

# The Influence of Internal and External Factors on Entrepreneurship Behaviour on Entrepreneur Woman (Case Study of Small and Medium Craftswoman Bogor City)

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**Abstract:** *The development of small and medium enterprise (SME) in Indonesia is still one of the interesting subjects to be learnt recently. Craft industry dominates the existence of small and medium enterprise (SME) in the second biggest regency (Bogor) based on the number of SMEs and they are dominated by woman. Therefore, it will be conducted a research about internal and external factors, also their influences on entrepreneurship behaviour so that the research aimed to (1) understanding the internal and external factors of craftswoman entrepreneur through the quantitative descriptive research, (2) analyze the entrepreneurship internal and external factors of craftswoman on entrepreneurship behaviour and. The method which was used on this research were observation and interview. Independent variables were internal factors (X1) and external factors (X2), meanwhile dependent variable (Y) was entrepreneurship behaviour. The number of samples were 33 respondents which were craftswomen in Bogor City. Analysis technique used partial least square (PLS). The research result explained that based on t – value at 5 percent error level, only internal factor which was significantly influenced on entrepreneurship behaviour ( $2.119 > 1.96$ ). Internal factors which were education, business experience, facilities and infrastructure ownership, and business perception, also entrepreneurship behaviour variables included hard working, responsiveness to opportunity, innovative, risk taking, and independent.*

**Keywords:** Craftswoman, Entrepreneurship Behaviour, Internal and external factors

## 1. Introduction

Bogor is the second biggest place based on regency/city of West Java on the number of small and medium enterprise (SME) category, they are 14 975 units. However, it is capable to occupy the first place on employee absorption (338 687 people) and investment (Rp8 321 681 860,-) (The Statistics Central Bureau of West Java 2012). Craft industry is the biggest industry in Bogor based on the number of units, employee absorption and also investment so that Bogor government has formed Regional National Crafts Council (Dekranasda) since 2008 which is aimed in development focus of crafts industry which refers to two ministers rules, there are Ministry of Industry and Ministry of Education, number: 85/M/SK/3/1980 and number: 072b/P/1980 (Dekranas 2016). However, till recently Dekranasda which is still active only on the territory of Bogor City. Beside that, Bogor City is more superior than the territory of Bogor Regency based on the number of units, employee absorption, and investment. Therefore, research focus on Crafts industry in the territory of Bogor City.

Artisans which are guided by Dekranasda Bogor City is dominated by women as much as 80 percent (77 craftswomen) of total artisans. Women have more superiority than men in terms survival the financial crisis, economic, food, energy that struck the world and Indonesia in the last 10 years. The excess is due to the focus difference in running the business in which men usually have a greater focus on generating profits for their responsibility in their usage (family responsibility), whereas women usually run the business with an interest focus without attaching on the amount of profit. The existence of those focus differences cause that the business which is conducted by a woman does

not significantly affect a wide range of policies that can affect entrepreneurship (Bjerke, 2013).

Craftswomen Internal factors such as motivation can affect the progress of business performance. The focus lack on profit causes craftswomen have other motivations in entrepreneurship, so it could be expected to affect their business performance. Furthermore, craftswomen external factors such as compactness among craftswomen are still lacking. This is seen by the results of initial survey that only Dekranasdamanager who is in charge of controlling and reminding the craftswomen on production activities, while other craftswomen colleagues should also be able to do with the purpose to remind each other. In addition, the previous researches have clarified the relationship between internal factors and external factors on entrepreneurship behavior (Sapar 2006; Dirlanudin 2010; Sumantri, 2013; Thaief 2010; Lopez 2013; Fauzah, 2013; and Thobias 2013).

The problems which is raised in this research are how are the craftswomen internal and external factors in Bogor city? And how are the influence of internal and external factors on entrepreneurship behavior?

The study aims to describe the internal and external factors of craftswomen on handicraft business in Bogor City. Also to know the influence of internal and external factors on entrepreneurship behavior.

## 2. Method

The study was conducted in Bogor City, West Java Province, Indonesia. Determination of locations based on purposive sampling with location consideration of research is

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the biggest craft industries on contributing for the number of SMEs in Bogor. Beside that, the Bogor City has the active National Crafts Council (Dekranasda). The study was conducted in September-October, 2016.

Primary data which was collected in this study was the result of observation and interviews of the study sample. While secondary data which was used was Bogor City Dekranasda, Directory of Featured Products and SMEs Bogor regency in 2015, BogorStatistics Central Bureau 2015. Samples were

selected by purposive sampling with criteria 1) craftswomen as manager and business owners, 2) Members Dekranasda Bogor City, 3) having ready product for sale at the gallery Dekranasda. The data obtained were processed in a qualitative (descriptive) and quantitative (Partial Least Square).

### 3. Result

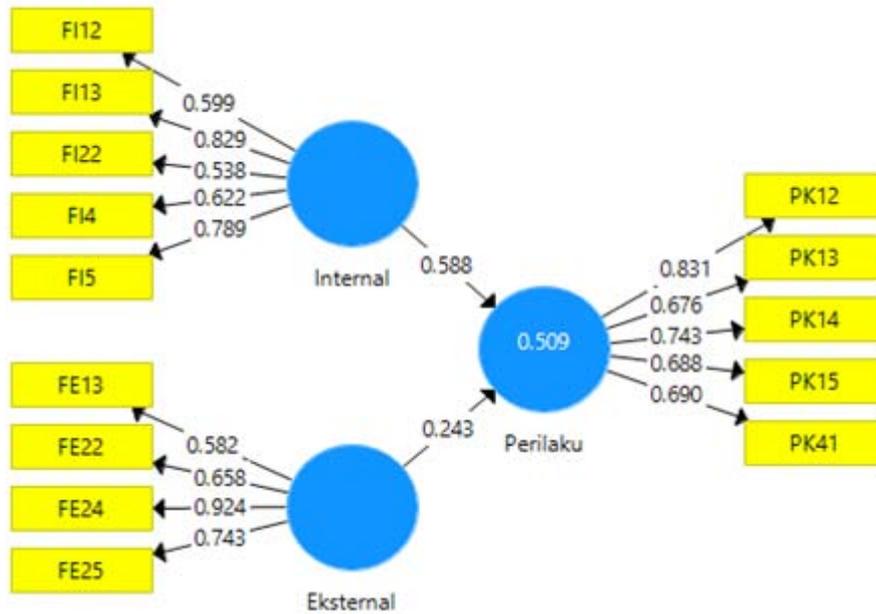


Figure 1: The last model of PLS

#### Discriminant Validity

Latent constructs predicted their own block indicator is better than the other blocked indicator visible from discriminant validity test, the criteria AVE square root value is greater than the correlation between latent variables. PLS results showed the final model in this study escaped discriminant validity test, in other words, construct internal factors, external factors and entrepreneurship behavior indicators were able to predict their block than indicators on the other block (Table 1).

#### Reliability

Results of PLS explained that the indicators which was produced at the end of the model was proved to be accurate, consistent and precise in measuring the construct. It was obtained from the reliability test criteria of reliability of composite score for each construct that is more than 0.7 (Table 1).

After passing through the three phases of the test above, it could be said that the measurement model (outer model) were made in this study was appropriate and could be tested in the next stage of the evaluation of structural models (inner model)

Table 1: PLS Output of Discriminant Validity and Reliability Testing

Latent Variable	External	Internal	Behaviour	Composite Reliability
External	0.738*			0.822
Internal	0.364	0.685*		0.811
Behaviour	0.457	0.677	0.728*	0.848

#### Inner

\* = AVE square root value

#### Model Evaluation

##### R-square and F-Square

Table 2: R-square and F-square

Latent	Behaviour	
	F-Square	R-Square
Internal	0.592***	0.494
External	0.090*	

- \* = weak influence
- \*\* = medium influence
- \*\*\* = strong influence

Table 2 illustrated that the internal factors variable had a great influence (0.592) to change the behavior of entrepreneurship in craftswomen and external factors had a weak influence (0.090) on changes in entrepreneurship behavior. On overall, internal factors and external factors were able to explain the behavior of craftswomen entrepreneurship by 0.494, or 49.4%, the rest was explained by other factors outside the model in this study.

## Significant testing

**Table 3:** t statistics value on bootstrap testing

Relation	Original Sample	T statistics
Internal – Behaviour	0.587	2.119*
External – Behaviour	0.228	1.278

\*= Significant on 5 percent level (1.96)

Based on the results of t statistic was known that a significant internal factors (2.119 > 1.96) and had a positive influence (+0.587). This meant that any increasing in internal factors on entrepreneur woman would lead to increase in entrepreneurship behavior. While external factors did not significantly influence behavior change in craftswomen. However, external factors was not significant on entrepreneurship behavior, in other words, change in external factors would not affect the formation of entrepreneurship behavior in entrepreneur woman.

### The influence of internal factor on entrepreneurship behaviour

Indicators on internal factors: education, business experience, proprietary advice and infrastructure, and perception of the business were able to influence the entrepreneurial behavior that occurred in craftswomen in running the craft business.

Facts on the field explained the intensity of reading books on the craft business and liveliness finding solutions on facing problems in running a business might reflect the craftswomen had a good education.

The existence of positive relationship between the two activities on entrepreneurship behavior led to their hope to craftswomen to continue improving the craze reading and to increase activeness in seeking a solution either through print, internet and others to entrepreneurship behavior in craftswomen continuing to increase well to finally being good for their efforts.

The experience itself was reflected in understanding level of craftswomen on ongoing effort. So that a better understanding of craftswomen to craft business, it could increase entrepreneurship behavior. This understanding surely could not happen easily in a short time, learning from failure, learning from trial and error, learning from other artisans who earlier had run a business, learning from the trainings and anyelsewere also able to improve understanding craftswomen of ongoing effort.

In addition, the ownership of the facilities and infrastructure were also able to positively influence the entrepreneurship behavior. The more adequate facilities and infrastructure owned by craftswomen would increase entrepreneurship behavior. Thus the need for attention to craftswomen ownership of the facilities and infrastructure prior to increase in the scale of production, so that later no negative impact on entrepreneurship behavior. Furthermore, the perception of the effort in this case the perception of craftswomen on increasing in production should gradually continue to be emphasized in running the business. No need for business craftswomen to increase production on a large scale, because it would have a negative impact on

entrepreneurship behavior. Increasing production in phases, there were slightly but still there were more impact both on the increase entrepreneurship behavior.

Therefore, the business development in craftswomen were not forced to occur in a short time, but still required the development of business in increments each perform production activities.

## 4. Conclusion

Results and discussion above can be deduced as each improvement which was occurred in the education, experience, experience, facilities and infrastructure ownership and the perception of the business (internal factors) were able to increase entrepreneurship behavior.

## 5. Suggestion

Increasing sense of curiosity towards ongoing effort, not scared and lazy to apply the new things on the product, also an increasing focus on profit is able to support an increasing entrepreneurship behavior of craftswomen.

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