

THE EFFECT OF ENVIRONMENTAL UNCERTAINTY, ENTREPRENEURIAL CHARACTERISTICS AND COMMITMENT OF THE GOVERNMENT ON BUSINESS COMPETENCY AND MICRO SMALL BUSINESS PERFORMANCE IN BALIKPAPAN CITY, INDONESIA

I Gusti Putu Darya
STIE Madani Balikpapan

Original Research
Received 21 March 2020
Revised 25 April 2020
Accepted 10 May 2020

Abstract

This study is aimed to analyze the influence of environmental uncertainty, entrepreneurial characteristics and government commitment to business competence and the performance of small micro businesses in Balikpapan city. This study involves 34 villages, each of which was taken as a sample of 5 people per village of micro and small business operators, and as many as 136 responses were collected. Data processing used AMOS 6.0, and the result was that environmental uncertainty did not directly affect the performance of micro-small businesses but through business competence. Entrepreneurial characteristics did not affect business competence but competence influenced the performance of micro small businesses. Meanwhile, the government's commitment directly or indirectly influenced through business competence on the performance of micro small businesses. It is recommended that micro-small entrepreneurs can always improve their competency through entrepreneurship skills training so they can face uncertainty.

Keywords: *environmental uncertainty, entrepreneurship, business competition, business performance*

Abstrak

Penelitian ini bertujuan menganalisis pengaruh ketidakpastian lingkungan, karakteristik wirausaha dan komitmen pemerintah terhadap kompetensi bisnis dan kinerja usaha mikro kecil di Balikpapan. Penelitian ini melibatkan 34 desa, yang masing-masing diambil sebagai sampel 5 orang per desa dari operator usaha mikro dan kecil, dan sebanyak 136 respon diterima. Pemrosesan data menggunakan SEM Amos 6.0, dan hasilnya adalah ketidakpastian lingkungan tidak secara langsung mempengaruhi kinerja usaha mikro-kecil tetapi melalui kompetensi bisnis. Karakteristik wirausaha tidak mempengaruhi kompetensi bisnis tetapi kompetensi mempengaruhi kinerja usaha mikro kecil. Sementara itu, komitmen pemerintah secara langsung atau tidak langsung dipengaruhi kompetensi bisnis pada kinerja usaha mikro kecil. Direkomendasikan bahwa pengusaha mikro-kecil selalu dapat meningkatkan kompetensi mereka melalui pelatihan keterampilan kewirausahaan sehingga mereka diharapkan mampu menghadapi ketidakpastian lingkungan.

Kata Kunci: *ketidakpastian lingkungan, kewirausahaan, kompetisi bisnis, kinerja usaha*

Corresponding Author: putu_darya@yahoo.co.id

Recommended Citation: Darya, I.G.P. (2020). The Effect of Environmental Uncertainty, Entrepreneurial Characteristics and Commitment of the Government on Business Competency and Micro Small Business Performance in Balikpapan City, Indonesia. *Journal of Business and Entrepreneurship*, 8(1), 72-95.

This article is available online at: <http://ojs.sampoernauniversity.ac.id>

INTRODUCTION

The 4.0 industrial revolution gave rise to sophisticated technological inventions of sorts. The technology results in swift changes that contribute to shift in human civilization. Humans are facilitated in carrying out daily activities as the time and cost efficiency elevates the profit of production process. Aside from the possible advantages it exerts a negative impact on human life. The looming threats encompass mass unemployment, economic imbalances and environmental damage.

Small-scale businesses have proved to be a reliable safety valve which people turn to in time of crisis as they serve as a remarkable mechanism in creating job opportunities and added value. This strategic role and function can be increased as the role of a micro-small business as the complementary business actors in the development of the national economy. The success in augmenting the capacity of a micro-small business means the reinforcement of the economic business of the community. Environmental factors play a vital role for companies, especially in giving a direction and formulation of corporate strategy. The environmental changes, both internal and external, require the company's ability to adjust to the prevailing changes that it may survive. Meanwhile, planning is instrumental in making adjustment and a factor in determining the company performance that is geared up for a competitive advantage.

Based on the background description that has been stated, the purpose of this research is to analyze the effects of environmental uncertainty on business competence and business performance, characteristics of entrepreneurship on business competence and business performance in micro small businesses, business competence on business performance in micro small businesses. The benefits of this study is to use it as a theoretical study relating to government commitment, entrepreneurship and performance, as an additional reference material for further studies, to provide an insight into government assistance, entrepreneurship for micro businesses so that guidelines can be used to change the mindset of businesses that are more profitable in business operations, and to help small micro entrepreneurs to improve performance through entrepreneurial skills that form proactive personalities and are able to think strategically oriented in the face of competition.

LITERATURE REVIEW

Business Performance

Performance is a record concerning effects which are brought about on the function of a job or activity in a certain period in terms of the organizational objective (Bernardin & Russell, 1998; Cascio, 1998). According to Miner (1987), performance is normally instrumental in monitoring the productivity and human resources oriented toward the production of goods, as well as services. Vroom (1964) argued that the extent to which one succeeds in carrying out his job is known as level of performance. McCloy et al. (1994) argues that performance means behaviors or actions relevant to the accomplishment of organizational goals (goal-relevant action). Schultz and Schultz (2016) mentioned in the same line as the aforementioned argument that employees will be able to fully motivate themselves when they have clearly defined goals to attain in view.

According to Cherrington (1995), performance reveals the job target accomplishment related to the quantity, quality and time. Motowidlo et al. (2006) argue that there are two kinds of performance in terms of job namely, task performance and contextual performance. Task performance refers to the outcomes generated through the substantial job implementation which distinguishes one's job from that of others including technical aspects thereof. To Rotundo and Sackett (2002), business performance regards the occupational role described in terms of the quality and quantity of the work outcome. Contextual performance contributes to organizational effectiveness by supporting organizational, social and psychological conditions. Rotundo & Sackett (2002) define performance as a course of action or behavior within the control of individual that contributes to the attainment of organizational goals.

Performance Measurement

Anderson and Clancy (1991) view performance measure as a feedback from the accountant to management that provides information about how well the action represent the plans: it also identifies where manager may need to make correction or adjustment in future planning and controlling activities. Meanwhile, Atkinson et al. (1997) define performance as the activity of measuring the performance of an activity or the entire value chain.

Balanced scorecard is utilized as the instrument to measure the performance of a business enterprise. Balanced scorecard is a system of performance measurement that is used as a means of controlling, analyzing, and revising organizational strategies (Kaplan & Norton, 2001). The various aspects measured in the Balanced Scorecard comprise Financial Perspectives, which is concerned with the consideration of the stages of the business life cycle, namely: growth, sustainability, and harvest; Customer Effectiveness indicates the increasing acknowledgment of the importance of customer focus and customer satisfaction; and Internal Business Process perspectives that are implemented by conducting value chain analysis; and Learning and Growth perspectives which stem from human resource factors, systems, organizational procedures (Kaplan & Norton, 2001). Several measures can be used to measure organizational performance, such as return on sales (ROS), return on assets (ROA), and return on equity (ROE) (Ramaswamy et al., 1994); sale growth and market position (Luo, 1999; McCann III et al., 2001); net income, operational cost control, market share (Strandholm et al., 2004); marketing (market share, sale volume), products (product quality, introduction of new products, productivity, ability to improve) economics (annual profit, ability to profit, return on investment), employees (employee skill improvement, flexibility toward employees) (Ahmed et al., 1998).

Environmental Uncertainty

In general, a company's environment consists of groups that are interrelated with one another who play an important role in determining the opportunities, challenges and obstacles facing the company. The external environment of a company presents many challenges faced by a company in an effort to attract or obtain the necessary resources and to market goods and services profitably (Hunger & Wheleen, 2003). In addition, the variables in the environment form the conditions in the organization where the organization lives

Environmental uncertainty refers to the combination of the level of complexity with the level of environmental change in an organization's external environment. Environmental uncertainty is a threat to strategic management because uncertainty impedes an organization's ability to develop long-term plans and to make strategic decisions to keep the company balanced with its external environment (Hunger & Wheelen, 2003).

It is a fact that every organization faces different environmental conditions. What is clear is the external environment of an organization is always moving (very) dynamic. Such dynamic conditions can manifest themselves in politics, economics, security and public order and social culture. Furthermore, there is no organization that can free itself from the impact of the dynamics of the external environment, these dynamics must be recognized, calculated and even utilized for the achievement of the goals and objectives of the organization (Van der Hoek et al., 2016).

Entrepreneurship

In Gunartomo's (2019) research, the definitions of entrepreneurship are discussed as follows:

1. Jean Baptista Say (1816): An entrepreneur is an agent who capitalizes on various means of production and determines the value of production or a person who transfers economic resources from low productivity areas to higher productivity areas and generates higher yields.
2. Frank Knight (1921): Entrepreneurs seek to predict and respond to market changes that come up. This definition stresses on the role of entrepreneurs in coping with uncertainty in the dynamic market. A businessman is required to perform certain basic managerial functions such as providing direction and supervision.
3. Joseph Schumpeter (1934): An entrepreneur is an innovator who comes up with changes in the market by attempting combined manners of working.
4. Adam Smith (1776): In his opinion entrepreneurship means people that are able to respond to economic changes, then become economic agents that turn demand into production. French economist Jean Baptise believes that entrepreneurs are people who share certain and necessary art and skills in creating new economic ventures.
5. Meng & Liang (1996) sum up views postulated by several experts, and define entrepreneurship as an innovator, a risk taker, people who have a mission and vision to attain, outcomes issue from childhood experience, people who have the needs for high achievement, and people who have internal locus of control.
6. Stoner, James: Entrepreneurship is the ability to take advantage of factors such as production-labor, labor and capital and capitalize on them to produce new goods or

services. Entrepreneurs are alert to seize opportunities that are not seen or ignored by other business executives.

7. Peter F. Drucker argues that entrepreneurship is defined as the ability to create something new and different.
8. Thomas W. Zimmerer sheds a light on entrepreneurship. He argues that it is the application of creativity and innovation to solve problems and efforts made to take advantage of opportunities people are faced with every day.
9. Andrew J. Dubrin finds that entrepreneurship is a person who founds and operates an innovative-business.

Entrepreneurial Traits

Important entrepreneurial traits are discovered as follows:

1. Confidence: An entrepreneur must develop a self-confidence that is reflected by his conviction and optimism; he must be persuaded and optimistic that he will make a stride in his business develop it. An entrepreneur must be able to devise a strategic plan for the success of his company, self-reliant; he does not count on and depend on others or family, has leadership, and dynamic personality.
2. Originality: An entrepreneur must demonstrate originality which is evidenced by Creativity (ability to develop new ideas and figure out ways in solving problems), Innovativeness (ability to try his hand in something new which many people have not done before such as a competitive advantage which affords an added value), and Initiative/Proactivity which is the ability to do many things well, and gain knowledge.
3. Human-oriented comprises sociable nature meaning that you must be able to engage in relationship and remain on good terms with people of various sorts, both those who are directly connected to the business or unrelated ones.
4. Work-oriented, which is found in strong desire for achievement, willingness to pay the price to make progress and expand the business. IQ and EQ are not sufficient predictors to a success. AQ (Adversity Quotient) is needed, which is concerned with the resilience or the ability to grapple with the obstacles encountered in achieving success.

5. Future-oriented comprises (a) Foresightedness, acute perception. For this reason, you must be guided with a clear vision and goals that give you a sense of direction which way you need to go and a clear insight to what an entrepreneur needs to do next, (b) Achievement-oriented: Successful entrepreneurs are not self-complacent. They seek to pursue better achievements than they previously did. Their main concerns are to deliver product quality, provide services, and ensure customer satisfaction. Every time business activities are carried out evaluation is conducted for betterment and a step forward.
6. Risk-taking is concerned with the ability to deal with challenges and take calculated risks. This is a must-have trait that an entrepreneur should pursue anytime and anywhere, both in terms of money and time.

Entrepreneurship Characteristics

Characteristics of people who are highly motivated for achievement:

1. Choosing to take on a moderate risk, one chooses to take a calculated risk which includes a challenge yet possibility to succeed.
2. Taking personal responsibility for a certain course of actions. Avoiding a tendency to blame others for failures or mistakes made.
3. Expecting feedback regarding his actions.
4. Attempting to do things in new ways.

Government's Commitment

The government through the Ministry of Cooperatives and Small and Medium Enterprises (SMEs) prepared a financing program for women and small scale business entrepreneurs in the Government Budget in 2010. The total budget is Rp130 billion allocated for 2,600 groups of women and young business entrepreneurs. The finance deputy for the Ministry of Cooperatives and SMEs said that the financing sector is ready to allocate venture capital for women and young entrepreneur groups. Each group will gain access to venture capital of Rp50 million to uphold their various small businesses. Those who run small businesses are prioritized. The financing is focused on agribusiness, creative industries, aquaculture, household businesses that are promising to be

worked on by this group of people. Hence, the financial support is conferred upon young people and women that are very productive and preferably those who have just graduated from certain level of education.

In Law number 20 of 2008, Article 7 states that the Government and Regional Governments foster a Business Climate by stipulating laws and regulations which include aspects of: (a) funding, (b) facilities and infrastructure, (c) business information, (d) partnership, (e) business licensing, (f) business opportunity, (g) trade promotion, and (h) institutional support. Micro and Small Business access to loans or credit as referred to by (a) improve the ability to prepare business feasibility studies, (b) increase knowledge about the procedure for applying for credit or loans, and (c) improve understanding and technical and managerial skills of the business.

Competence Definition

Before fleshing out the importance of assessing the competence in terms of the performance measurement, it is better to shed light on what competency is. Berge et al. (2002) said that there are various definitions of competence that contributes to a sort of framework but not all of them are deemed to be suitable and worthy of debating. Stuart & Lindsay (1997) define competence as the character, nature, knowledge, skills and basic motivation which a position holder has related to a superior managerial performance. While Becker (2001) mentioned that competence refers to the knowledge, character, skill, ability each individual has or personal character that has an effect on the individual job performance.

The following are some definitions regarding competence, competence certification, and competence-based training:

1. Law No. 20/2003 concerning National Education System elucidates the article 35 (1): “Graduates’ competence is a qualification of graduates comprising abilities that include attitudes, knowledge, and skills in accordance with agreed-on national standards”,
2. Law No. 13/2003 regarding Manpower: article 1 (10) “Competence is the ability every individual has to carry out a work which includes the aspects of knowledge, skills and work ethics in accordance with the established standards”
3. Government Regulation No. 23 of 2004, regarding the professional certification national agency that elucidates job competency certification as a systematic and

objective process of certifying people's level of competence through the administration of competency tests with reference to Indonesian and or international national job competency standards,

4. Competence-Based Training (CBT) is defined as an approach to training that places an emphasis on what an individual can demonstrate: his knowledge, skills and attitude exhibited at work, in accordance with industry standards resulting from the training given,
5. Indonesian National Job Competency Standards refers to competency as a statement revealing how someone can adequately demonstrate skills, knowledge and attitude at work in accordance with standards or in accordance with the requirements prescribed by the workplace (industry),
6. Spencer and Spencer (1993) stated that competence can be defined as the fundamental character that drives to demonstrate effective or superior performance within a job or character that contributing to outstanding performance within a job.

The 5 aspects of Attitude - Competence dimensions comprise

1. Task skills which is the ability to do assigned
2. Task management skills, the ability to manage different tasks in a job,
3. Contingency management skills, the ability to respond to perceived abnormality and hindrances in the routine of job
4. Environment skills / job role, the ability to take responsibility for and meet with expectations in accordance with the job environment / adjust to the environment,
5. Transfer skills, the ability to translate competence in different situation (a new situation/place based on strong SQ and EQ that signifies the ability to build good rapport, sincere attitude in serving others, and awareness to work in a team guided by honesty towards common interest.

Thus, competence must be interpreted as developing personal integrity based on strong faith as its foundation (SQ), only then can building sincere/sincere relationships with others (EQ), and finally only the mastery of science and technology through IQ can be beneficial to building ethical business in order to achieve the goal of mutual prosperity for stakeholders, not only for the sake of personal ego.

In this study, identifying the competencies of micro small business entrepreneurs, seen from the personal performance of micro small businesses/micro small business owners from the aspect of reasoning to take part in UMK, the use of technology, their thoughts on business diversification, working relationships with subordinates and business partners to see motives, knowledge, skills, interpersonal, and social roles. Aspects of leadership (decision making systems, work relationships with subordinates/colleagues), see self-image which consists of aspects of honesty and responsibility, openness, caring, respect, and discipline. As well as the qualities/competencies that should be possessed by a business actor or leader, i.e. tenacious, brave, creative, proactive in anticipating change, big-hearted, positive thinking, confident, strong, introverted or extroverted.

Research Conceptual Framework

Based on the background of the problems in this research, the independent variables are Environmental Uncertainty (X1), Entrepreneurial Characteristics (X2) and Government Commitments (X3), and one intermediate or mediating variable, Business Competence (Y1), and one dependent variable which is Micro Small Business Performance (Y2). In this research, Business Competence as an intermediate variable with reasons X1, X2 and X3 can directly influence Y2 can also indirectly influence Y2 but through Y1. In connection with these assumptions, the research conceptual framework can be seen in Figure 1.

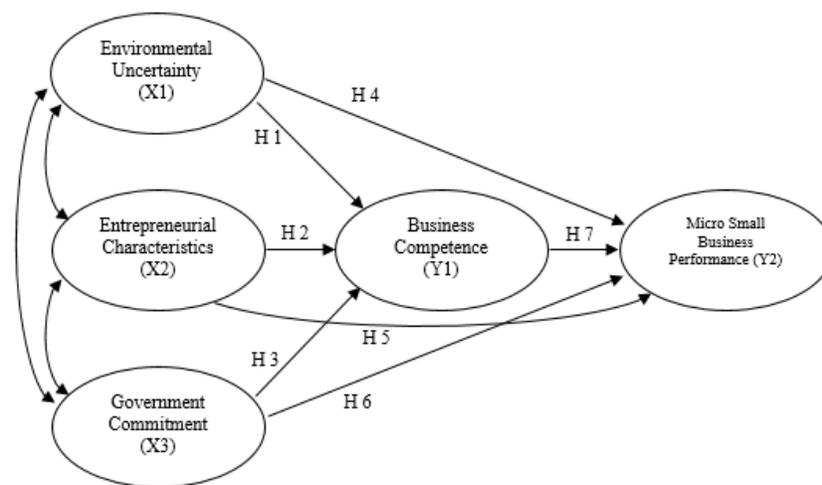


Figure 1. Research Conceptual Framework

The hypothesis formulation is as follows:

1. Environmental uncertainty has a significant effect on micro small business performance
2. Entrepreneurial characteristics has a significant effect on business competence
3. Entrepreneurial characteristics has a significant effect on small scale business performance
4. Government's commitment has a significant effect on the small scale business performance
5. Business competence has a significant effect on small scale business performance
6. Government's commitment has a significant effect on business competence
7. Entrepreneurial characteristics has a significant effect on business competence

RESEARCH METHODOLOGY

Population and Sample

This research was conducted on micro small entrepreneurs in Balikpapan considering that Balikpapan is a town with a blooming trade and service that shows a huge potential in the development and fostering of small scale and medium scale businesses. This business sector constitutes the mainstay for local governments to support the improvement of the well-being of population in Balikpapan. The population in this study comprises small scale business entrepreneurs in Balikpapan and the sample taken was 5 people of 34 villages each in Balikpapan or 170 questionnaires distributed and 136 of them were completely filled out.

Environmental uncertainty refers to the combined factors encompassing the level of complexity, environmental changes in the organization which is the external dynamic situation, and friendliness (munificence) (Hunger and Wheelen, 2003). Characteristics of entrepreneurship refers to the five factors, i.e. the ability to cope with change (adjusting to changes), ability to deal with failure (ability to risk failure), desire for growth, a desire for excellence (take advantage of the opportunity), and having knowledge and aiming for new things (ability to find and gain knowledge). Government commitment refers to government policy towards the development of micro small businesses which includes increasing access to capital, developing entrepreneurship and human resources, increasing product market opportunities and reforming and regulation. Business competence refers to adequate knowledge which small scale business entrepreneurs have, (skill) which is the expertise in the relevant field of business developed, and sufficient ability to meet the arising needs of the business such as

demonstrate effective performance required of a job. Small scale business performance is the result accomplished by small scale business entrepreneurs gauged by financial situation, customer, internal business, learning percentile growth aspects.

Operational Definition of Research Variable

The data that is needed in this study can be grouped into five variables (Kaplan & Norton, 2001):

1. The first variable (X1) Environmental Uncertainty is measured by the dimensions of complexity (X11), dynamic (dynamism) (X12), and friendliness (munificence) (X13) perceived by small business entrepreneurs.
2. The second variable (X2) Entrepreneurial Characteristics comprises overcome change/adapted to change (X21), able to overcome failure/the ability to risk failure (X22), desire to grow/a desire for growth (X23), desire to excel/take advantage of the opportunity (X24), have new knowledge/ability to search and gain knowledge (X25).
3. Third variable (X3) Government Commitments is measured using 4 indicators, i.e. (X31) capital access, (X32) entrepreneurship development, (X33) increasing market opportunities, and (X34) reform and regulation.
4. The fourth variable (Y1) Business Competence refers to having adequate knowledge (Y11), (skill) having expertise/skills needed (Y12), and demonstrating adequate ability to meet needs (Y13).
5. The fifth variable (Y2) Small Scale Business Performance is measured by financial and non-financial indicators, i.e. (Y21) financial aspects, (Y22) customer aspects, (Y23) internal business aspects, and (Y24) growth and learning aspects.

Reliability Test

Reliability is measuring the internal consistency of the indicators for each specified variable which indicates the extent to which each indicator indicates a common variable that has been constructed. There two reliability tests are composite (construct) reliability and variance extracted. The cut off value of construct reliability is at least 0.70 while the extracted variable is at least 0.50 (Ghozali, 2017). The computation of reliability tests using MS Excel reveals that the value of construct reliability of

the five variables is greater than 0.70 and the value of the variance extracted of the five variables exceeds 0.50. It can be inferred that the five variables are reliable. The data processing and analysis was conducted using Structural Equation Modeling (SEM) with AMOS 6.0.

RESULTS AND DISCUSSION

The analysis technique or the estimation technique is carried out in two stages encompassing the Measurement Model Estimation which is used to test the unidimensional aspect of exogenous and endogenous constructs using the Confirmatory Factor Analysis technique and the Structural Equation Model estimation which is carried out by adopting the complete model to see how suitable the model and causal relationships are built on this model (Tarka, 2017). Confirmatory Factor Analysis is performed on exogenous and endogenous constructs, and used to assess the extent of the validity of each questionnaire item, while the model suitability test (normality test, outlier test, multi-collinearity test, goodness of fit test, and reliability test) is conducted on full structural model.

Confirmatory Factor Analysis or Construct Validity

The use of CFA test or construct validity test is intended to divulge whether each indicator can account for the existing construct. Indicators that are used as a measure of research variables are the ones that have p-value < 0.05 and loading factor > 0.5 , whereas indicators that have p-value > 0.05 and loading factor < 0.5 are stricken off from the model. According to Ghazali (2017), the first thing to do is to notice the significance value (p-value) if it is greater than 0.05 then the indicator will be deleted from the model, the second thing is to heed the value of standardized loading factor (estimate value), if it is below 0.50 then the indicator will be omitted because it is deemed not valid to measure its latent construct.

In Table 1, if the p-value (probability value) is greater than 0.05, then it is not deemed to be significant that the indicator must be deleted. All probability values show the sign *** signifying that they are significant at the level of 0.001 pointed out to be less than 0.05, then all indicators are valid, but the significant results do not necessarily provide a high loading factor (estimate value; exceeding

0.5). When all loading factors (estimate) are greater than 0.5 the indicator serves to account for the existing construct (Santoso, 2015).

Table 1. Regression Weights (X)

	Estimate	S.E.	C.R.	P	Label
X11 ← Uncertainty	1.000				
X12 ← Uncertainty	0.719	0.096	7.470	***	par_1
X13 ← Uncertainty	0.616	0.072	8.498	***	par_2
X25 ← Characteristic	1.000				
X24 ← Characteristic	1.724	0.243	7.096	***	par_3
X23 ← Characteristic	1.778	0.250	7.103	***	par_4
X22 ← Characteristic	1.832	0.289	6.349	***	par_5
X21 ← Characteristic	1.055	0.185	5.688	***	par_6
X34 ← Commitment	1.000				
X33 ← Commitment	1.183	0.094	12.554	***	par_7
X32 ← Commitment	1.152	0.089	12.881	***	par_8
X31 ← Commitment	1.553	0.130	11.899	***	par_9

Table 2. Regression Weights (Y)

	Estimate	S.E.	C.R.	P	Label
Y11 ← Competence	1.000				
Y12 ← Competence	1.367	0.125	10.944	***	par_1
Y13 ← Competence	1.596	0.130	12.287	***	par_2
Y24 ← Performance	1.000				
Y23 ← Performance	0.790	0.087	9.034	***	par_3
Y22 ← Performance	0.693	0.066	10.507	***	par_4
Y21 ← Performance	0.917	0.093	9.818	***	par_5

In Table 2, the probability values show the sign of *** signifying that it is significant at the level of 0.001 which is indicated to be less than 0.05. When viewed from the regression weight, all indicators are considered valid, but the significant results do not necessarily provide a high loading factor (estimate value; exceeding 0.5). The loading factor value (estimate) of greater than 0.5 indicates that the indicator accounts for the existing construct (Santoso, 2015). All of the estimated values are shown at greater than 0.5, which means that the indicator can account for the existing construct. Test conducted after the deletion of outlier data comprises normality, multicollinearity, goodness of fit test.

Multivariate Normality Test

The multivariate normality evaluation is conducted using the critical ratio (cr) of multivariate in the kurtosis. When it is still within the range of -2.58 and 2.58, it means that the data has multivariate normal distribution (Haryono, 2017). Hence, based on the whole output the data is not normally distributed because the multivariate number is $8.656 > 2.58$. This means that the research model does not attest to the normality assumption. Thus, it is necessary to delete the outlier data in order to fulfil the normality assumption.

Outlier Test

Outliers are the observed emergence of extreme values both univariate and multivariate, that results from their unique characteristics combined which stand in contrast to other observations. To find out the outlier data in this study is by looking at the Mahalanobis d-squared output. According to Ghozali (2017), in order to bring the outlier data to light the value of Mahalanobis distance is checked against Chi square tables at a significance of 0.001. When the value of Mahalanobis d-squared is greater than the Chi square tables it is pronounced as the outlier data. Chi square table value is determined at the significance value of 0.001 with DF 19 (number of variable indicators in the full model image) which results in a value of 43.820. So the Mahalanobis d-squared value is declared as outlier data because it is greater than 43.820.

From the output of the data processing it is discovered that there is one outlier data which is in the 112th row because the value of Mahalanobis is 43.820 which is greater than Chi square table. Thus, 1 data will be deleted. Then, it proceeds to further test. The normality test result after the deletion of outlier data is as follows. The output reveals that the multivariate data is not normal since the value of multivariate 8.181 cr which is greater than 2.58. When outlier data deletion does not result in normal multivariate data, further analysis needs to be carried out using Bootstrapping technique.

One way to deal with the multivariate data which is not normal is to apply a procedure known as “bootstrap,” a resampling procedure carried out in which the original sample is treated as a population. Multiple sub-samples that has the same sample size as the original sample are randomly taken using the replacement from the population (Ghozali, 2017).

Multi-collinearity Assumption Test

Multi-collinearity test is intended to reveal whether there is an effect between independent variables (exogenous). Multi-collinearity can be viewed from determinants of covariant matrices. When determinant values are small it indicates that there is multi-collinearity-related and singular problems (Ghozali, 2017). It is expected that the determinant value is far from 0. It is better when it is greater than 1. In addition, the multicollinearity test can divulge the correlation value between the independent variables (X1, X2, and X3). Multicollinearity test hence helps find out whether there is a correlation between independent variables.

When the correlation coefficient between independent variables > 0.9 , the model in this study does not fulfil the assumption of multi-collinearity (Ferdinand, 2006). Furthermore, multi-collinearity takes place when a correlation value is found between indicators whose value is ≥ -0.9 (Ramdhani, 2009). As seen in Table 3, the result reveals that the correlation value between the independent variables. As there is no correlation value of greater than 0.9, there is no multi-collinearity problem with the model.

Table 3. Correlations

Variables		Estimate
Uncertainty	Characteristic	0.523
Uncertainty	Commitment	0.609
Characteristic	Commitment	0.216

Goodness of Fit Test

The purpose of the fit model test or Goodness of Fit is to find out whether the model that has been constructed benefits or not, and whether the manifest variables (indicator variables) can explain the existing latent variables measuring results using SEM analysis (initial model) in Figure 2.

The assessment criteria table of Goodness of Fit and the results can be seen in Table 4. The output reveals that the indicator value does not meet with the 5 minimum good fit indicators. Hence, the model cannot be said to benefit that necessitates modification of the model. Modifying the model can be done by connecting the lines or covarying variables in the model, according to AMOS recommended one (on the Modification Indices output). Goodness of fit output after the model was

modified can be seen in Figure 3. The modified output of Goodness of fit can be seen in Table 5. According to Ghazali (2017), the Goodness of fit can be assessed using the 5 minimum criteria. In empirical research, a researcher is not required to meet with all of the criteria of goodness of fit. It solely depends on the judgment or decision of each researcher. The table reveals that that there are at least 5 indicators that are Good fit, so it can be inferred that the model is fitting. Therefore, the model does not need to be modified.

Table 4. Goodness of Fit (initial result)

Goodness of Fit	Cut off value	Results	Decision
Chi Square	≥ 0.05	0.000	Bad Fit
CMIN/DF	≤ 2.00	2.500	Bad Fit
GFI	≥ 0.90	0.790	Bad Fit
AGFI	≥ 0.90	0.719	Bad Fit
CFI	≥ 0.90	0.885	Marginal Fit
TLI	≥ 0.90	0.862	Marginal Fit
NFI	≥ 0.90	0.825	Marginal Fit
IFI	≥ 0.90	0.887	Marginal Fit
RMSEA	≤ 0.08	0.106	Bad Fit
RMR	≤ 0.05	0.467	Bad Fit

Table 5. Goodness of Fit (after modification)

Goodness of Fit	Cut off value	Results	Decision
Chi Square	≥ 0.05	215.213	Bad Fit
CMIN/DF	≤ 2.00	1.695	Good Fit
GFI	≥ 0.90	0.871	Marginal Fit
AGFI	≥ 0.90	0.808	Marginal Fit
CFI	≥ 0.90	0.953	Good Fit
TLI	≥ 0.90	0.936	Good Fit
NFI	≥ 0.90	0.894	Marginal Fit
IFI	≥ 0.90	0.954	Good Fit
RMSEA	≤ 0.08	0.072	Good Fit
RMR	≤ 0.05	0.434	Bad Fit

Hypothesis Test Results and Discussion

After the structural model is considered fitting, it proceeds on to the next process which is to ensure whether the independent variable has significant effect on the dependent variable. The output results are the effect of Bootstrap test in Table 6.

Table 6. Regression Weights

Parameter	Estimate	Lower	Upper	P
Competence ← Uncertainty	0.041	-0.083	0.182	0.601
Competence ← Characteristic	0.663	0.496	0.937	0.003
Competence ← Commitment	0.238	0.085	0.500	0.030
Performance ← Uncertainty	0.332	0.085	0.641	0.050
Performance ← Characteristic	-0.044	-0.744	0.540	0.969
Performance ← Commitment	0.282	-0.139	0.667	0.219
Performance ← Competence	1.218	0.454	2.125	0.025

The results of confirmatory analysis and Structural Equation Modeling can be accepted when it is in accordance with model fit in which the Chi-square value = 215,213, with probability = 0.000, CMIND / DF = 1.695, Goodness of Fit Index (GFI) = 0.871, Adjusted Goodness of Fit Index (AGFI) = 0.808, Tucker Lewis Index (TLI) 0.936, Comparative Fit Index (CFI) = 0.953, Root Mean Square Error Approximation (RMSEA) = 0.072.

Environmental uncertainty has no significant effect on business competence. This is because the Probability value is equal to 0.601 ($0.601 > 0.05$). A positive estimate value of 0.041 means that if environmental uncertainty perceived in the dimension of complexity, dynamism, and friendliness (munificence) increases, business competence also increases, although not significantly. Environmental uncertainty is not able to influence micro and small business operators who have adequate knowledge, cannot improve their expertise or skills and cannot increase their ability to meet their needs. This research is not in accordance with previous studies that environmental uncertainty has a positive effect on business competence (Darya 2011). This can be caused by the development of technology that can affect the competence of small micro businesses. Thus, the first hypothesis proposed in this research proved to be acceptable.

Entrepreneurial Characteristics of micro small business actors perceived as the ability to cope with change (Adapted to change), able to overcome failure (Ability to risk failure), the desire to develop (desire of growth), and the desire to excel (take advantage of the opportunity), and having new knowledge/ability to search and having knowledge has a positive and significant impact on Business Competence which includes the ability to have adequate knowledge, increase the ability of expertise or skills and increase the ability to meet adequate needs. This is because the probability value is less than 0.05 ($0.003 < 0.05$). A positive estimate value of 0.663 means that the effect is positive, meaning that every increase in entrepreneurial characteristics increases, business competence also increases, according to previous research (Darya, 2011; Dhamayantie & Fauzan, 2017). Thus, the second hypothesis proposed in this study proved to be acceptable.

Government commitment includes four indicators, consisting of access to capital, entrepreneurship development, and increasing market opportunities and reform and regulation. significant effect on Business Competence which includes the ability to have adequate knowledge, increase the ability of expertise or skills as well as increase the ability to meet adequate needs. This is because the probability value is less than 0.05 ($0.030 < 0.05$). A positive estimate value of 0.238 means that the effect is positive, ie if commitment increases, business competence also increases. Thus, the

third hypothesis proposed in this research proved to be acceptable. This research is also supported from the results of previous studies on the Effect of Entrepreneurial Competence, Business Development and Product Innovation on Business Development Studies in Small and Medium Enterprises of Batik at Pesindon Center in Pekalongan City (Christiana et al., 2014).

Environmental uncertainty perceived in terms of complexity, dynamic (dynamism), and friendliness (munificence) has a significant effect on Micro Small Business Performance as measured by financial and non financial indicators, they are financial aspects, customer aspects, internal business aspects and growth aspects and Learning. This is because the probability value is equal to 0.05 ($0.05 \leq 0.05$). A positive estimate value of 0.332 means that the effect is positive, i.e. if environmental uncertainty increases, performance also increases or vice versa. Thus, the fourth hypothesis proposed in this study proved to be acceptable. This is consistent with previous research by Nurbaity (2017).

Entrepreneurship Characteristics of micro small business actors perceived as the ability to cope with change (Adapted to change), able to overcome failure (Ability to risk failure), the desire to develop (desire of growth), and the desire to excel (take advantage of the opportunity), and Having new knowledge/ability to search and having knowledge has no significant effect on Micro Small Business Performance as measured by financial and non-financial indicators, such as financial aspects, customer aspects, internal business aspects as well as Growth and Learning aspects. This is because the Probabilis value is more than 0.05 ($0.969 > 0.05$). A positive estimate value of -0.044 means that the effect is negative, i.e. if the Characteristics of Entrepreneurship increases, the performance of Micro Small Business decreases. The same research conducted on SMEs in the District of Kubu Raya, West Kalimantan, the same results with this research (Dhamayantie & Fauzan, 2017). Thus, the fifth hypothesis proposed in this research was not proven to be unacceptable.

The Government's Commitment includes capital access, entrepreneurship development, and increasing market opportunities as well as reforms and regulations does not have a positive but significant effect on Micro Small Business Performance as measured by financial and non financial indicators, namely financial aspects, customer aspects, internal business aspects and aspects of Growth and Learning. This is because the probability value (0.219) is more than 0.05. A positive estimate value of 0.282 means that the effect is negative. This research is not the same as the previous research. It was conducted in Kendari where coaching from SOEs/Government which was realized through entrepreneurship training and mentoring showed a significant but not significant effect on the success

of increasing microbusiness (Madi, 2018). Thus, the sixth hypothesis proposed in this research is not proven.

Business competence has a positive and significant effect on Micro Small Business Performance. Probability value (0.025) is less than 0.05. A positive estimate value of 1.218 means that increasing entrepreneurial competencies of micro small business operators will improve the performance of micro small businesses themselves. The same research was carried out in different places and at different times the results were the same. Business competence is a variable that acts as a full mediation between the characteristics of entrepreneurship and the performance of micro small businesses (Dhamayantie & Fauzan, 2017). Thus, the seventh hypothesis proposed in this research proved to be acceptable.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This research provides additional references to the results of studies related to the dimensions of complexity, complexity (dynamism), and friendliness (munificence) in environmental uncertainty, complexity for micro small businesses is one that greatly influences business competence, although in reality overall dimensions in environmental uncertainty do not have an influence on business competence. The results of this research indicated that the Characteristics of Entrepreneurship have a positive and significant effect on the performance of Micro Small Business Micro small business operators who obtain and implement assistance or coaching assistance from the government which is realized through training in entrepreneurship development shows success on company performance. The higher the entrepreneurial spirit of the entrepreneur, the greater the performance of small micro businesses in Balikpapan City.

In this research, the government's commitment, especially the development of entrepreneurship, has a positive and significant effect on business competence, but the government's commitment in terms of capital, reform and regulation as well as increasing market opportunities does not affect the performance of micro small business. The results of this research also showed that business competence which includes the ability to have adequate knowledge, increase the ability of expertise or skills and increase the ability to meet adequate needs. Overall, positive and significant

effect on the performance of micro small business in Balikpapan City.

Recommendations

Based on the results of data analysis, refinement and conclusions of this study, suggestions that can be put forward are:

- Small Micro Businesses who receive assistance or mentoring assistance from the Balikpapan City government should really be serious about considering various factors outside the business that are likely to be difficult to predict, because it turns out that environmental uncertainty influences performance while paying attention to increasing competence even though the results of this research were environmental uncertainty did not affect business competence.
- Micro Small Business Actors always and must increase Business Competence by learning from business actors who already have experience and the ability to manage businesses to improve Micro Small Business Performance through coaching or assistance from the City Government of Balikpapan. Because business competence is proven to have a significant effect on Micro Small Business Performance.
- For the government, consideration can be used in determining policies in the micro small business development program. The coaching program is recommended to focus more seriously attention on the dimensions of capital and entrepreneurship development, because these dimensions have a low role or contribution in the formation of latent variables of government assistance, so that the variable dimensions capital and fostering entrepreneurship still need serious attention from Balikpapan City government both in increasing Business Competence and in order to improve the performance of small micro businesses.
- This research only discussed the variables of environmental uncertainty, entrepreneurial characteristics and government commitment to influence business competence and the performance of small micro businesses. This research is very interesting therefore for the next researcher is expected to be able to utilize and develop the results of this research by using the same or different variables or indicators used on each variable need to be developed.

REFERENCES

- Ahmed, N.U., Montagno, R.V. & Firenze, R.J. (1998). Organizational performance and environmental consciousness: An empirical study. *Management Decision*, 36(2), 57-62.
- Anderson, L.K. & Clancy, D.K. (1991). *Cost Accounting*. Boston: Richard D. Irwin.
- Atkinson, A., Banker, R., Kaplan, R. & Young, S. (1997). *Management Accounting, 2nd Ed.* New Jersey: Prentice-Hall.
- Bank Indonesia (2016). *Hasil Penelitian Profil Usaha Mikro, Kecil dan Menengah (UMKM) di Indonesia*. Biro Kredit Bank Indonesia.
- Becker, B. (2001). *The HR Scorecard: Linking people, strategy and performance*. Boston: Business School Press.
- Berge, Z.L., De Verneil, M. & Berge, N. (2002). The increasing scope of training and development competency. *Benchmarking an International Journal*, 9(1), 43-61.
- Bernardin, H.J. & Russell, J.E.A. (1998). *Human Resource Management: an Experiential Approach, 2nd Ed.* New York: McGraw-Hill.
- Cascio, W.F. (1995). *Managing Human Resources, Productivity, Quality of Work Life, Profits, 4th Ed.* New York: McGraw-Hill.
- Cherrington, D.J. (1995). *The Management of Human Resources, 4th Ed.* Englewood Cliffs, NJ: Prentice Hall.
- Christiana, Y., Pradhanawati, A. & Hidayat, W. (2014). Pengaruh Kompetensi Wirausaha, Pembinaan Usaha dan Inovasi Produk Terhadap Perkembangan Usaha (Studi pada Usaha Kecil dan Menengah Batik di Sentra Pesindon Kota Pekalongan). *Jurnal Ilmu Administrasi Bisnis*, 3(4), 384-393.
- Darya, I.G.P. (2011). Pengaruh Ketidakpastian Lingkungan dan Karakteristik Kewirausahaan Terhadap Kompetensi Usaha dan Kinerja Usaha Mikro Kecil di Kota Balikpapan. *Jurnal Inovasi dan Kewirausahaan*, 1(1), 65-78.
- Dhamayantie, E. & Fauzan, R. (2017). Penguatan Karakteristik dan Kompetensi Kewirausahaan untuk Meningkatkan Kinerja UMKM. *Matrik: Jurnal Manajemen, Strategi Bisnis dan Kewirausahaan*, 11(1), 80-91.

- Ferdinand, A.T. (2006). *Metode Penelitian Manajemen*. Semarang: Badan Penerbit Universitas Diponegoro.
- Ghozali, I. (2017). *Structural Equation Modeling Konsep dan Aplikasi dengan Program Amos 24*. Semarang: Badan Penerbit Universitas Diponegoro.
- Gunartomo (2019). Pembelajaran Matematika berbasis Entrepreneurship melalui Model 'Parmin' sebagai Solusi meningkatkan hasil Belajar Materi Aritmatika Sosial pada Siswa Kelas VII A2 Semester Genap MTs Negeri 1 Magelang Tahun Pelajaran 2016/2017. *Jurnal Pendidikan Empirisme*, 29(6), 17-28.
- Hunger, D. & Wheelen, T. L. (2003). *Manajemen Strategis, Edisi Bahasa Indonesia*. Yogyakarta: Penerbit Andi.
- Kaplan, R. & Norton, D. (2001). *The strategy focused organization. How Balanced Scorecard Companies Thrive in the New Business Environment*. Boston: HBS Press.
- Luo, Y. (1999). Environment-strategy-performance relationship in small business in China: A case of township and village enterprises in southern China. *Journal of Small Business Management*, 37(1), 37-52
- Madi, R.A. (2018). *BUMN, Kewirausahaan, dan Usaha Mikro (Peran CSR dan PKBL dalam Sektor Perdagangan)*. Kendari: Literacy Institute.
- McCann III, J.E., Leon-Guerrero, A.Y. & Haley, J.D.J. (2001). Strategic Goals and Practices of Innovative Family Businesses. *Journal of Small Business Management*, 39(1), 50-59.
- McCloy, R.A., Campbell, J.P. & Cudeck, R. (1994). A confirmatory test of a model of performance determinants. *Journal of Applied Psychology*, 79(4), 493-505.
- Miner, A. (1987). Idiosyncratic Jobs in Formalized Organizations. *Administrative Science Quarterly*, 32(3), 327-351.
- Motowidlo, S.J., Hooper, A.C. & Jackson, H.L. (2006). A theoretical basis for situational judgment tests. In J. A. Weekley & R. E. Ployhart (Eds.), *Situational judgment tests: Theory, measurement, and application* (pp. 57-81). Mahwah, NJ: Erlbaum.
- Mulyadi (2001). *Balanced Scorecard: Alat Manajemen Kontemporer untuk Pelipatganda Kinerja Keuangan Perusahaan*. Jakarta: Salemba Empat.

- Nurbaity, F. (2017). Pengaruh Ketidakpastian Lingkungan Terhadap Kinerja Bisnis dengan Strategic Flexibility sebagai Variabel Mediasi. *Jurnal Manajemen dan Kewirausahaan*, 5(1), 71-85.
- Peraturan Menteri Koperasi dan Usaha Kecil Republik Indonesia Nomor 07/Per/M-KUKM/VII/2015, Tanggal 2 Juli 2015
- Ramaswamy, K., Thomas, A.S. & Litschert, R.J. (1994). Organizational Performance in a Regulated Environment: The Role of Strategic Orientation. *Strategic Management Journal*, 15, 63-74.
- Rotundo, M. & Sackett, P.R. (2002). The Relative Importance of Task, Citizenship, and Counterproductive Performance to Global Ratings of Job Performance: A Policy-Capturing Approach. *Journal of Applied Psychology*, 87(1), 66-80.
- Samuelson, P.A. & Nordhaus, W.D. (2003). *Ilmu Mikroekonomi, Edisi Bahasa Indonesia*. Jakarta: Media Global Edukasi.
- Santoso, S. (2015). *AMOS 22 untuk Structural Equation Modelling*. Jakarta: Elex Media Komputindo.
- Schultz, D. & Schultz, S.E. (2016). *Psychology and Work Today: An Introduction to Industrial and Organizational Psychology*. New York: Routledge.
- Spencer, L.M. & Spencer, S.M. (1993). *Competence at Work: Models for Superior Performance*. New York: Wiley.
- Strandholm, K., Kumar, K. & Subramanian, R. (2004). Examining the interrelationships among perceived environmental change, strategic response, managerial characteristics, and organizational performance. *Journal of Business Research*, 57, 58-68.
- Stuart, R. & Lindsay P. (1997). Beyond the Frame of Management Competencies: Towards a Contextually Embedded Framework of Managerial Competence in Organisations. *Journal of European Industrial Training*, 21(1), 26-33.
- Tarka, P. (2017). An overview of structural equation modeling: its beginnings, historical development, usefulness and controversies in the social sciences. *Quality & Quantity*, 52(1), 313-354.

Van der Hoek, M., Groeneveld, S. & Kuipers, B. (2016). Goal Setting in Teams. *Review of Public Personnel Administration*, 1-22.

Vroom, V. H. (1964). *Work and Motivation*. New York: Wiley.