



BUSINESS PERFORMANCE ANALYSIS OF PURWOKERTO MUSLIM SMEs IN PERSONALITY AND ENTREPRENEUR CHARACTERISTIC

M. Muammar¹, Fatmah Bagis²

Universitas Muhammadiyah Purwokerto

muamarlppi@gmail.com, fatmahbagis2012@gmail.com

Abstract: This study is an analysis of the personality factors and characteristics of Muslim entrepreneurs on the business performance of Muslim SMEs in Purwokerto. Interestingly in this study, there are many Muslim entrepreneurs but have not run a business according to Islamic sharia. This research method uses a quantitative approach, with 55 Muslim entrepreneurs as respondents in the city of Purwokerto. The acceptance of the first and second hypotheses shows the important role of the personality and characteristics of Muslim entrepreneurs in improving the performance of Muslim SMEs.

Keywords: personality, characteristic, business performance

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) support the country's economic growth and reduce the number of unemployed by creating jobs for the community (Zhaviery et al., 2019). MSMEs contribute to the Gross Domestic Product (GDP), which is 61.7% of the total GDP. The contribution of MSMEs also contributes greatly in absorbing the workforce, as many as 99% of MSMEs in Indonesia are

able to absorb workers as much as 97% of the absorption capacity of the business world in 2020.

The growth of small businesses in Purwokerto is currently increasing and new small businesses appear almost every month. Small entrepreneurs have an increasingly complex environment and it is difficult to develop their managerial skills which are needed in order to survive in a competitive environment. Business success will be achieved if there is good performance from the company (Bagis & Darwaman, 2022). How the ability to carry out innovative activities and take advantage of business opportunities is part of the meaning of entrepreneurship (Schumpeter, 2017).

Performance is a reflection of the achievement or goals, implementation of programs, efforts, and policies that are tried to realize the vision, mission, and goals in groups or organizations (Mashun, 2006). An organization or company in maintaining a business is required to have a performance including business Micro, Small and Medium Enterprises (MSMEs) (Wibowo, 2018) so that the performance of these MSMEs is good, so that measuring tools are needed to determine the performance in the success of the MSMEs themselves.

However, success in dealing with this depends on the characteristics of entrepreneurs. Personal uniqueness for MSME actors is a general description of entrepreneurial characteristics. The success of a business is also inseparable from entrepreneurial characteristics which are the key to maximizing this efficiency because it allows MSMEs to think more positively in order to create creativity (Dhamayantie & Fauzan, 2017).

Someone using skills and innovation is always the initiative to be involved in a productive effort so that goals are achieved (Chowdhury, 2008). Meanwhile, Allah SWT has provided the basic framework for Islamic-based entrepreneurship or Muslimpreneurs, namely taqwa (faith) and worship to the creator (A. Machmud & Ahman, 2019). There are other elements that complement Islamic entrepreneurship, namely the concept of halal, the concept of efficiency, having noble values, prioritizing honesty, prosperity. and have a concern for society and the environment.

The principles of Islamic entrepreneurs are taken from the Qur'an and Al Hadith. A Muslim entrepreneur is an entrepreneur who acts according to Islamic principles and values. When a Muslim decides to do business activities, sometimes he forgets the provisions of Islam. The limited understanding of sharia business makes entrepreneurs carry out inappropriate business activities.

The personality of MSME actors is an important factor because perceptions and responsiveness to environmental changes determine behavioral patterns that have an impact on the company's internal strategies and processes. This is a consequence of the importance of entrepreneurial activities in the life of every Muslim. Character is defined as character, character, psychological, moral, or character qualities that distinguish one person from another (Peterson & Seligiman, 2004). The personality of an entrepreneur greatly determines the direction of the business being run. This is supported by research (Jawhar & Carr, 2016) and (Lestari & Purnomo, 2020) which states that personality affects the performance of MSMEs.

Entrepreneurship according to the Islamic perspective is a person's behavior in getting opportunities through optimizing resources based on the Muslim work ethic (Shamsudin et al., 2010). The work ethic of a Muslim is a personality attitude that gives birth to a very deep belief that work is not only to glorify oneself, to show one's humanity, but also as a manifestation of good deeds, so that working based on the principles of faith not only shows the worth of a Muslim, but at the same time elevates his dignity as a servant of Allah by making himself a trustworthy person, presenting himself as a trustworthy human.

Research related to the personality and characteristics of entrepreneurs on MSME business performance has been carried out by (Yaacob & Azmi, 2012), (Murtiadi, 2017), (Amir Machmud & Hidayat, 2020), (Wijayanti, 2018). Entrepreneurship has been characterized by various innovations, taking risks, maximizing opportunities and taking initiatives and accepting the risk of failure (Kee & Chye, 1993). The results of research on the personality characteristics of entrepreneurs have been carried out on various aspects of entrepreneurs (such as new companies, owners or managers, "successful" entrepreneurs, women entrepreneurs, etc.) in various countries. This is in line with research conducted by (Kusmintarti, 2016), (Sumantri et al., 2013), (Vijaya & Irwansyah, 2018) that MSME performance can be influenced by entrepreneurial characteristics.

This study is different from the results of other studies because this research is a continuation of several previous studies that relate the characteristics of Muslim entrepreneurs and their implementation to comply with Islamic law. How an entrepreneur tries to achieve success

in the right way according to Islam and is able to identify the personality and characteristics of Muslim entrepreneurs appropriately. The purpose of this study is to analyze the role of personality and characteristics on the business performance of Muslim SMEs in Purwokerto who are local residents and come from various SME sectors.

LITERATURE REVIEW

Performance

Stolovitch & Keeps (1999) says that performance is the result achieved by the employee and refers to the act of achieving and carrying out the requested work, which means that the employee's performance is an employee's success in the tasks assigned by his superiors with quite good and satisfactory results. Performance itself is a term that comes from the word job performance or actual performance which means work performance or the actual achievement of a person. Performance is a work performance that contains a comparison between the results of real work with the standards that have been set by an established business entity. (Dessler, 2000).

The success and failure of an organization is related to the performance carried out by business actors, the achievement of performance in an organization is a factor that must be considered to realize the organization in achieving the goals that have been set. As stated by Robbins (2016) defines performance as the results achieved by employees in their work according to certain criteria that apply to a job. There are several performance indicators, namely, quality of work;

quantity; punctuality; effectiveness; and independence (Robbins et al., 2016).

Business Performance

Entrepreneurial success is defined as how profit growth is in business strategy (Mushtaq Ahmad, 2010). Financial and non-financial performance measures are used to assess entrepreneurial success. Many researchers have attempted to define success in terms of turnover, sustainability, and growth. Others focus on entrepreneurial characteristics as indicators of success. (Gupta & Muita, 2013). Successful companies can respond quickly to uncontrollable changes or are too innovative to drive environmental change. (Sahlman, 1999). SMEs must be able to manage the function of human resources properly so that they can be assisted in achieving maximum business performance. That is the reason why special attention is needed for SMEs to be able to implement the recruitment and selection process properly (Bagis & Darwaman, 2022).

Muslim entrepreneurs are said to be successful from an Islamic perspective, Muslim entrepreneurs must have faith and 'taqwa' to Allah SWT. Allah says in the Qur'an: "O you who have" faith, shall I guide you to a transaction that will save you from a painful torment? [That] you believe in Allah and His Messenger and strive in the way of Allah with your wealth and your soul. it is best for you, if you know." (Sura Al-Sof: 10-11). The words above show that an entrepreneur must believe in Allah and strive in seeking wealth to improve himself and carry out all the teachings of Allah and the Prophet.

According to (Wadah, 2007). The real success for an entrepreneur is when he has faith and 'taqwa' to Allah which means

total lay down and at that time he will be able to taste the sweetness and the greatness of 'iman' or faith through getting a lot of profit from the business. As a successful entrepreneur, Mohammad Sahar has written several characteristics of a religious Muslim entrepreneur, namely referring to Al Qur'an as a daily basis; perform the 5 daily prayers; doing 'zakat' (zakat); donate to the poor and those in need; perform evening and dawn prayers; praying thanksgiving

Personality and Characteristics Entrepreneurship of Muslim Preneurs

The key to a successful entrepreneur is to have a great personality. According to (Azlina, 2009), the word personality comes from the Latin word 'persona' which refers to a person's exterior characteristics including their way of thinking, behavior, and emotions. (Eysenck, 1970), said that personality from the aspect of thinking proves that a person has stability in his cognitive system life.

A person has a personality that is different from each other due to many factors such as physiological, environmental, educational, cultural and family background. (Kamsah et al., 2006), stated that the entrepreneurial personality in the Islamic perspective refers to the personality of a Muslim entrepreneur that influences his actions and the way he reacts to problems based on Islamic values.

It involves inclination, ambition, intuition to perform mentally, emotional and physical preparation to determine one's behavior when interacting with him environment. Islamic values that are upheld by Muslim entrepreneurs will make him have a high degree 'taqwa' (God consciousness) for Allah SWT and Islamic leadership. Thus, the

characteristics that What distinguishes a Muslim entrepreneur and a non-Muslim entrepreneur is a personality based on Islamic values in thinking, behaving, and emotions, while non-Muslim entrepreneurs only focus on themselves mental, emotional and physical strength (Yaacob & Azmi, 2012).

Entrepreneurship is one of the many aspects in life which was discussed in the Al-Quran. There are evidences in the Quran which point out the importance of gaining wealth through entrepreneurship. Allah SWT has stated in the Quran: "And We have certainly established you upon the earth and made for you therein ways of livelihood. Little are you grateful." (Surah Al-A'raf: 10).

METHODS

A quantitative approach is used in this study. The acquisition of respondents came from successful Muslim entrepreneurs in Purwokerto with random sampling. Respondent data was obtained from the association of business actors in Banyumas Regency. Entrepreneurs who are declared successful are used as respondents in this study when the business has been running for at least five years, has staff and there is significant business growth. Respondents were collected and then processed as research data as many as 55 Muslim entrepreneurs who met the criteria. Researchers initially distributed questionnaires online, but there were obstacles. So, the researchers went directly to the association to visit one Muslim entrepreneur. However, not all members of the population can be sampled in this study because they do not meet the established criteria. PLS analysis

was used in this study because the number of samples was not too large.

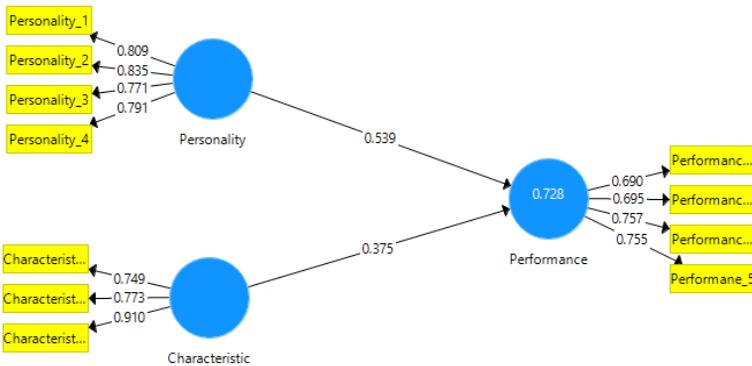
RESULT AND DISCUSSION

In the second round, it shows convergent validity (loading factor) above 0.5, so it is considered sufficient to meet the initial stages of developing a measurement scale. The results also show that the composite reliability value is greater than 0.7 so that it meets the reliability requirements.

Table 1. Reliability and Validity Test

	Composite Reliability	Average Variance Extracted (AVE)
Characteristics	0.854	0.662
Personality	0.878	9.643
Business Performance	0.816	0.526

The results of the analysis show the influence of personality and characteristics on business performance. It can be seen that the R2 value of 0.728 indicates that 72.8% of the variability of business performance construction is influenced by personality and characteristics factors.



Structural model analysis is carried out by evaluating the results of the estimated path coefficient parameters and their level of significance. The results of the test of the significance of the path coefficients of each variable can be seen in Table 2.

Table 2. Parameter Coefficient and Statistical Values among Variables

	Original Sample (O)	Sample Mean (M)	Standar Deviation (StDev)	T Statistics	P Value
Characteristic => Business Performance	0.375	0.360	0.123	3.040	0.002
Personality => Business Performance	0.539	0.559	0.108	4.990	0.000

The relationship has a positive direction and a negative direction and can be seen from the original sample value which shows a positive value. The conditions for the hypothesis are accepted if the P Value < 0.05. The table above shows that personality has a significant influence on business performance, thus supporting the acceptance of the first hypothesis which states that personality affects the business performance of Muslim MSME actors.

Similar results can be seen from the characteristic variable which shows that the characteristics have a significant effect on business performance. So that the second hypothesis which states that the characteristics of Islamic entrepreneurs affect the business performance of Muslim SMEs in Purwokerto is supported.

The results showed that the personality of a Muslim entrepreneur, especially in terms of 'taqwa' personality and the achievement of a successful Muslim entrepreneur, had a significant

relationship. This proves that people who are taqwa are people who will become successful Muslim entrepreneurs. Entrepreneurs who always carry out worship such as five daily prayers, tithing, fasting always keep their promises, always patient, always aware of their sins and always submit to the greatness of Allah, forgiving and humble.

A Muslim entrepreneur must also have the characteristics of a strong Muslim entrepreneur and never have the slightest thought of doing business in an inappropriate way, such as committing fraud or other things that are contrary to Islamic teachings because these actions will damage the trust of others. A Muslim entrepreneur must have dignity, be responsible, be honest, have knowledge, be wise and have a leadership spirit.

CONCLUSION

Entrepreneurs who have an Islamic nature can cause a closer relationship with the creator. This relationship is based on the concept of taqwa which requires entrepreneurs are completely submissive to Allah and also have good relationship with other people. The results of this study clearly show that the personality of a Muslim and the characteristics of a Muslim entrepreneur can be used as a basis for the relationship between entrepreneurs and Allah, other people and their environment. Muslim entrepreneurs who have personality and apply the concept of piety will be better able to develop the positive characteristics that exist in themselves and always run according to the teachings of the Qur'an and Sunnah. This research is expected to be able to contribute to entrepreneurs who are members of entrepreneur

associations and can spread the good values of doing business with the personality and character of Muslim entrepreneurs who always obey the provisions of Allah SWT.

REFERENCES

- Azlina, A. B. (2009). *Psikologi Personaliti Individu*. Karisma Publication Sdn Bhd.
- Bagis, F., & Darwaman, A. (2022). Business Performance Of Muslim Smes: Perceptions Of Training, Mentoring And Coaching For Aspikmas Members. *Jurnal Ilmiah Ekonomi Islam*, 8(1).
- Chowdhury, M. (2008). Does the participation in the microcredit programs contribute to the development of women entrepreneurship at the household level? Experience from Bangladesh.
- Dessler, G. (2000). *Human Resource Management (8th editio)*. Prentice-Hall, Inc.
- Dhamayantie, & Fauzan. (2017). Penguatan karakteristik dan kompetensi kewirausahaan untuk meningkatkan kinerjaUMKM. *Jurnal Manajemen, Strategi Bisnis Dan Kewirausahaan*. <https://doi.org/Matrik> : 11(1), 80–91.doi.Org Jmbk.2017.V11.I01.P07
- Eysenck, H. . (1970). *The Structure of Human Personality*. Houghton Mifflin.
- Gupta, A., & Muita, S. (2013). . Relationship between Entrepreneurial Personality, Performance, Job Satisfaction and Operations Strategy: An Empirical Examination. *International Journal of Business and Management*, 8(2), 86–95.
- Jawhar, & Carr, D. (2016). Conscientiousness and Contextual Performance The compensatory effects of perceived

organizational support and leader-member exchange. *Journal Managerial Psychology*.

- Kamsah, M. F., Zakaria, M., & Makhtar, M. (2006). *Kemahiran Mendidik Anak - Menangani Anak Bermasalah*. Telaga Biru Sdn. Bhd.
- Kee, C. ., & Chye, K. . (1993). PERSONALITY CHARACTERISTICS OF ENTREPRENEURS: A TEST ON THE LOCALS AT THE SINGAPORE INTERNATIONAL MONETARY EXCHANGE. *Journal of Small Business & Entrepreneurship*, 10(3), 59–68.
- Kusmintarti. (2016). Karakteristik wirausaha memediasi pengaruh pendidikan kewirausahaan terhadap sikap kewirausahaan.
- Lestari, & Purnomo, R. (2020). Pengaruh kepribadian, self-efficacy, dan locus of control terhadap persepsi kinerja usaha skala kecil dan menengah. *Jurnal Bisnis Dan Ekonomi*,.
- Machmud, A., & Ahman, E. (2019). Effect of entrepreneur psychological capital and human resources on the performance of the catering industry in Indonesia. *Journal of Entrepreneurship Education*, 22(1), 1–7.
- Machmud, Amir, & Hidayat, Y. M. (2020). Characteristics Of Islamic Entrepreneurship And The Business Success Of SMES In Indonesia. *Journal of Entrepreneurship Education*, 23(2), 1–10.
- Mashun. (2006). *Pengukuran kinerja sektor publik*,. BPFE-Yogyakarta.
- Murtiadi, A. (2017). *Islamic Entrepreneurial Personality Character and Access to Information on Business Strategy in Makassar City*.
- Mushtaq Ahmad, H. (2010). Personality Traits among Entrepreneurial and Professional CEOs in SMEs. *International Journal of Business and Management*, 5(9), 203–213. www.ccsenet.org/ijbm

- Peterson, C., & Seligman, M. (2004). *Character Strengths and Virtues: A Handbook and Classification*.
<https://doi.org/https://doi.org/10.1176/appi.ajp.162.4.820-a>
- Robbins, P. S., & Judge, T. A. (2016). *Perilaku Organisasi* (16th edition). Salemba Empat.
- Sahlman, W. (1999). *The Entrepreneurial Venture*, 2nd ed. Massachusetts: Harvard Business School Press.
- Schumpeter, J. . (2017). *Essays: On entrepreneurs, innovations, business cycles and the evolution of capitalism*.
- Shamsudin, A. S. ., Kassim, Hassan, & Johari. (2010). Preliminary insights on the effect of Islamic work ethic on relationship marketing and customer satisfaction. , 6(1), 106. *The Journal of Human Resource and Adult Learning*, 6(1), 126.
- Stolovitch, H. D., & Keeps, E. J. (1999). *Handbook of Human Performance Technology: Principles Practices, and Potential*. In T and D (Vol. 59, Issue 4, pp. 67–69).
<https://doi.org/10.4018/978-1-4666-9587-0.les7>
- Sumantri, Fariyanti, A., & Winandi, R. (2013). Faktor-faktor yang berpengaruh terhadap kinerja usaha wirausaha wanita: suatu studi pada industri pangan rumahan diBogor. *Jurnal Manajemen Teknologi*, 12(3), 252–277.
- Vijaya, & Irwansyah. (2018). Pengaruh modal psikologis', karakteristik wirausaha, modal usaha dan startegi pemasaran terhadap perkembangan usaha UMKM diKecamatan Buleleng Tahun 2017. *Ekuitas: Jurnal Pendidikan Ekonomi*, 5(1).
<https://doi.org/45-51>, [doi.Org/10.23887/Ekuitas.V5i1.15571](https://doi.org/10.23887/Ekuitas.V5i1.15571)
- Wadah, M. S. B. M. D. B. (2007). *Memperkasa Ekonomi Ummah*.
- Wibowo, E. W. (2018). Kajian analisis kinerja usaha mikro kecil menengah(UMKM) dengan menggunakan metode balance scorecard. *Jurnal Lentera Bisnis*, 6(2), 25-43.,
<https://doi.org/doi.org/10.34127/Jrlab.V6i2.188>

- Wijayanti, R. (2018). Building Islamic Entrepreneurship Within Hadith Perspective. *Horizon: Journal of Islamic Studies*, 13(1), 35–49.
- Yaacob, & Azmi. (2012). Entrepreneurs Personality from Islamic Perspective: A Study of Successful Muslim Entrepreneurs in Malaysia. 46.
- Zhaviery, Hizrian., Fariz., Anisah, Hastin., Umi., Faidah, Anna, & Nur. (2019). Pengaruh Kepribadian Dan Kompetensi Sumber Daya Manusia Terhadap Kinerja UMKM Sasirangan Di Kota Banjarmasin. *Jurnal Sains Manajemen Dan Kewirausahaan*, 3(1), 35–41.