spirit to create business innovation, pro-active, willing to take and manage risk.	Innovative Proactive Willing to take the risks Risk Management
Home Indutry Successfull (Y2)	The degree to which an entrepreneur is able to achieve something in accordance with what he wants	Profit Number of customers Competitiveness Develop a good image Business Income

Source: Hellriegel et al. (2016)

To obtain the primary data compiled research instrument in the form of questionnaires n compiled in the form of a closed statement. Questions or statements arranged in the questionnaire are in the form of multiple choices using Likert scale 1-5 . Choice 1 indicates strongly disagree whereas option 5 indicates strongly agree.

Then data analyzed using Partial Least Square (PLS), which is a powerful analytical method because it can be applied to any data scale, does not require many assumptions and the sample size does not have to be large .

## RESULTS AND DISCUSSION

### Description of Respondents

Respondents were randomly selected from culinary entrepreneurs scattered across Seberang Jambi City with the criteria of having been in business for at least two years. Respondents were selected by chance all of female effort pastries (Bangkit, Kembang Goyang and Semprong) and traditional cakes (Putu, Apam, Gandus, Bolu Kemojo, Padamaran, Kue Lapis Ketan and a variety of traditional cakes more) as many as 32 people ( 72.73%) and crackers as many as 12 people (27.27%).

Based on Education level, most of entrepreneurs were primary school graduated as many as 19 people (43.18%), high school graduated as many as 18 people (40.91 %) and the rest 7 people graduated from junior high school (15.9%). Of the age range, 20 people (45.46%) were aged 40-49 years old, 12 people (27.277%) were aged 50-59 years, 7 people (15.91%) were aged 30-39 years and the remaining 5 people (11.36%) aged 60 and over.

This fact indicates that the interest in the culinary business is dominated by the older generation earlier just graduated from elementary school had the opportunity to school and mothers who do not have the opportunity to enroll in the higher level. Most of them running theirs business since a dozen years with recipe from the family derivation heritage. From the result of the respondent's answer, only 5 people (11%) stated that they chose this business as the main search while the remaining 39 people (89%) reasoned to get additional income beside their husband's income as the head of the family.

### Validity and reliability test

#### *Convergent validity*

An indicator is said to have good reability, if the outer value of loading is above 0.70 (Sarwono, 2014). From table 2 it can be seen that the value of cross loading between indicators with their constructs to measure each variable as follows:

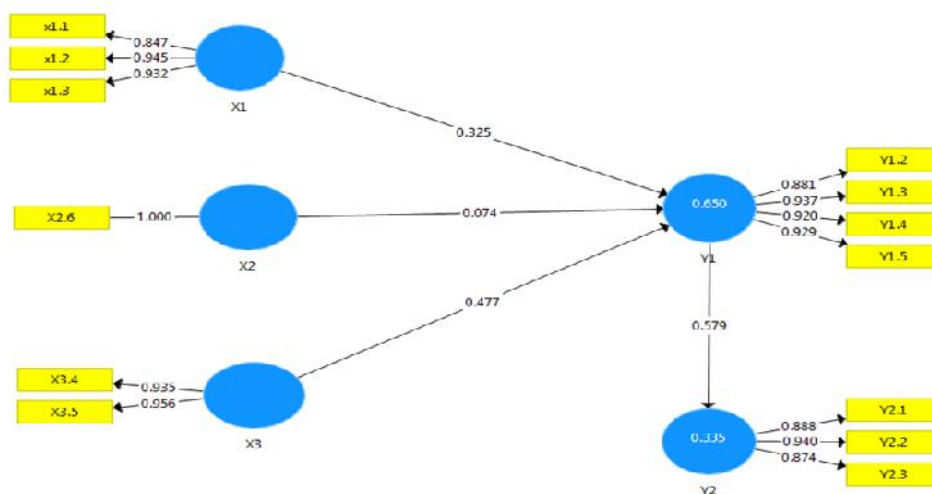
1. The variable x1, for the indicator x1.1, x1.2 and x1.3 is worth above 0.70 while x1.4, x1.5, x1.6, x1.7 and x1.8 are valued below 0.70 so the four indicators are excluded from the model.
2. Variable x2, for indicator x2.6 worth above 0.70 while x2.1, x2.3, x2.4 and x2.5 are valued below 0.70 so that the five indicators are removed from the model.
3. Variable x3, for indicators x3.4 and x3.5 are worth above 0.70 while x3.1, x3.2, x3.7, x3.9 are valued below 0.70 so that the seven indicators are excluded from the model
4. The y1 variable, for indicators y1.2, y1.3, y1.4, y1.5 is worth above 0.70 while y1.1 and y1.6 are valued below 0.70 so that the two indicators are excluded from the model.
5. The y2 variable, for indicators y2.1, y2.2, y2.3 is worth above 0.70 while y2.5, y2.6, y.7 and y2.8 are valued below 0.70 so that the five indicators is removed from the model.

**Table 2.** Outer loading value

	X1	X2	X3	Y1	Y2	Remark
x1.1	0,790					Valid
x1.2	0,876					Valid
x1.3	0,876					Valid
X.18	-0,368					Not valid
X1.5	-0,117					Not valid
X1.6	-0,543					Not valid
X1.7	0,378					Not valid
X14	0,055					Not valid
X2.1		-0,631				Not valid
X2.2		0,523				Not valid
X2.3		-0,102				Not valid
X2.4		0,485				Not valid
X2.5		-0,059				Not valid
X2.6		0,760				valid
X3.1			0,198			Not valid
X3.2			0,306			Not valid
X3.3			0,632			Not valid
X3.4			0,866			Valid
X3.5			0,928			Valid
X3.6			0,594			Valid
X3.7			0,267			Not valid
X3.8			0,604			Not valid
X3.9			-0,203			Not valid
Y1.1				0,449		Not valid
Y1.2				0,891		Valid
Y1.3				0,932		Valid
Y1.4				0,900		Valid
Y1.5				0,927		Valid
Y1.6				0,288		Not valid
Y2.1					0,883	Valid
Y2.2					0,877	Valid
Y2.3					0,814	valid
Y2.4					0,414	Not valid
Y2.5					0,270	Not valid
Y2.6					0,442	Not valid
Y2.7					0,331	Not valid
Y2.8					-0,259	Not valid

Source: Research Result

Here is the model picture along with the value of cross loading after issuing the indicator which is valued below 0.70:



**Figure 1.** Model by cross loading above 0.70

Next, outer loading value of the model:

**Table. 3** Outer loading value of second model

	X1	X2	X3	Y1	Y2
x1.1	0,847				
x1.2	0,945				
x1.3	0,932				
X2.6		1,000			
X3.4			0,935		
X3.5			0,956		
Y1.2				0,881	
Y1.3				0,937	
Y1.4				0,920	
Y1.5				0,929	
Y2.1					0,888
Y2.2					0,940
Y2.3					0,874

Source: Research Result

### *Discrimant Validty*

The first criterion for measurement discriminated validity can be seen on cross loading between indicator and construct. Here's the cross loading table.

**Table. 4.** Cross loading

	X1	X2	X3	Y1	Y2
x1.1	0,847	0,646	0,614	0,549	0,667
x1.2	0,945	0,564	0,707	0,724	0,706
x1.3	0,932	0,538	0,667	0,675	0,703
X2.6	0,633	1,000	0,763	0,644	0,515
X3.4	0,798	0,746	0,935	0,654	0,589
X3.5	0,604	0,703	0,956	0,792	0,337
Y1.2	0,584	0,428	0,510	0,881	0,584
Y1.3	0,712	0,509	0,701	0,937	0,570
Y1.4	0,589	0,615	0,760	0,920	0,375
Y1.5	0,735	0,775	0,827	0,929	0,579
Y2.1	0,656	0,337	0,437	0,621	0,888
Y2.2	0,686	0,487	0,382	0,446	0,940
Y2.3	0,717	0,611	0,462	0,456	0,874

Source: Research Result

From table 4 it is seen that the correlation of the construct between business orientations with the indicator is higher than the correlation of other construct indicators that is personality attribute, technical skill, managerial competency, home industry successful. This suggests that latent constructs predict indicators on their blogs better than other blog indicators.

Second criteria for discriminates validity is by comparing the roots of Average Variance Extracted (Fork AVE) is a Fornell Larcker value for each construct with a correlation between constructs with other constructs in the model. Model has discriminant validity that is enough if value Fornell Larcker for each construct is greater than the correlation between the other construct constructs. The following table is Fornell-Larcker Criterion.

**Table 5.** Fornell-Larcker Criterion

Variable	X1	X2	X3	Y1	Y2
X1	0,909				
X2	0,633	1,000			
X3	0,731	0,763	0,946		
Y1	0,721	0,644	0,771	0,917	
Y2	0,760	0,515	0,476	0,579	0,901

Source: Research Result.

Based on the value Fornell Larcker can be seen that all the value is greater than the value of correlation between latent variables then the outer model is valid. The following table is Average Variance Extracted (AVE).

**Table 6** Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
X1	0,827
X2	1,000
X3	0,895
Y1	0,841
Y2	0,812

Source: Research result

Based on Average Variance Extracted (AVE) can be seen all above 0,5 means valid outer model so no longer need to eliminate indicator variable and can be continued inner model analysis (structural model).

**Reliability test**

In addition to construct validity test also conducted testing of reliability of the constructs measured by two criteria, namely: Cronbach 's Alpha and Composite Reliability . This value reflecting the reliability of all indicators in the model. The minimum value value is 0.7 is ideally 0.8 or 0.9. Otherwise, to Cronbach's Alpha composite also used on interpretation of composite reliability who equal in Croach's Alpha. The value of Cronbach 's Alpha and Composite Reliability and its graphs in this study can be seen in table 7 below:

**Table 7.** Cronbach’s Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability
X1	0,895	0,934
X2	1,000	1,000
X3	0,883	0,944
Y1	0,937	0,955
Y2	0,886	0,928

Source: Research Result.

In Table 7 it appears that all the indicator variables has Cronbach 's value Alpha and Composite Reliability above 0.7 so that the outer model is declared reliable.

**Evaluation inner the model and structural equation model**

The inner model evaluation is to test the significance of the latent independent variable or to test the hypothesis. The statistical t-value becomes the size of the assessment via resampling with bootstrapping. Re-sampling is a way of multiplying data from existing samples that meet statistical rules.

The research model with bootstrapping technique can be seen as follows:

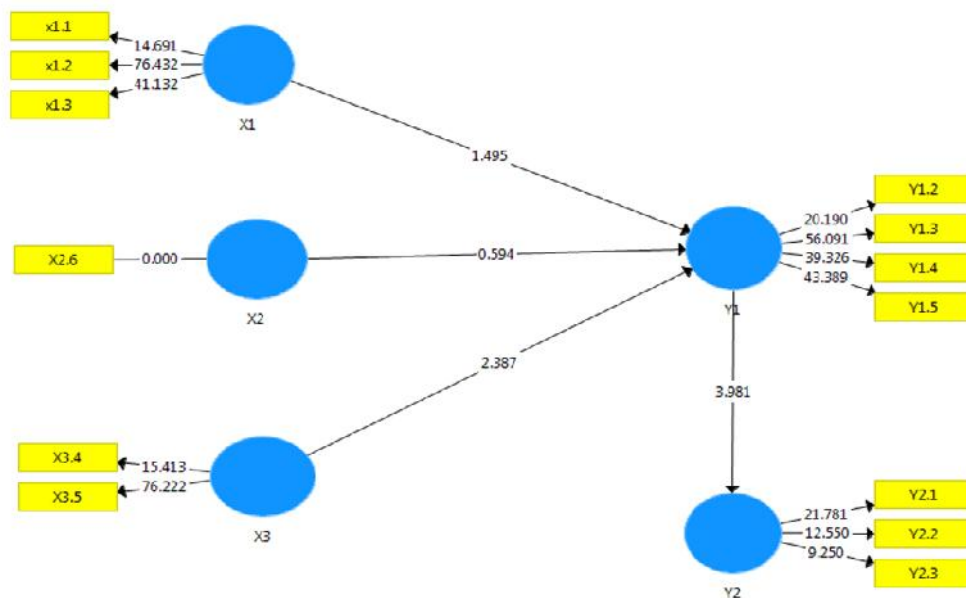


Figure 2. Final model

Next, mean, standard deviation, t-values and P-values as follow:

Table 8 Original samples, mean, standard deviation, t statistics and P values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
X1 -> Y1	0,325	0,331	0,218	1,495	0,135
X2 -> Y1	0,074	0,069	0,124	0,594	0,553
X3 -> Y1	0,477	0,492	0,200	2,387	0,017
Y1 -> Y2	0,579	0,620	0,145	3,981	0,000

Source: Research Result.

To hypothesis test is done by comparing the value of t statistics with t-table or compare P value at significance level = 5%. The number of samples are 44 respondents then t-table (df=n-k, 44-5=39) is 2.022. If t-arithmetic is greater than t-table and P-value less than 0.005 then hypothesis is accepted. The following table recapitulation of hypothesis result test.

Table 9. Recapitulation of Hypothesis Test result

	T Statistics ( O/STDEV )	T table (df=39, =5%)	P Values	Result
X1 -> Y1	1,495	2,022	0,135	Rejected
X2 -> Y1	0,594	2,022	0,553	Rejected
X3 -> Y1	2,387	2,022	0,017	Reviewed
Y1 -> Y2	3,981	2,022	0,000	Received

Source: Research Result

Remark:

- X1 : Personality Attribute
- X2 : Technical Skill



- X3** : Managerial competency  
**Y1** : Entrepreneur Orientation  
**Y2** : Home industry successfull

From table 9 it is seen that the one hypothesis that states there is a positive and significant influence between the attributes of personality to the orientation of entrepreneurs rejected. This means that personality attributes have no significant positive effect on entrepreneurial orientation. Likewise with the second hypothesis that there is a positive and significant influence between technical skills and entrepreneurial orientation is also rejected. This means that technical competence also has no significant positive effect on entrepreneurial orientation. The third hypothesis that states there is a positive and significant influence between the managerial competences of entrepreneurial orientation is accepted. This means that the higher the managerial competence the higher the effect on the entrepreneurial orientation. The fourth hypothesis that there is a significant positive influence between entrepreneurial orientation and business success is accepted. This means that the higher the entrepreneurial orientation the higher the success of the business.

### **Discussion**

The results of statistical tests show that of the four hypotheses proposed there are only two accepted hypothesis, the remaining two hypotheses again rejected. In other words, among the variables of personality attributes, technical competence and managerial competence that are suspected to have a significant positive effect on entrepreneurial orientation, only managerial competence has a significant positive effect. Although conceptually these three variables have a significant positive effect on entrepreneurial orientation, but the results of statistical tests based on respondents' answers denied it.

This finding becomes interesting because there is a difference of context between conceptual and factual in this research. The fact that the respondents in this study are the mothers who entrepreneurship is dominated because they want to just get extra income with armed with technical skills to make culinary pickup derived from family derivatives, without any special education about culinary and entrepreneurship. They also sell their products passively, in the sense that passively awaiting the arrival of the buyer and in general their buyers are old customers. Even if there are new customers, they are the ones who come by chance or who get word of mouth recommendations through old customers. The cakes they make do not change from time to time, in the sense they retain their traditional self-esteem. This condition causes why attributes of personality and technical skills have no significant effect on their entrepreneurial orientation.

However, behind all these facts, they have a high confidence for continuity of business even though not progressive. This condition causes entrepreneurial orientation to be heard by managerial competence. By having the ability to manage the resources owned by indicated by having a plan and strategy though simple, able to work together and communicate with customers who come and able to manage they to keep production despite sales stagnant, hence it will affect of entrepreneurs orientation which indicated into innovative behavior, proactive and willing to face and manage risk. The higher the managerial competence possessed the higher the entrepreneurial orientation. Having a high entrepreneurial orientation will influence the increase of culinary business success as indicated by the increasing number of customers,

competiveness, the awakening of good image in the eyes of the customers and the increase of operating income and profit.

Thus, if the culinary business wants to improve the success of its business then it must first improve the orientation of entrepreneurship in the field of culinary and improve the managerial competence of culinary craftsmen.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

From the results of statistical tests can be concluded that the attributes of personality and technical skills have no significant effect on the orientation of entrepreneur, meanwhile managerial competency has significant positive effect on entrepreneurial orientation and entrepreneurial orientation significant positive effect on business success. This means that the higher the managerial competence will be higher also the effect on entrepreneur orientation and the higher of entrepreneur will be the shrub in high success its business .

### Recommendations

To increase the success of the culinary business, the first things to do is increase the orientation of entrepreneurship in the culinary field and improve the managerial competence of the culinary craftsmen. To make it happen, it needs the support of various parties, both academics and related institutions to provide continuous training and assistance in the field of management of small and entrepreneurial enterprises. From self craftsmen's also need to continue to improve self-competence and follow the development of consumer tastes without leaving the uniqueness of the product.

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