

Analysis of Entrepreneurial Competency in East Java

Esti Nalurani¹, Fendy Suhariadi², Rahma Sugihartati³

^{1, 2, 3} Universitas Airlangga, Indonesia

Abstract

Based on the 2018 Global Entrepreneurship Index's data, globally, Indonesia is a country that has a low number of entrepreneurs, which position in 94 from 137 countries. Meanwhile, entrepreneurs have an important role in supporting the national economy in various aspects. Indirectly, they are required to have more competence to compete and survive longer. This research finds out the relevance of 30 characteristics in the three-cluster entrepreneurial competence block diagram for entrepreneurs in East Java. The authors use the qualitative method with the Miles and Huberman analysis technique. This data was collected by interviewing 11 entrepreneurs who have been selected based on the criteria. With the approach of Miles and Huberman, the researcher concluded that 11 entrepreneurs had 30 entrepreneurial characteristics and considered that these characters were important. The results identify that 30 characteristics in the three-cluster entrepreneurial competency block diagram are valid. In addition, the competence of entrepreneurs can be through a religious approach and the culture of the surrounding community. And during the pandemic, entrepreneurial competence is more relevant with the government and society support.

Keywords: *East Java, Entrepreneur, Entrepreneurial Competencies*



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INTRODUCTION

Nowadays, entrepreneurship is recognized as a vital component in achieving a country's economic and social success because it encourages economic expansion, productivity, innovation, and employment (Fredericket al. (2018) in the research journal Liu, al. (2019)). As a result, it has aroused interest in promoting entrepreneurship to the public over the past three decades (Parker, 2018; Liu, al., 2019). In Indonesia, the development in entrepreneurship is a strategic need to increase economic resilience. According to Saptono et al. (2016), one of the characteristics of economic resilient is the growth of entrepreneurs who can apprehend and develop all business opportunities.

Based on the Global Entrepreneurship and Development Institute data (GEDI, 2020), globally, Indonesia is ranked 94th out of 137 countries. This success was obtained by Indonesia because it increased the value of GCI (Global Competitiveness Index) in terms of the number of entrepreneurs. Entrepreneurship becomes the first element of economic growth and development in all countries (Meyer & Hamilton, 2020; Mcaleer, 2019).

Entrepreneurs are agents of change in the economy. A competent entrepreneur must have business knowledge, play a social role, be creative, have enthusiasm and motivation, be a good planner, dare to take risks, and have problem-solving skills (Pepple and Enouh, 2020). The complex environment, high competition in the business world, and increasingly rapid business growth are the reasons behind the importance of entrepreneurial competence. And entrepreneurs are increasingly being challenged to improve their competencies to succeed in entrepreneurial activities (Brinckmann, 2008; Pepple and Enouh, 2020).

Competent entrepreneur has their characteristics. It uses when faced dealing complex situations because it can strengthen perceptions, build innovation, business growth, and develop organizational resource capabilities. The pandemic has disturbed the economic sector, especially the actors. Moreover, the government policies often change in line with the dynamics of Covid-19. It forces entrepreneurs to be adaptive to stabilize their businesses indirectly.

The research aims to analyze entrepreneurial competencies related to the knowledge, attitudes, and skills around East Java. These competencies are simplified into a three-cluster diagram of entrepreneurial competencies consisting of 30 characteristics (Arafah, 2016). The research was conducted on 11 entrepreneurs in East Java who were selected based on:

Corresponding author

esti.nalurani-2020@gmail.com

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1. Age >25 years old
2. Amount of turnover ≥Rp 500 million per year (Small Medium Enterprise classified)
3. Own investments and assets, and
4. Business running ≥5 years

LITERATURE REVIEW

The competence is illustrated to the person who has more abilities in certain activities and has common sense. According to Baum (2001) in the research journal Sarwoko and Nurfarida (2018), entrepreneurial competence is defined as individual characteristics as the knowledge, skills, and abilities needed to do certain works. It is accordance with Bird (1995) in the research of Tehseen et al. (2018), entrepreneurial competence is defined as the underlying characters such as traits, motives, special knowledge, social roles, skills, and self-image that lead to the birth of new businesses, their survival and growth.

Ahmad et al. (2010) on Behling and Lenzi (2019) emphasize the importance of understanding the role of knowledge, skills, attitudes, and behavior of entrepreneurs and the impact that these personalities have on company performance. The results of an empirical study of 212 SMEs in Malaysia show that entrepreneurial competence has a direct and substantial impact on the company's success. Competence is a very comprehensive construct, encompassing skills and various performance-relevant attributes. Therefore, competence can be goal-oriented (Chell, 2013; Behling and Lenzi, 2019).

Research from Lee et al. (2016) on Gianesini et al. (2018) has identified five dimensions of entrepreneurial competence. It consists of 1) recognizing, developing, and assessing opportunities through insight (Opportunity Competence), 2) operating well and having administrative skills (administrative competence), 3) hiring candidates who can be trained, build trust and healthy relationships with employees, communicate and lead to good corporate culture (Relationship Competence), 4) individual traits that reflected in entrepreneurial behavior (Personal Competence), and 5) have perseverance even in uncertain situations (competency commitment).

METHODOLOGY

This research is qualitative. Because this study aims to explore the competencies possessed by an entrepreneur, the researcher uses the Miles and Huberman approach. This approach is considered appropriate because the activities include data reduction, data presentation, and drawing conclusions and levers. The data were obtained using the interview method. In general, the questions asked were about strategy, planning, and the amount of power/strength possessed and presented in 30 in-depth questions.

The sample in this study was taken through in-depth interviews with SMEs (Small Medium Enterprise) consisting of 11 entrepreneurs in East Java. Samples were analyzed based on age, annual turnover, the value of investment/assets, and businesses that have been running for more than 5 years. In addition, it is important to note that FGDs are data that is saturated, in-depth, and known by the 11 entrepreneurs selected by the researchers.

RESULT AND DISCUSSION

The results of the study were based on the researcher's interpretation of the interview results. The results aim to answer the question: "how important are the 30 entrepreneurial characters in the three-cluster diagram to be owned by entrepreneurs". And the results of interviews with 11 respondents were summarized into one more dominant answer and then shown in table 3 along with conclusions and verification. The researcher also analyzes how important cultural and religious characters are owned by entrepreneurs, considering that Indonesia is a country with cultural and religious diversity, which is still considered important.

Based on the three-stage SKECM Model Block Diagram on Arafah (2016) Journal, every key entrepreneurial competency (KEC) is modeled in the first stage. In the second stage, every cluster of competencies is modeled based on its related KECs. Relation between the KECs (inputs) and their corresponding cluster (output) are represented in this model. And the third stage shows that the three cluster competencies models are fed into the overall entrepreneurial competencies model to produce the overall competency and proficiency of the entrepreneur under consideration. The three-stage SKECM is described in table 1.

Table 1: The Three-Stage SKECM

No	Stage 1	Stage 2	Stage 3	Code
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1	Decision Maker	Persistence	Achievement	AP1
2	Problem Solver			AP2
3	Leader			AP3
4	Hard-Worker	Fulfilling Commitment		AF1
5	Proactive			AF2
6	Business Focus			AF3
7	Efficiency-Oriented	Demand for Quality and Efficiency		AD1
8	Quality Consciousness			AD2
9	Determined			AD3
10	Risk-Taking	Taking Calculated Risks		AT1
11	Risk-Managing			AT2
12	Desirable			AT3
13	Opportunity Seeker	Opportunity-Seeking and Initiatives		AO1
14	Innovative			AO2
15	Initiative-Taker			AO3
16	Goal-Oriented	Goal-Setting		PLG1
17	Effective Strategist			PLG2
18	Proper Planner			PLG3
19	Competitor's Aware	Information-Seeking		PLI1
20	Creative			PLI2
21	Information Seeker			PLI3
22	Systematic Planner	Systematic Planning and Monitoring		PLS1
23	Performance-Oriented			PLS2
24	Book-Keeper			PLS3
25	Persuasive	Persuasion and Networking		POP1
26	Influence Strategy User			POP2
27	Networker			POP3
28	Independent	Independence and Self-Confidence		POI1
29	Self Esteem			POI2
30	Self-Confident			POI3
31	Culture & Religion			D1

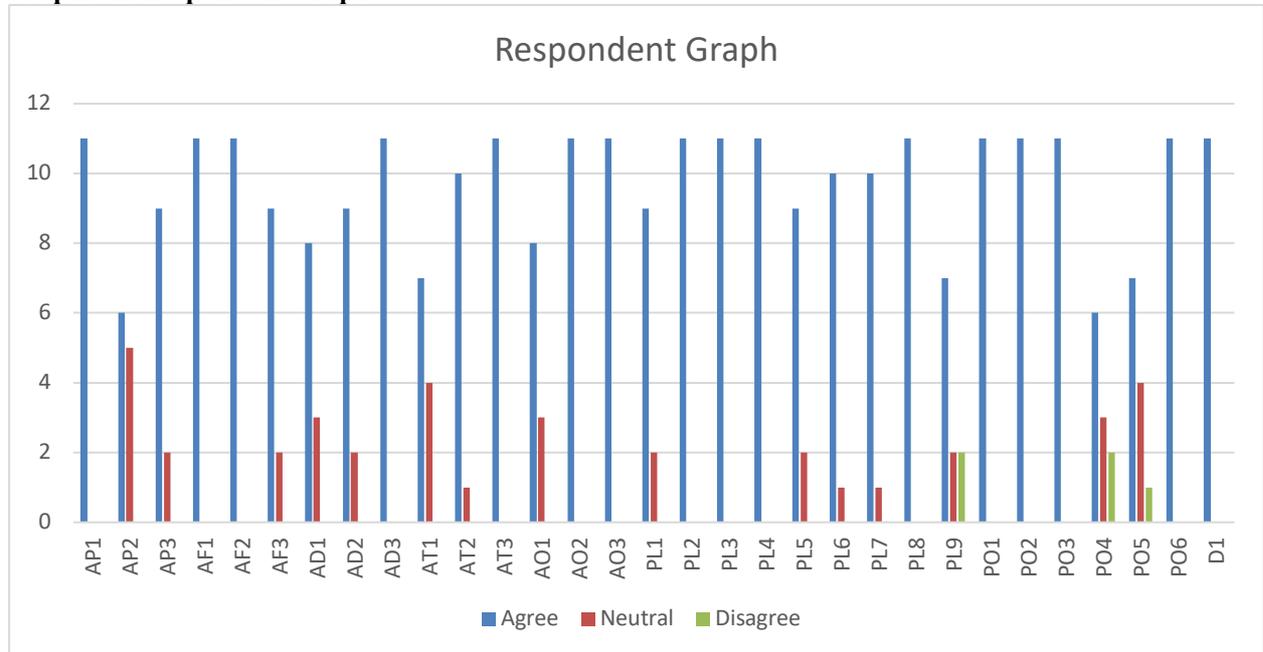
Table 2: Interview Result

No	Code	Result
1	AP1	Overall, resource persons have the ability to make every decision. This is shown based on the answer that entrepreneurs make decisions directly, especially on critical issues. This shows that an entrepreneur is a decision-maker
2	AP2	Overall, resource persons are able to solve problems by involving other people. This is because employers have entrusted their employees to solve company problems. This shows that an entrepreneur needs other people to solve problems
3	AP3	Resource persons have a leadership spirit, and they agree that an entrepreneur needs to have it. This shows that an entrepreneur has a leadership spirit
4	AF1	The resource person is a hard worker. This is evidenced by working more than 8 hours a day, even sacrificing their rest time. this shows that an entrepreneur has a hardworking character
5	AF2	Resource persons are active in various activities, such as in business, social and other activities. this shows that they are proactive
6	AF3	Overall, the informants already have a plan for the next 5 years for their company. this shows that an entrepreneur must focus on business life
7	AD1	Resource persons make deadlines in completing each job. this shows that an entrepreneur is committed to time and everything involved in the work
8	AD2	Of the 11 interviewees, all of them agreed to monitor the employee's performance on a daily basis. This is due to their focus on producing good products and services. thus showing that an entrepreneur has quality-consciousness
9	AD3	Of the 11 sources, all of them have a strong mentality when they fail. It is evident that they immediately devised a new strategy to remedy this shortcoming. thereby showing that an entrepreneur has a firm character

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10	AT1	Of the 11 sources, many said that risk is something that must be faced. It is evident that they are not afraid and feel challenged to take on risky jobs. thereby showing that an entrepreneur has a risk-taking character
11	AT2	Each time they plan a new strategy, 11 resource persons will observe the risks that will be faced and how to overcome them. This shows that almost all entrepreneurs have good risk management
12	AT3	11 resource persons admitted that they liked their work as entrepreneurs. And they hope that the business will last longer. This shows that entrepreneurs have a desire for business
13	A01	11 resource persons said that they often visit creative business events to see the potential around them and find out business opportunities that can be exploited. This shows that entrepreneurs have an opportunity-seeker character
14	A02	11 interviewees said that they took advantage of developing technology to increase business value. They have a company website or take advantage of a business platform to increase sales and demand. This shows that entrepreneurs have an innovative character
15	A03	11 interviewees said that they took advantage of developing technology to increase business value. They have a company website or take advantage of a business platform to increase sales and demand. This shows that entrepreneurs have an innovative character
16	PLG1	Almost all of the informants admit that they are results-oriented. But remain flexible in circumstances. This shows that entrepreneurs are goal-oriented towards business
17	PLG2	11 sources say that they can market their products based on place and type of consumer. This shows that entrepreneurs have an effective strategic character
18	PLG3	11 resource persons said that they divided the work among employees according to their job description, but some employers open up opportunities for other employees to do work outside their jobdesc. It aims to increase the skills of each employee. This shows that entrepreneurs have a proper planner character
19	PLI1	All informants know the existence of business competitors in the same industry. This shows that an entrepreneur has a competitors' aware character
20	PLI2	11 entrepreneurs have a high curiosity and will seek new discoveries through books, the internet, or information from their coworkers. This shows that an entrepreneur has a creative character
21	PLI3	11 entrepreneurs follow developments that occur every day through social media. In addition, some like to discuss activities with colleagues to get new information. It can be said that an entrepreneur has a good information seeker character
22	PLS1	In solving problems, almost all sources describe problems and seek accurate information to make it easier to achieve goals. They also involve employees to solve common problems. This shows that an entrepreneur has a good systematic planner character
23	PLS2	Between performance and results, 11 entrepreneurs agreed to focus on improving performance and then expect results. They believe that good performance will result in satisfactory results. This shows that an entrepreneur has a performance-oriented character
24	PLS3	Between performance and results, 11 entrepreneurs agreed to focus on improving performance and then expect results. They believe that good performance will result in satisfactory results. This shows that an entrepreneur has a performance-oriented character
25	POP1	11 entrepreneurs have a good ability to convince consumers or co-workers to cooperate. On some occasions, they are able to pass projects or sales with consumers. This shows that an entrepreneur has a good persuasive character
26	POP2	11 entrepreneurs have good skills in promoting their products. Some of them believe in the practice of word of mouth to market the product. This shows that an entrepreneur has a good influence strategy user character
27	POP3	11 entrepreneurs have more than 10 colleagues. They agree that connections help them gain information or increase sales. This shows that an entrepreneur is able to build a good networker
28	POI1	Almost all entrepreneurs prefer to get the job done on their own without bossing others around. This shows that an entrepreneur has an independent character
29	POI2	11 entrepreneurs have high ambitions, but not all entrepreneurs hate failure. Some of them think that failure is a natural thing and can be fixed. This shows that an entrepreneur has a good self-esteem character
30	POI3	11 entrepreneurs are good conversationalists. This statement is evidenced by the activities of those who have been speakers in various online and offline seminars. This shows that an entrepreneur has a good self-confident character

31	D1	The researcher can conclude that 11 entrepreneurs consider culture and religion as important variables owned by an entrepreneur. Culture in the work environment can build good relationships with employees, consumers, or the community. in addition to building a good business image. and religion is important because they believe that God has a big hand in every success
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Graphic 1: Respondent Graph

Nowadays, the entrepreneurial attitude will determine how long the business owned will last, especially during the pandemic, which has a direct impact on economic sectors almost all over the world, including Indonesia. Many entrepreneurs go bankrupt, resulting in entrepreneurs working harder to survive in current conditions. Entrepreneur's competence is one of the important elements that entrepreneurs need to have in order to be more prepared to face various kinds of situations. This is evidenced from 11 entrepreneurs as a research sample whose business persists during pandemic conditions, that all of the samples have good entrepreneurial competencies, which are represented through 30 entrepreneurial characteristics.

This opinion is strengthened through the research of Ilham et al. (2020), which states that young entrepreneurs who are able to survive and thrive in the midst of the Covid-19 pandemic are business actors who have high creativity and innovation by running an online-based business (online marketing platform) primarily by utilizing social media as a means of promotion.

CONCLUSION

This study was designed to analyze entrepreneurial competencies related to knowledge, attitudes, and skills of entrepreneurs in East Java by involving 30 entrepreneurial characteristics contained in the diagram of the three classifications of entrepreneurial competencies in Arafeh's research (2016). The researcher also involves a religious and cultural approach to the community, seeing that Indonesia is a country that has cultural and religious diversity. And the analysis was conducted on 11 entrepreneurs in East Java classified by age, annual turnover, investment and assets, and business age.

With the approach of Miles and Huberman, the researcher concluded that 11 entrepreneurs had 30 entrepreneurial characteristics and considered that these characters were important. This is explained in table 2 and graph 1 of the respondents based on the results of in-depth interviews with each entrepreneur. Especially when facing the current pandemic situation, the entrepreneurial competencies possessed can make entrepreneurs able to survive. This is evidenced from 11 entrepreneurs as a research sample whose business persists during pandemic conditions, that all of the samples have good entrepreneurial competencies, which are represented through 30 entrepreneurial characteristics. The researcher involved religious and cultural variables, which were considered by 11 sources. The results are by following the researcher's assumption that 11 entrepreneurs in East Java apply customs in their work or social interactions and still have good spiritual.

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Reviewer:

1. Prof. Dr. Fendy Suhariadi, M.T., Psychologist, Airlangga University Surabaya, Indonesia
2. Dr. Rahma Sugihartati, Dra., M. Si, Airlangga University Surabaya, Indonesia

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