

The Role of Creativity and Social Capital in Business Performance through Competence of Business People in Culture-based Micro Enterprises in Southeast Sulawesi

Laode Achmad Nasir^{1,*}, Laode Muhammad Harafah², Nasruddin Suyuti³, Marsuki Iswandi⁴

¹ Doctoral student of Economics of Halu Oleo University
Kendari, Indonesia

² Lecturer of Economics Faculty of Halu Oleo University
Kendari, Indonesia

³ Lecturer of Humanities Faculty of Halu Oleo University
Kendari, Indonesia

⁴ Lecturer of Agriculture Faculty of Halu Oleo University
Kendari, Indonesia

* Corresponding author's email: laode_nasir [AT] yahoo.co.id

ABSTRACT—*This study was aimed to analyze; first, The Influence of Creativity on Business Performance through Competence of businesspeople in micro enterprises in culture-based creative industry, and second; The Influence of Social Capital on Business Performance through Competence of businesspeople in micro enterprises in culture-based creative industry. The population of this research is microentrepreneurs in culture-based creative craft industry, with a total of 148 respondents. The data collection technique was survey. The collected data was analyzed integrately using qualitative and quantitative methods. Qualitative data was analyzed descriptively while quantitative data was tabulated and analyzed using structural equation modeling (SEM) partial least square (PLS) The research result showed that Creativity, which consists of Attitude, Interest, Motivation, Experience, and Social Capital, which consists of value or norm, trust, reciprocity and cooperation had positive and significant influence when mediated by competence of businesspeople to improve business performance.*

Keywords--- Creativity, Social capital, Competence of businesspeople, Business Performance

1. BACKGROUND

Micro enterprise which forms small industry or domestic industry is an interesting phenomenon in and economy with various traditional and cultural products in production centers. On the other hand, massive amount of similar products produced by other regions which enter markets in the areas reduce people's interest to use local products for various reason, leading to low business performance. Munizu M (2010) argues that it's due to various limitations, which are categorized into internal and external factors. There are many studies on business performance: Muthalib (2014) studies the role of entrepreneurship on poverty alleviation through business performance improvement in Southeast Sulawesi, Syahadat (2015) studies business performance and customer empowerment in micro financial service of local public service agency (BLUD) of Kendari, Djoko Poernomo (2013) studies a model of business performance improvement of batik micro enterprises in Madura Island in the perspectives of resources, capability, entrepreneurial orientation and competitive advantage.

It was also hypothesized that the role of culture-based micro enterprises can be improved by improving the competence of the entrepreneurs. The required competences include skill, knowledge, understanding and value. Harris, (2000) and Syahoni (2012) state that the competence could (1).Skill, which is the performance capability of someone's skill, such as the ability to communicate effectively, the ability to negotiate (2) Knowledge, which is related to accumulation of the main areas of skill assessed by someone (3) Self Concepts, which is related to attitude and behavior, value and self-image (4) Trait, which is related to general behavior in a clear way, such as one's flexibility in facing situation and (5) Motive, which is related to someone's drive to act. One of the business models which can assess the competence of microentrepreneurs is business model canvas (BMC) which is proposed by Osterwalder & Pigneur (2010),

by analyzing nine skills, which are: (1). Customer Segment; (2).Value Proposition; (3). Channel; (4). Customer Relationship; (5). Revenue Streams (6). Key Resources; (7). Key Activities; (8).Key Partners; (9).Cost Structure

Another factor which influences the development of micro enterprise is creativity. Schumpeter (1942), Kao (2001) in Hasibuan (2008) state that entrepreneurial strengths in the concept of creative destruction simultaneously produce new product. This is in line with the opinion of Hedyati, (2011) that creativity and innovation influence the entrepreneurship of small enterprise, concluding that creativity influence entrepreneurship through attitude and behavior development.

Culture is a puller in developing creative economy. The process of understanding culture and character is realized as potential social capital in running a business to increase income. Individual is actively demanded to internalize and appreciate elements which become their personality in the society, such as social network development and trust building in individual and group. Hasbullah (2006)states that trust shouldn't only be viewed as a personality (psychological) or intrapersonal issue, but also an extra personal and inter subjective issue. The understanding of social capital can be found by approaching internal and external factors influencing culture, Pranadji (2006). Internal factors include: (1) the pattern of social organization in community, which includes local trust, production and reproduction pattern and system and local politics, and (2) norms and values attached to community. (Jamasy, 2006) in Pontoh (2010)

Purpose

The purpose of this study was to analyze:

- 1) Influence of Creativity on Business Performance through the Competence Businesspeople of Culture-based Microentrepreneur
- 2) Influence of Social Capital on Business Performance through the Competence Businesspeople of Culture-based Microentrepreneur

2. THEORY REVIEW AND CONCEPTUAL FRAMEWORK

Creativity

Creativity as a requirement for innovation is very important for institution, including organization. It's because it's a process in improving the management of business with high complexity. Specifically, creative business process is different from conventional business in many things. It involves creative people, has high demand, flexibility and certain risk. Their knowledge is an important factor because there is very close relation between one's knowledge and one's capability to be creative. Guilford, 1967; Amabile, 1998; Weisberg,1999 in Seidel, et al(2008)

Creativity is categorizes into four dimensions; person, process, product and press. Rhodes,1961 in Supriadi (1994) calls them "the four p's of creativity". Based on factor analysis, Guilford 1971, in Kurniati (2005) finds characteristics of creative thinking skill, which are: fluency, flexibility, originality, elaboration, under definition. Then, there are consensual and conceptual definitions. Consensual definition emphasizes creative product whose creativity level is assessed by expert observer. Then Kurniati et al, (2005) states that creativity requires six separate but interconnected sources: intellectual ability, knowledge, mindset, personality, and motivation and environment. From the definition, the author measured the role of creativity in improving the performance of micro enterprises. The variables and indicators are:

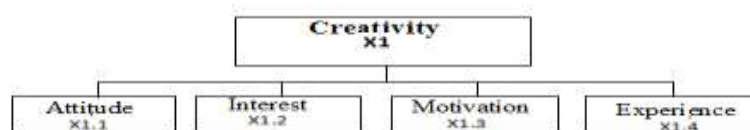


Figure 1: Creativity Measurement Instrument

Social Capital.

Social capital is a reflection of principle of human goodness which can support relation among mankind, society which enable efficiency and effectiveness of coordination and cooperation for mutual benefit, and in a bigger dimension of common purpose based on continuous togetherness. Rafiy (2014) states that social capitals in the society, such as trust, mutual cooperation, network and attitude, have great influence in the development of entrepreneurship, such as increasing society's trust, which is manifested in honesty, orderliness and cooperation based on common norms. In entrepreneurship, social capital can also serve as a leverage for the success of business activity, Suriatna et al. (2013). In social capital, there are values of cooperation Tobias, et al. (2010) So in variable social capital there are the following indicators:

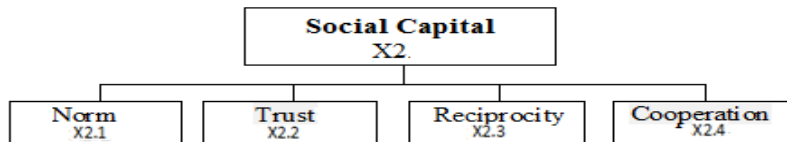


Figure 2: Social Capital Measurement Instrument

Competence of Microentrepreneur

Arnold and Inggarwati (2012) identify that inhibitor of business growth can also come from within entrepreneur. It shows that individual factor or entrepreneurship capacity can be obstacle in developing business. According to Tjiptoherijanto (2001) and Alimbudiono & Fidelis (2004) in Indri sari, D., & Nahartyo, E. (2008) human resources capacity is the capacity of someone or an individual, an organization (institution), or a system to perform their functions or authority to reach their objectives effectively and efficiently. Birley (1990); Storey (1994); in sunward and Burgan (2013) state that the factors of the success of small enterprise are very complex, influenced by many factors, whether internal or external, so the success level of small enterprise is also influenced by the strategy used in business. Lussier and Halabi (2008), and Okpara and Kumbiadis, (2008), emphasize that business success is more strongly influenced by the implemented strategy .

One of the strategic references to analyze the role of human resources of competence of businesspeople in developing micro enterprise qualitatively is Osterwalder & Pigneur et al(2010) who use Business Model Canvas. With this in mind, the author established indicating variables to measure the competence of microentrepreneur qualitatively using Proxy of the following business model indicators:(1). Customer Segment or ability to create customer; (2). Value Proposition or ability to offer product excellence; (3). Channels ability to create distribution or marketing network; (4). Customer Relationship or ability to create good relation with customer; (5). Revenue Streams or ability to create other businesses to support the main business(6). Key Resources or ability to explain to customer the resources used in production; (7). Key Activities or the ability to explain activity in production to customer; (8). Key Partners or ability in developing business partnership; (9). Cost Structure or ability in making business financing structure. This is illustrated in the variable with the following indicators:

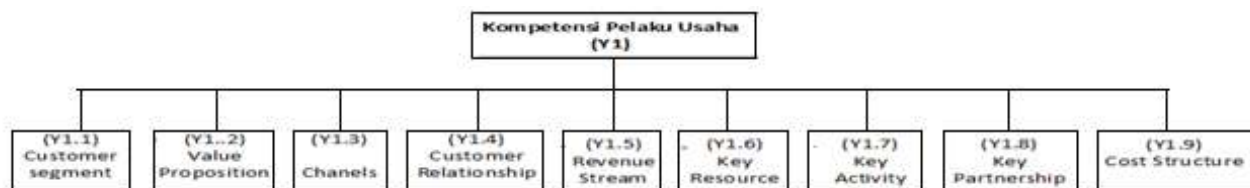


Figure 3: Competence of businesspeople Measurement Instrument

Micro business performance

The Minister of SOE published a guide in 2002, stating that business growth can be assessed from financial performance, which consists of; ROI, ROE, Cash Ratio, Current Ratio, Inventory Turn Over, Ratio TMS on TA. While Muthalib A. et al(2014) analyze the growth rate of business capital, employment, turnover growth, business profit growth. Madura (2001) explains that business performance in terms of employer who invest in a company has the following criteria: 1) reward for investment and 2) risk of investment, because manager's business strategy should be intended for satisfying business owner. Manager must determine how various business strategies will influence the reward for company investment and the risk.

The success of the performance of a business/SME is reflected in: {a) Increasing sales/turnover (b) Increasing capital/financial growth (c) High employment growth (d). Large market expansion (e). Increasing profit growth, Mujib, (2010). Mean while, according to Darya (2012) the performance of micro and small enterprises is the result reached by small entrepreneur in running their business, in terms of financial, customer, internal business and learning and growth aspects. Poernomo, (2013) states that business performance is the achieved business achievement. The indicators: better market position, higher market control, better financial result. From the theoretical concept, in this study variable business performance was measured by indicators shown in figure 4, below:

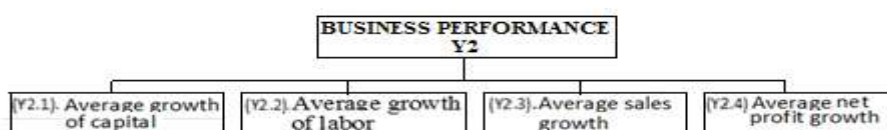


Figure 4: Business Performance Measurement Instrument

3. RESEARCH METHOD

Population, Sampling and Research time

The population of this study was all micro entrepreneurs in culture-based craft industry in Southeast Sulawesi province, totaling in 148 units of creative micro enterprises identified in Integrated Business Service Center -KUMKM, Department of Cooperative and SME of Southeast Sulawesi Province in 2015. This research was conducted for 12 months, started since September 2015 until August 2016.. The sampling technique used in this study was saturated sampling or census, which is a sampling technique where all population members are used as sample. By this limitation, total research sample was 148 units of creative micro enterprises in several regencies/cities in Southeast Sulawesi Province.

Analytical Framework

This study used Mix Method, which is a descriptive statistical analysis and SEMPLS analysis using Software SmartPLS3. SEM Partial Least Square modeling referred to a previous research. SEM model was made by developing path diagram based on theory to show causality between variables which are suitable with the research purposes. So the following path diagram was made

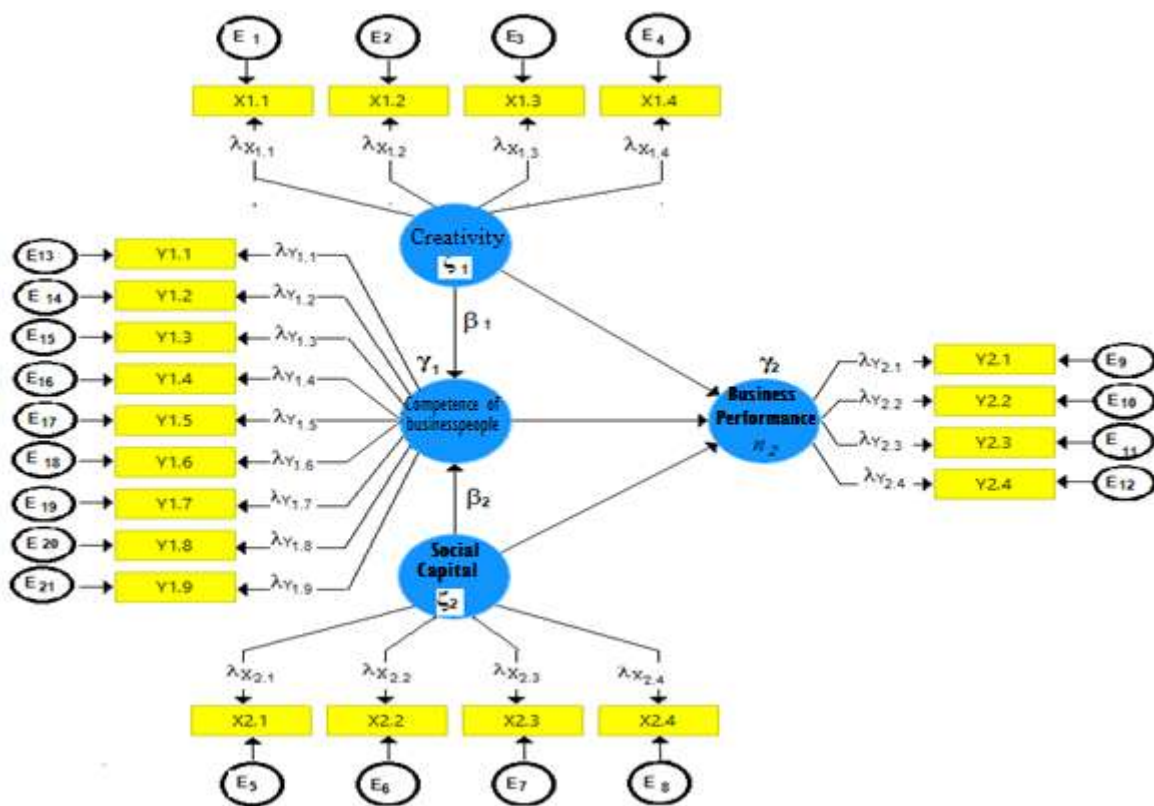


Figure 5: Path Analysis Research

Analysis of Structural Model in PLS was performed in three stages, which were: Outer model analysis, Inner model analysis, Hypothesis test as follows:

a. outer model analysis

- 1) Convergent Validity. Point of convergent validity of all construct is > 0.5 .
- 2) Discriminant Validity.
- 3) Composite Reliability. > 0.7 high reliability.
- 4) Average Variance Extracted (AVE). The value of AVE > 0.5 .
- 5) Cronbach's Alpha test; Cronbach's Alpha's. > 0.6 for all construct.

indicator of formative test;

- 1) Significance of weights.
- 2) Multi collinearity test.

b. Inner Model Analysis

The evaluated inner models for indicator analysis:

- 1) Determination Coefficient(R^2)
- 2) Predictive Relevance
- 3) Goodness of Fit Index (GoF)

c. Hypothesis test

Hypothesis was tested by examining the probability and t-statistic values. The criteria of hypothesis acceptance is when $t\text{-statistic} > t\text{-table}$. Hypothesis test used statistical value with alpha 5% the t-statistic value is 1,96. So, the criteria of hypothesis acceptance/rejection were H_a was accepted and H_0 was rejected when $t\text{-statistic} > 1,96$. Hypothesis was rejected/accepted using probability, so H_a was accepted if $p < 0,05$.

d. Mediation test

The procedure of testing mediating effect has two steps by Baron and Kenny, 1986, Hair, 2011; Kock, 2011,2013 in Sholihin, (2014) which are:

- a) Estimating direct influence of independent variable on dependent variable, path c coefficient must be significant (see Figure6).
- b) Estimating indirect influence simultaneously using triangle PLS-SEM Model, path a and b coefficients must be significant (see Figure 7).

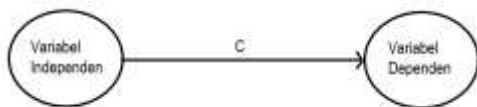


Figure 6: Model of Direct Influence

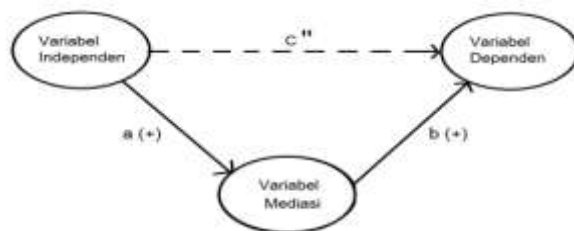


Figure 7: Model of Mediation

- c) Conclusion on mediating effect was drawn:
 - 1) If path c'' coefficient of the estimation of the second step remained significant and not changed ($c''=c$) then there was no mediating effect.
 - 2) If path c'' coefficient declined ($c''<c$) but remained significant, the mediating effect was partial mediation.
 - 3) If path c'' coefficient declined ($c''<c$) and became insignificant, the mediating effect was full mediation.

e. Analysis of relation between variables

To analyze relation between research variables partially, matrix correlation indicator was used. Table of the result of SmartPLS analysis using indicators by Sugiono (2007) is below:

| Correlation Value | Interpretation |
|--------------------------|-----------------------|
| 0,00 - 0,199 | Very Low |
| 0,20 - 0,399 | Low |
| 0,40 - 0,599 | Medium |
| 0,60 - 0,799 | Strong |
| 0,80 - 1,000 | Perfect |

4. RESULT ANALYSIS

Outer Model Analysis

a. Validity Test

An indicator is valid if it has loading factor above 0,5 on target construct. The output of SmartPLS for the first stage of loading factor shows that 2 variables of competence of businesspeople have loading factor values below 0,5 or don't meet convergent validities, which are Y1.4 and Y1.8, which were removed from the model. The second stage of analysis was performed using final stage loading factor diagram of each indicator in the research model as follows:

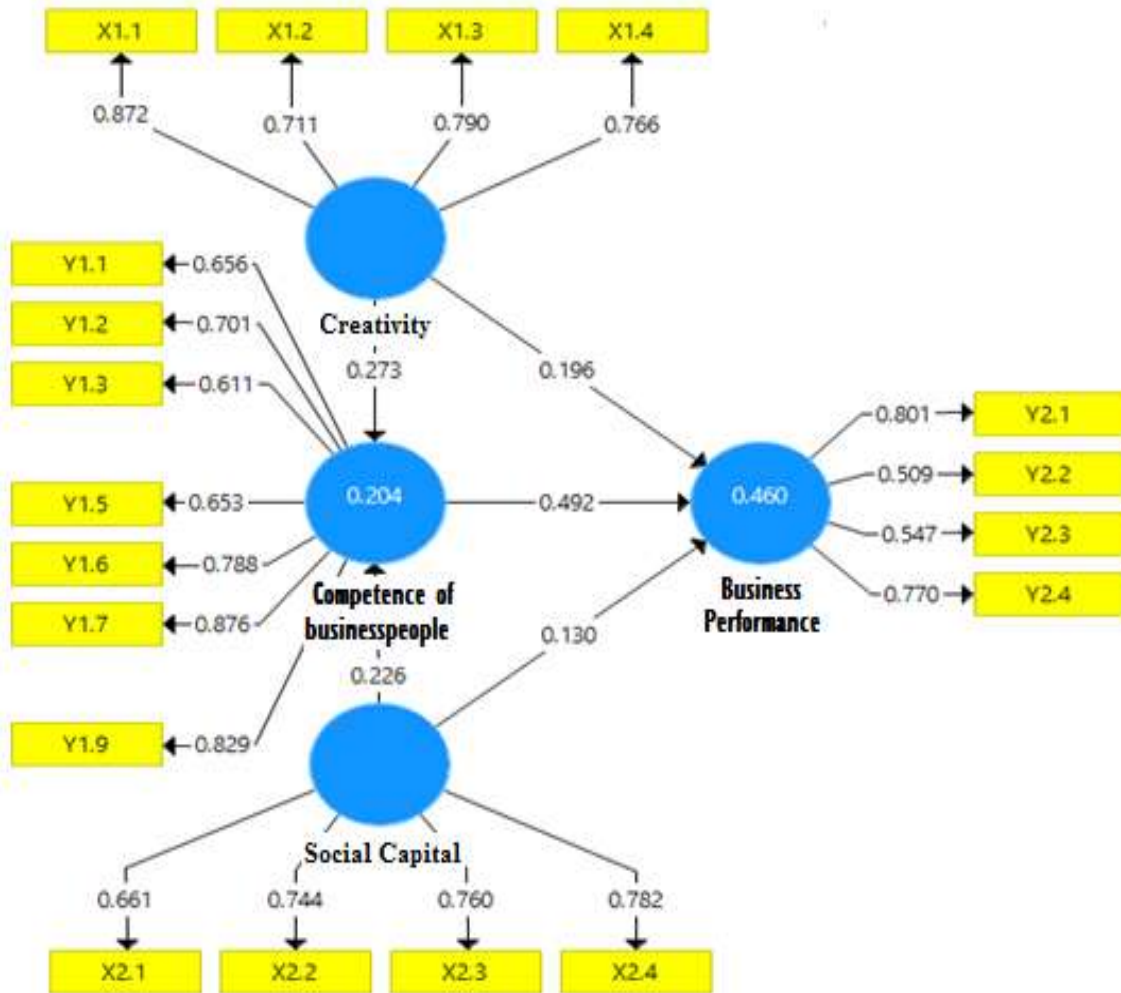


Figure 8;The second stage of Path analysis SEM SmartPLS Model

The assessment on the structural model in the second stage showed that the influence of exogenous variable on endogenous variable was strong and positive, as shown in the following table:

Table 02. The Result of Assessment of Final Stage Latent Variable Correlation

| Variable | Business Performance | Competence of businesspeople | Creativity | Social Capital |
|------------------------------|----------------------|------------------------------|------------|----------------|
| Business Performance | 1.000 | | | |
| Competence of businesspeople | 0.625 | 1.000 | | |
| Creativity | 0.482 | 0.416 | 1.000 | |
| Social Capital | 0.449 | 0.398 | 0.630 | 1.000 |

Then, validity was examined by the highest loading factor on target construct compared with loading factor on another construct:

Table 03. Discriminant validity with cross loading

| | Business Performance | Competence of businesspeople | Creativity | Social Capital |
|------|-----------------------------|-------------------------------------|-------------------|-----------------------|
| X1.1 | 0.476 | 0.396 | 0.872 | 0.484 |
| X1.2 | 0.267 | 0.304 | 0.711 | 0.445 |
| X1.3 | 0.431 | 0.287 | 0.790 | 0.515 |
| X1.4 | 0.299 | 0.312 | 0.766 | 0.558 |
| X2.1 | 0.389 | 0.311 | 0.800 | 0.661 |
| X2.2 | 0.283 | 0.343 | 0.364 | 0.744 |
| X2.3 | 0.245 | 0.239 | 0.268 | 0.760 |
| X2.4 | 0.372 | 0.262 | 0.333 | 0.782 |
| Y1.1 | 0.378 | 0.656 | 0.270 | 0.279 |
| Y1.2 | 0.417 | 0.701 | 0.166 | 0.205 |
| Y1.3 | 0.520 | 0.611 | 0.421 | 0.274 |
| Y1.5 | 0.320 | 0.653 | 0.323 | 0.380 |
| Y1.6 | 0.494 | 0.788 | 0.291 | 0.266 |
| Y1.7 | 0.541 | 0.876 | 0.320 | 0.329 |
| Y1.9 | 0.485 | 0.829 | 0.302 | 0.310 |
| Y2.1 | 0.801 | 0.570 | 0.526 | 0.518 |
| Y2.2 | 0.509 | 0.222 | 0.220 | 0.184 |
| Y2.3 | 0.547 | 0.182 | 0.202 | 0.188 |
| Y2.4 | 0.770 | 0.514 | 0.216 | 0.173 |

The comparison of construct (AVE) with square root of average variance extracted (\sqrt{AVE}) showed adequate result because $\sqrt{AVE} > (AVE)$. It's presented in the table below:

Table 04. Comparison of Construct (AVE)with (\sqrt{AVE})

| Variable | Average Variance Extracted (AVE) | \sqrt{AVE} | Note |
|------------------------------|---|--------------------------------|-------------|
| Business Performance | 0.448 | 0.669 | Feasible |
| Competence of businesspeople | 0.542 | 0.736 | Feasible |
| Creativity | 0.619 | 0.787 | Feasible |
| Social Capital | 0.545 | 0.738 | Feasible |

b. Reliability test

Table 05. Cronbach's alpha and Composite Reliability

| Variable | Cronbach's Alpha | Composite Reliability | Note |
|------------------------------|-------------------------|------------------------------|-------------|
| Business Performance | 0.612 | 0.758 | Feasible |
| Competence of businesspeople | 0.855 | 0.891 | Feasible |
| Creativity | 0.796 | 0.866 | Feasible |
| Social Capital | 0.723 | 0.827 | Feasible |

Inner Model Analysis

a. R-square (R²)

The R-Square values are shown in Table 06. The table shows a value of 0,460 for construct Business Performance, meaning Competence of businesspeople could explain variant of Business Performance by 46 %. R value in Competence of businesspeople was also influenced Creativity and Social Capital by 20,4%

Table 06. R Square and Predictive relevance (Q².)

| Variable | R ² | Q ² |
|------------------------------|----------------|--|
| Business Performance | | |
| Competence of businesspeople | 0,204 | Q ² = 1 - (1 - R ²) (1 - R ²) (1 - R ²) ... |
| Creativity | 0,460 | Q ² = 1 - (1 - 0,204)(1 - 0,460) |
| Social Capital | | Q ² = 0.57 |

b. Predictive relevance (Q².)

Inner model can be found by examining Q² (predictive relevance). Q² can be calculated using the formula are show in table 06. Q-Square value of 0,57 above shows that the observation value produced by the model was good because the Q-Square value is over 50% above 1.

c. Goodness of fit (GOF)

$$\text{GoF} = \sqrt{\text{Communality} \times R^2}$$

Table 07. Communality Value and R-Square Value

| Variable | Communality | Average Communality | R Square | Average R Square |
|------------------------------|-------------|---------------------|----------|------------------|
| Business Performance | 0.448 | | 0.460 | |
| Competence of businesspeople | 0.542 | 0.539 | 0.204 | 0.332 |
| Creativity | 0.619 | | - | |
| Social Capital | 0.545 | | - | |

Goodness of fit =.

$$\text{GoF} = \sqrt{0.539 \times 0.332}$$

$$\text{GoF} = \sqrt{0.179}$$

$$\text{GoF} = 0,423 \text{ meets the requirement, if; } 0 < \text{GoF} > 1$$

Hypothesis test

The significance of estimated parameter gave information on the relations between research variables using Bootstrapping smartPLS analysis below;

Table 08. The Result of Test of Direct Influence between Research Variables

| No | Direct Influence between Variables | Significance (T Statistic > 1,96) | Direction | Note |
|----|---|-----------------------------------|-----------|-------------|
| 1 | Creativity->Competence of businesspeople | 3.010 (>1,96) | (+) 0,273 | Ho accepted |
| 2 | Creativity ->Business Performance | 2.702 (>1,96) | (+) 0,196 | Ho accepted |
| 3 | Social Capital->Competence of businesspeople | 2,315 (>1,96) | (+) 0,226 | Ho accepted |
| 4 | Social Capital->Business Performance | 1,633 (<1,96) | (+) 0,130 | Ho rejected |
| 5 | Competence of businesspeople ->Business Performance | 5,751 (>1,96) | (+) 0,492 | Ho accepted |

The Hypotheses 1 and 2 were tested according to Baron and Kenny, 1986, Hair et al., 2011; Kock, 2011,2013 in Sholihin, et al, 2014, with the following stages:

a. Test of the Influence of Creativity on Business Performance through Competence of businesspeople

Indirect influence and mediating effect were tested using the following Stages:

[1] Direct influence was tested using bootstrapping method of smartPLS on Creativity (predictor) on Business Performance (criterion) in the table below:

Table 09. Path Coefficients of the Direct Influence of Predictor on criterion

| Influence | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|-----------------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| Creativity ->Business Performance | 0.505 | 0.514 | 0.055 | 9.138=C | 0.000 |

It's evident that Creativity had significant direct influence on Business Performance (C) where; $t = 9,138$; ($> 1,96$). It's illustrated in figure 9.

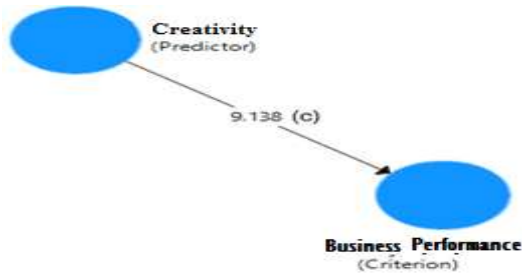


Figure 9. Direct Influence of Predictor on criterion

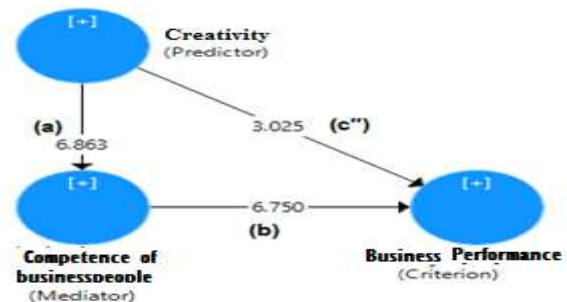


Figure 10. Mediating Influence of Predictor on criterion

[2] Mediating variable was inserted into bootstrapping model of smartPLS to analyze the influence of predictor on mediator and mediator influenced criterion, as shown in the following table;

Table10. Path Coefficients of the Mediating Influence of Predictor on criterion

| Influence | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|---|---------------------|-----------------|----------------------------|--------------------------|----------|
| Competence of businesspeople ->Business Performance | 0.519 | 0.551 | 0.077 | 6.750 | 0.000 |
| Creativity ->Business Performance | 0.261 | 0.235 | 0.086 | 3.025=C' | 0.003 |
| Creativity ->Competence of businesspeople | 0.418 | 0.429 | 0.061 | 6.863 | 0.000 |

This stage showed that Creativity had direct influence on Business Performance (C'). It declined by was still quite significant where; $t = 3.025$; ($> 1,96$). It's illustrated in figure10.

It's concluded that; **Hypothesis 1 was accepted.** Creativity influenced business performance through competence of businesspeople with analysis that; ($C' < C$) ; and showed significant relation where t statistic is $3,25$ ($>1,96$) in positive direction by $0,261$. So it's concluded that competence of businesspeople partially mediated the influence of creativity on business performance. Accumulatively, the influence of creativity on business performance with the formula $(a) + (b) + (c')$ was $16,638$ ($>1,96$) positive and significant relation.

b. Test of Influence of Social Capital on Business Performance on Competence of businesspeople

Tests of indirect influence and mediating effect were performed using the following stages:

[1] Direct influence was tested using bootstrapping method of smartPLS on Social Capital (predictor) on Business Performance (criterion) is shown in the Table below:

Table 11. Path Coefficients of Direct Influence of Predictor on criterion

| influence | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Value |
|---------------------------------------|---------------------|-----------------|----------------------------|--------------------------|---------|
| Social Capital ->Business Performance | 0.488 | 0.495 | 0.051 | 9.624=C | 0.000 |

It's evident that Social Capital had direct influence (c)on Business Performance where ; $t = 9,624$; ($> 1,96$). It's illustrated in figure 11.

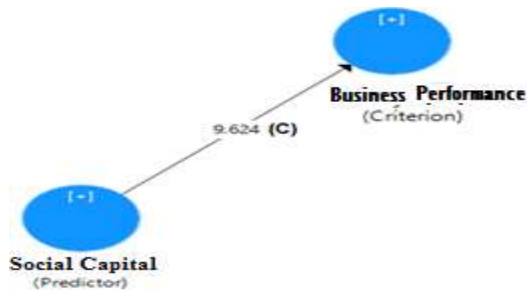


Figure 11. Direct Influence of Predictor on criterion

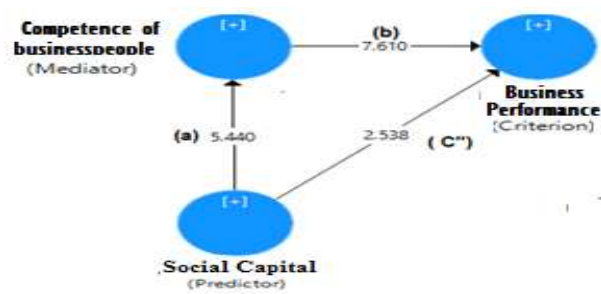


Figure 12. Mediating Influence of Predictor on criterion

[2] Mediating variable was inserted into the bootstrapping model of smartPLS to analyze the influence of predictor on mediator and mediator had influence on criterion as shown in the following table;

Table 12. Path Coefficients of Mediating Effect of Predictor on criterion

| Influence | Original Sample (O) | Standard Deviation (STDEV) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|--|---------------------|----------------------------|----------------------------|--------------------------|----------|
| Competence of business people ->Business Performance | 0.543 | 0.576 | 0.071 | 7.61 | 0 |
| Social Capital ->Business Performance | 0.225 | 0.196 | 0.089 | 2.538=C' | 0.011 |
| Social Capital >Competence of business people | 0.407 | 0.416 | 0.075 | 5.44 | 0 |

This stage showed that Social Capital had direct influence on Business Performance (C'). It declined but still quite significant where; $t = 3.025$; ($> 1,96$). It's illustrated in figure 12.

It's concluded that; **Hypothesis II was accepted**. Social Capital influence business performance through Competence of businesspeople with analysis that; ($C' < C$) ; 2, 538 ($>1,96$) in positive direction by 0,225. It's concluded that competence of businesspeople only partially mediated the influence of Social Capital on business performance. The overall influence of social capital through competence of businesspeople on business performance using the formula(a) + (b) + (c'')is T-statistic of 15.588 ($>1,96$).

5. DISCUSSION

The profile of research respondents in terms of education showed that around 57percent were junior high school graduates, while in terms of age, 37% were over 50 years old and 30% were 40-50 years old, and only 33% were youth. On average, 77% they learnt about the business themselves or from relatives. 70% never joined any entrepreneurship training or similar activities and 60% never joined any exhibition of product marketing activity.

Influence of Creativity on Business Performance through the Competence Businesspeople of Culture-based Micro entrepreneur

The influence of creativity on business performance through competence of micro entrepreneur in the research hypothesis showed positive and significant relation. The relation meant that elements of creativity, i.e. attitude, interest, motivation and experience had quite significant value in explaining variable Business Performance through the role of competence of businesspeople. Partial analysis of the influence of creativity on entrepreneurship competence showed positive and significant relation, supporting Sya'roni's (2012) opinion that the higher the creativity and the more innovation, the higher the competence of businesspeople, and conversely the lower the creativity and innovation, the lower the competence of businesspeople. Stoner, Freeman and Gilbert, 1996 in sya'roni, et al, (2012) state that creativity emphasizes on the emergence of new idea, while innovation is related with implementation of idea into useful product because creativity is a requirement for innovation.

Similarly, the direct influence of creativity on micro business performance showed positive and significant influence. It meant that creativity, which consists of attitude, interest, motivation and experience, could give positive contribution to improve business performance. The higher the creativity, the better the business performance. It's consistent with the study by; Lisda, et al. (2009) that creativity and entrepreneurial innovation had positive influence on marketing performance with entrepreneurial orientation as an intervening variable; Hedyati et al (2010) find that creativity had positive influence of small enterprise, Muthalib et al(2014) study the influence of entrepreneurship on poverty alleviation through improvement of performance of micro enterprise; Dwiyan (2014) find that factors influence the success of SME management in terms of SME owner and manager, include creativity, information utilization and decision making performance. The relations between variables were analyzed partially using data of Empirical Correlation Matrix of SmartPLS output in the following table:

Table 12. Empirical Correlation Matrix of Hypothesis I

| Creativity (Predictor) | Competence of businesspeople (Mediator) | | | | | | | Business Performance (Criterion) | | | |
|---------------------------|--|------|------|------|------|------|------|-------------------------------------|-------|-------|-------|
| | Y1.1 | Y1.2 | Y1.3 | Y1.5 | Y1.6 | Y1.7 | Y1.9 | Y2.1* | Y2.2* | Y2.3* | Y2.4* |
| Attitude (X1.1) | 0.27 | 0.22 | 0.38 | 0.26 | 0.23 | 0.30 | 0.34 | 0.97 | 0.37 | 0.42 | 0.55 |
| Interest(X1.2) | 0.22 | 0.06 | 0.29 | 0.34 | 0.24 | 0.23 | 0.15 | 0.49 | 0.25 | 0.10 | 0.14 |
| Motivation (X1.3) | 0.16 | 0.09 | 0.34 | 0.14 | 0.22 | 0.24 | 0.23 | 0.71 | 0.25 | 0.37 | 0.27 |
| Experience (X1.4) | 0.19 | 0.13 | 0.29 | 0.31 | 0.23 | 0.23 | 0.19 | 0.49 | 0.38 | 0.25 | 0.17 |

The bootstrapping model and calculation of path coefficient analysis similar to Solihin, et al (2014) showed the coefficient of mediating effect of variable competence of businesspeople on business performance could be determined by multiplying the paths. The data of Empirical Correlation Matrix in table 12 above shows that variable competence of business people mediated variable creativity on business performance with positive correlation coefficient of varying value, showing that: first; Perception on the influence of attitude on business performance through competence of businesspeople showed the highest correlation in three variables of business performance, i.e average capital growth per month or Y2.1, average sale growth per month or Y2.3 and average net profit growth per month or Y2.4. It indicated that feelings, thoughts, and tendency of entrepreneur were permanent. They knew aspects of their business very well so that they easily understood the role of their competence to improve their business performance. Second; Perception on the influence of interest on business performance through competence of businesspeople showed the lowest correlation in four variables of business performance, i.e. average capital growth per month or Y2.1, average sales growth per month, employment growth per month or Y2.3 and average net profit growth per month or Y2.4.

Influence of Social Capital on Business Performance through the Competence Businesspeople of Culture-based Micro entrepreneur

The influence of social capital on business performance through the competence of microentrepreneur showed positive and significant influence. It meant that elements of social capital, which consists of norm, trust, reciprocity and cooperation, had rather significant values in explaining variable business performance. On the other hand, the direct influence of social capital on competence of businesspeople showed positive and significant relation. Value of norm, trust, reciprocity and cooperation gave quite significant value in explaining variable Social Capital. This relation meant that the higher the utilization of social capital by entrepreneur, the higher the competence in managing business. As stated by Mooreman and Slotegraaf (1999); Riemer, (2004) in Andriani N (2010) social capital has collaborative and informative benefits. Informative benefit is related with flow and exchange where individual access information from various parties. Collaborative is benefit of social capital as result of motivation and trust. The social capital is related with competence of businesspeople in marketing, which refers to ability to develop and cultivate relation with customer, ability to use market intelligence on external factor which may influence the needs of customers and quality of channel relationship. So, it's concluded; Social capital had positive and significant influence on marketing competence, which consists of marketing intelligence and marketing innovation through quality of marketing information, which then also influenced marketing performance. This study also supported the result of the study by Sukmawati et al. (2014) that social capital in structural, relational, cognitive dimensions has positive and significant influence on knowledge management in craft SME.

Meanwhile, the direct influence of social capital on the business performance of micro enterprise showed positive but insignificant value, so the hypothesis was rejected. It was indicated that various indicators of variable social capital indirectly impacted improved business performance. Tonkiss (2000) in Syahyuti (2009) states that social capital has only economic value if it can help individual or group, such as in accessing financial sources, collecting information, finding job, starting business, and minimizing transaction cost. It implies indirect relation between social capital and economy, so in other words social capital is a means for individual in performing economic activities because social capital demands participation, reciprocity, trust, social norm, generality and proactive community. Social capital will only emerge if there is high reciprocity in society, as stated by Putnam (1993), who views social capital as a series of horizontal relations among people, and Coleman (1988) who views horizontal and vertical relations, and behavior within and between all parties in social system. Syahyuti, et al. (2008)

In the bootstrapping model and calculation of path coefficient analysis according to Solihin, et al (2014), coefficient of mediating effect of variable competence of businesspeople on business performance can be determined by multiplying paths of variables predictor, Mediator, on criterion in the data of Empirical Correlation Matrix. The result is shown in table 13.

Table 13. Empirical Correlation Matrix of Hypothesis II

| Creativity (Predictor) | Competence of businesspeople(Mediator) | | | | | | | Business Performance(Criterion) | | | |
|---------------------------|---|------|------|------|------|------|------|------------------------------------|-------|-------|-------|
| | Y1.1 | Y1.2 | Y1.3 | Y1.5 | Y1.6 | Y1.7 | Y1.9 | Y2.1* | Y2.2* | Y2.3* | Y2.4* |
| Value/Norm (X2.1) | 0.21 | 0.16 | 0.30 | 0.26 | 0.23 | 0.22 | 0.20 | 0.68 | 0.39 | 0.33 | 0.24 |
| Trust (X2.2) | 0.22 | 0.11 | 0.29 | 0.33 | 0.26 | 0.28 | 0.24 | 0.54 | 0.18 | 0.19 | 0.24 |
| Reciprocity (X2.3) | 0.13 | 0.13 | 0.09 | 0.27 | 0.12 | 0.22 | 0.27 | 0.42 | 0.13 | 0.11 | 0.03 |
| Cooperation (X2.4) | 0.25 | 0.19 | 0.09 | 0.25 | 0.15 | 0.24 | 0.21 | 0.57 | 0.18 | 0.25 | 0.27 |

The table shows that; Perception on the influence of value or norm on business performance through competence of businesspeople showed the highest correlation in three variables of business performance, i.e. average capital growth per month or Y2.1, average employment growth or Y2.2, average sales growth per month or Y2.3 and only variable average net profit growth per month or Y2.4 showed low correlation compared with the other three variables. It indicated that business activity should be adjusted with ethics or norms in the society. These norms are used so that businesspeople don't violate regulations in effect and their business receive sympathy from other people. Eventually, the norms create clean businesspeople who can develop and grow their businesses.

6. CONCLUSION AND RECOMMENDATION

Variables creativity and social capital had positive significant influence on business performance if mediated by competence of businesspeople in micro enterprises in culture-based craft industry in Southeast Sulawesi Province. It meant that competence of businesspeople mediated the influence of creativity and social capital on business performance. The direct influence of creativity and social capital on business performance should be tested to be compared with the research analysis because the variables in them are abstract, such as attitude, interest, motivation, experience, trust, norm, reciprocity and cooperation. So the influence have to be mediated by human role through behavioral change in forming competence of businesspeople to impact business performance.

The local government, universities, and other stakeholders should make efforts to improve the competence of culture-based micro enterprise businesspeople. Making profiles of products of culture-based micro enterprises inspired by ethnic culture in Southeast Sulawesi Province can be prioritized to facilitate guidance, planning and development to increase the economic growth of the region.

Future researchers can analyze competence of businesspeople and business performance more extensively because the determination coefficient (R^2) in this study is 46% for construct business performance, meaning there is 54% possibility of other variables outside of the research which explain the variants of business performance, and (R^2) value of 20,4% for construct competence of businesspeople, showing that there is 79,6% possibility that other variables beside creativity and social capital can explain variable competence of businesspeople.

SEM PLS analysis model has the limitations of not explaining reciprocal relation between exogenous variables and not explaining simultaneous influence of exogenous variable on endogenous variable. So, more sophisticated analysis tool to study the performance of micro enterprise should be used, especially if variable competence of businesspeople is still used as a mediator of other dimensions or variables. It's because improving business performance also increases competence of businesspeople since businesspeople are the driver, while performance is impact of change of competence of businesspeople.

7. REFERENCES

- [1] Andriani, N, "Model Hubungan Modal Sosial, Kompetensi Pemasaran dalam Mempengaruhi Kinerja Pemasaran", *Jurnal Aplikasi Manajemen (Marketing Intelligence dan Marketing Innovation)*, vol. 10, no. 1, pp.50-59, 2012.
- [2] Darya, I Gusti Putu, Pengaruh Ketidakpastian Lingkungan dan Karakteristik Kewirausahaan terhadap Kompetensi Usaha dan Kinerja Usaha Mikro di Kota Balikpapan (*Jurnal Universitas Islam Indonesia*), Indonesia, 2012.
- [3] Elis Dwiyana, "Identifikasi faktor-faktor yang mempengaruhi Kinerja Usaha Mikro Kecil dan Menengah di Cimahi, Jabar Indonesia. In Proceeding(s) of the SNEB Symposium, pp.314-319, 2014.
- [4] Erwin Tobias, Pengaruh Modal Sosial terhadap Perilaku Kewirausahaan (*Jurnal Acta Diurna*), Indonesia, 2013.
- [5] Hadiyati, Ernani, "Kreativitas dan Inovasi berpengaruh terhadap Kewirausahaan Usaha Kecil", *Jurnal Manajemen dan Kewirausahaan*, vol. 13, no, 1 pp.8-16, 2011
- [6] Hasbullah, Jousairi, "Social Capital", MR-United Press (Menuju Keunggulan Budaya Manusia Indonesia), Indonesia, 2006.

- [7] Hasibuan A., Suatu Tinjauan Teoritik: Kewirausahaan Pengetahuan Pada Organisasi Penelitian dan Pengembangan, *Journal of UNSRAT (Warta KIML 6)*, Indonesia, 2008.
- [8] Indriasari D., Nahartyo E., "Studi pada Pemerintah Kota Palembang dan Kabupaten Ogan Ilir: Pengaruh Kapasitas Sumberdaya Manusia, Pemanfaatan Teknologi Informasi, dan Pengendalian Intern Akuntansi terhadap Nilai Informasi Pelaporan Keuangan Pemerintah Daerah, Doctoral Dissertation, Universitas Gadjah Mada, Indonesia, 2008
- [9] Inggawati K., Kaudin A., "Peranan Faktor-Faktor Individual dalam Mengembangkan Usaha Integritas", *Jurnal Manajemen dan Bisnis*, vol. 3 no.2 pp.185-202, 2010.
- [10] Kurniati, Ni Made Teganing, Pengaruh Pelatihan Keterampilan Kreatif terhadap Kreatifitas, *Jurnal Gunadarma, _Lokasi_*, 2005.
- [11] Lussier R., Halabí C., An Analysis of Small Business in Chile: A Correlational Study, *Journal of Small Business and Enterprise Development*, vol. 15, no. 3, pp.490-503, 2008.
- [12] Madura Jeff, 2001, Pengantar Bisnis, Salemba Empat (Buku 1), Indonesia, 2001.
- [13] Mujib, M. Fatkhul, 2010, Studi Pada Pelaku UKM Di Kabupaten Kebumen: Analisis Faktor-Faktor Yang Berpengaruh Secara Langsung dan Tidak Langsung Terhadap Kinerja Usaha Kecil & Menengah (UKM), *Jurnal Poltek Tegal, Indonesia*, 2010
- [14] Munizu, Musran, Pengaruh Faktor-Faktor Eksternal dan Internal Terhadap Kinerja Usaha Mikro dan Kecil (UMK) di Sulawesi Selatan, *Jurnal Manajemen dan Kewirausahaan Petra*, 2014.
- [15] Muthalib A, Pengaruh Kewirausahaan terhadap Pengentasan Kemiskinan melalui Peningkatan Kinerja Usaha Mikro di Sulawesi Tenggara, Doctoral Dissertation, Universitas Halu Oleo, Indonesia, 2014.
- [16] Okpara J., Kumbiadis N., SMEs Export Orientation and Performance: Evidence From A Developing Economy. *International Review of Business Research Papers*, vol. 4, no. 5, pp.109-119, 2008.
- [17] Osterwalde, Pigneur, *Business Model Generations*, PT. Elex Media Komputindo, Indonesia, 2010
- [18] Pontoh O., Identifikasi Dan Analisis Modal Sosial dalam Rangka Pemberdayaan Masyarakat Nelayan Desa Gangga Dua Kabupaten Minahasa Utara. *Jurnal Perikanan dan Kelautan Tropis*, vol. 6, no. 3, 2007
- [19] Pornomo D., Model Peningkatan Kinerja Bisnis Usaha Batik di Pulau Madura Dalam Perspektif Sumberdaya, Kapabilitas, Orientasi Kewirausahaan dan Keunggulan Bersaing, *Jurnal UNEJ*, 2013
- [20] Pranadji T., Studi Kasus: Penguatan Modal Sosial Untuk Pemberdayaan Masyarakat Pedesaan dalam Pengelolaan Agroekosistem Lahan Kering, Desa-desa (Hulu DAS), Proyek Bangunan Lahan Kering, Kabupaten Boyolali. *Jurnal Agro Ekologi*, vol. 24 no. 2, 2006.
- [21] Rafiy M., Pengaruh Peran Pemerintah dan Modal Sosial terhadap Keberdayaan Industri kecil di Sulawesi Tenggara, Doctoral Dissertation, Universitas Halu Oleo, Indonesia, 2014.
- [22] Seidel S., Rosemann M., Becker J., How Does Creativity Impact Business Processes?, *eprints.qut.edu.au*, 2008.
- [23] Sholihin M., Ratmono D., An Analysis of SEM-PLS: Hubungan Nonlinier dalam Penelitian Sosial dan Bisnis, *Andi Offset*, Indonesia, 2013.
- [24] Sukmawati A., Kartika L., Kontribusi Modal Sosial dalam Penerapan Manajemen Pengetahuan Usaha Kecil dan Menengah Kluster Kerajinan di Bogor, *Jurnal Manajemen Pengembangan Industri Kecil Menengah (Manajemen IKM)*, vol. 9, no. 1, pp.76-88, 2014.
- [25] Sunardi, Kunci Keberhasilan Usaha Mikro Kecil Sub Sektor Industri Kreatif Berorientasi Ekspor di Malang Jawa Timur. Universitas Merdeka Malang, Indonesia 2013.
- [26] Suriyatna D., Analisa Modal Sosial dan Inovasi Produk pada Pengusaha Mikro di Jawa Timur, *Jurnal Agora Petra*, vol. 1, no. 3, 2013.
- [27] Syahadat M., Kinerja Usaha dan Keberdayaan Nasabah pada Layanan Keuangan Mikro Badan Layanan Umum Daerah (BLUD) Kota Kendari, Doctoral Dissertation, Universitas Halu Oleo, Indonesia, 2015.
- [28] Syahyuti, 2008, Peran Modal Sosial (Social Capital) dalam Perdagangan Hasil Pertanian, *Forum Penelitian Agri Ekonomi*, vol. 26, no. 1, pp.32-43, 2008.
- [29] Syaroni D.A.W., Sudirham J.J., Kreativitas dan Inovasi Penentu Kompetensi Pelaku Usaha Kecil, *Universitas Pasca sarjana Komputer Indonesia*, vol. 11, no. 46, 2012.
- [30] Utami Munandar, Pengembangan Kreativitas Anak Berbakat, Depdiknas dan Rineka Cipta Jakarta, Indonesia, 1999.