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**THE ROLE OF PERSONAL CHARACTERISTICS TO DEVELOP  
BUSINESS STRATEGY CAPABILITIES**

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**Abstract**

The human resources in a productive economic business is a necessity that determines the business development. Furthermore, business performance is largely determined by the "who" and "what is" in the people behind the productive economic business. Individuals leading a business, utilizing their utmost capability, determines the business performance. Micro, Small, and Medium Enterprises (MSMEs) require strong and reliable personal characteristics. It would develop start-up business competitive ability in the competitive era. This research analyzed the role of personal characteristics of productive economy managers and business owners to achieve high business performance and develop business strategies. Literature studies and empirical research results exhibited that personal characteristics, such as locus of control (especially internal locus of control), self-efficacy, motivation (especially need for achievement), and high adversity quotient, can develop a creative and innovative individual. Furthermore, it would develop business strategies in line with the product and personal style concerned in achieving maximum business performance.

**Keywords:** personal characteristics, business strategy, pioneering productive economic business, business performance.

**1. Introduction**

Each individual is a very valuable resource for an organization. God granted mankind advantages or potential far beyond other creatures. Compared to other creature, human possess the potential to become a leader (Khalifah). It allowed a human to be a victorious individual. This potential may be utilized for the benefit of the individual and the surrounding community. The ability to nurture an individual role as an adaptive and transformative social being (Sumantri & Gemina, 2015) must be maximized. It would ensure the individual concerned may utilize their capability and bring prosperity to the community. Every human being needs the ability to find and manage personal and natural potential to achieve welfare in a balanced and sustainable manner. Therefore every Human Resource (HR) is active participation is necessary to explore untapped potential. In turn, each individual may optimally grow and develop.

Human Resource Management (HRM) focuses on managing its human potential (Prabhu, 2020) through organizational activities and operational functions. The organizational activities involve productive economic business organizations such as MSMEs and Village-Owned Enterprises (BUMDes), (Agustina, T.; Gerhana, 2020). In addition, the productive economic business includes start-up millennial entrepreneurs application-based business. MSMEs and BUMDes are pioneering productive economic business involving Human Resources behind the business operations. Economic activities and actions influence business operations. It turn, the business

operation reflects efforts and achievements. Each Human Resources must have a different background in operational actions. The differing operational actions are determined by personal characteristics.

According to (Fadholi, MR; Gunadi, 2013); (Kerr, S. P., 2017); (Bahari et al., 2017); (Bahari et al., 2017); (Bahari et al., 2018); (Agustina, T.; Gerhana, 2020); Entrepreneurs personal characteristics play an important role in the success of a business. Entrepreneur personal characteristics would distinguish SME / MSME from other businesses. Ketchen, Hult, and Slater (2007) in (Fadholi, MR; Gunadi, 2013) stated that resource support alone does not guarantee superior business performance. Entrepreneurs and managers as business owners must wisely manage resources to produce maximum profits.

Every business aims for maximum success or business performance. One indicator of success is exhibited through generated profit. It takes hard work to improve performance and achieve success. In order to achieve the expected performance, an organization requires achievement culture. Achievement culture in organizations (business) is crucial as it influences business performance. Human resources possessing appropriate abilities would develop an achievement culture. In other words, personal characteristics influence a choice of action. Furthermore, personal characteristic distinguishes an individual from others. A decision-maker would make a real difference through leadership style and decision making.

## **2. Method**

This paper is the result of a compilation of experiences in several field research with theoretical studies related to the issues discussed. Paper-like is often referred to as a literature review. So that the method used in this paper is a literature review.

## **3. Results**

### **3.1. Personal Characteristics**

Performance is a measure of the success of a company or organization in achieving its goals. (Taormina & Kin-Mei Lao, 2007) states that the success of a business is determined by individual or personal characteristics. These individual or personal characteristics are inherent in individuals. It can change or prevail over time. Individual or personal characteristics change due to certain situations or previous experiences. For instance, self-efficacy is formed due to the experience and learning processes.

*Self-efficacy*, according to (Bandura, 2006), is individual confidence in exhibiting certain behavior required in a specific situation. Stable individual / personal characteristics were formed from inherent aspects of an individual. For instance, personality and locus of control. According to (Kreitner, R. dan Kinicki, 2000), locus of control is the general belief of people regarding the amount of control they have over events in their personal lives.

In addition to self-efficacy and locus of control, other personal characteristics are self-esteem, adversity quotient, motivation or need for achievement, etc. Business company or organizations, MSME for instance, is highly dependent on individual/personal potential and the perceptions of manager or owner. Therefore, it is crucial to explore and develop the changeable or improvable personal characteristics potentials. It would ensure an individual obtain new personal characteristics adhering to the needs and guidelines of the evolving business environment. For

instance, the business sector currently has an increasingly high level of competition. Improved personal characteristics are capable to compete and survive in a changing era. Individuals cannot change another person or environment. However, the individual concerned can change themselves through appropriate response to achieve targets or success.

A good competition requires a standard measurement. Performance is one measure of operational success. Business performance can be measured through sales volume, revenue volume, sales growth, revenue growth, organizational growth, competitiveness (Sorensen, 2006), labor growth, and profitable growth (Agustina, Titien, 2017). (Sorensen, 2006) believes that company growth does not determine the ability of the company to innovate. It indicates that the performance of MSMEs is not merely determined by company growth indicators. It is determined by the ability of business companies to innovate. (Siyamtinah, 2011); and (Bahari et al., 2018); (Th et al., 2020) stated that innovation is the key to organizational growth, including business organizations.

The ability to innovate stems from the initiative and creativity of an individual (Alsafadi et al., 2020). Furthermore, it generates new ideas for modifying products, services, work methods, etc. The ability of an organization to innovate is determined by the owner or business manager personal characteristics. The company owner or manager decides company action. It indicates the importance of human resources in an organization (van Song et al., 2020). Furthermore, MSMEs rely heavily on the personal abilities of the owners or managers. Personal characteristics of the MSMEs manager or owner determine the ability to recognize and exploit resources and business opportunities (Širec, Karin; and Mocnik, 2010). Furthermore, personal characteristics of business owners and managers influence products and services innovation decision making.

It is crucial for managers or business owners to possess personal characteristics adhering to the fluctuating environment and era. Personal characteristics adhering to fluctuating business sector and consumer demand would develop entrepreneurship spirit and value. Failing to be open-minded, improve mindset and attitude, adapt and respond to fluctuating business environment and consumer demand would naturally disrupt business operation ((Agustina, Titien, 2017).

### **3.2. Competitive Business Strategy**

The entrepreneurial quality of the MSMEs manager or owner (van Song et al., 2020) is determined by the personal characteristics, orientation, and entrepreneurial intentions potential (Lestari, 2014). Business strategies can be built and developed in a better direction. It is determined by the role of the business owner personal characteristics. A business strategy capable to answer the consumer and market demands stems from business owner or HR manager capability on determining strategic actions that would benefit business operations. Individuals possessing strong, reliable, and resilient personal characteristics are courageous decision-makers and risk-taker. (Agustina, 2017). In general, an entrepreneur is trained to be tough and enduring (adversity quotient). These personal characteristics are crucial in the business sector (Agustina, T.; Gerhana, 2020) to generate high business performance. Regardless, there are risks involved in any sector. An individual possessing strong, resilient, and reliable entrepreneurial spirit and values would reduce risk. Therefore, it would increase business performance or achieve success.

In order to survive in the competitive business sector, an individual needs to be strong, resilient, and reliable. One of the determining factors is a business actor or owner/manager personal

characteristic in following up problems in the business operations. The lack of confidence in decision making is an obstacle, especially when action speed is crucial. The lack of confidence in an individual ability generates slow decision making and action. The inability to learn from personal and others experience generates differing personal characteristics. In the business sector, risk-taking is a challenging concept for the inexperienced. A slow or negative response to the existing problem may weaken customer and market control. However, these issues shape the entrepreneurs or business managers personal characteristics potential.

Therefore, a competitive business strategy cannot be separated from the personal characteristics of a manager and/or business owner. Every action and decision influences on business performance. Various research results have mentioned a positive and significant relationship between locus of control, self-efficacy, self-esteem, motivation, need for achievement, adversity quotient, and other personal characteristics with the organization management performance. (Judge, 2001) found a positive relationship between self-efficacy and individual performance. Confidence in ability and achieved success encourages an individual to work harder and produce the best work (Sebayang, Stevani; Sembiring, 2017). Self-efficacy, as part of the business managers or owner personal characteristics, can improve the individual performance and business performance. Seiferd in (Mukhid, 2009) stated that high self-efficacy improves effort, persistence, and resilience. On the other hand, low self-efficacy will function as a barrier that drives an individual to avoid the goal. Therefore, self-efficacy affects behavior patterns, motivations, and emotional reactions of an individual.

The ability to carry out competitive business strategies is inseparable from the locus of control. Locus of control is a personality trait that explains the perception from which an individual determines the causes of events in life (Malik, *et al.*, 2015) in (Ary et al., 2019). (Dewi, 2013) states that the locus of control is the nature of an individual personality in interpreting experienced successes and failures, whether it came from internal factors or external factors. The responses, in the form of attitudes and actions, reflects the received result. (Widyaninggar, 2014) states there is a relationship between the actions and results. Therefore, the courage to take the initiative, create, and innovate is the result of confidence, thought, response, and decision making. In addition to individual readiness, the physical and psychological aspects influences risk taking behavior. The capability of an individual stem from their psychological aspect. It would determine whether an individual is ready to be different, able to accept differences, and capable bear the consequences of wrong decision making or not. Therefore, it would reflect an individual emotional reaction or personal characteristic.

(Patten, 2005) stated that locus of control has a significant effect on the achievement of organizational performance. (Patten, 2005); (Agustina, Titien, 2017); (Agustina, 2019); (Agustina, T.; Gerhana, 2020) stated that individuals possessing internal locus of control will perform better than individuals possessing external locus of control. (Beukman, 2005) empirical research has proven that locus of control is a determining variable of individual and organizational performance. (Bello, 2001) stated that one of the locus of control outcome variables is organizational performance.

Adversity quotient is one of the personal characteristics. According to (Stoltz, 2000) adversity quotient is the ability of a person to observe and process difficulties utilizing existing knowledge. It renders the difficulties into challenges. The adversity quotient is a crucial nature and attitude

for an entrepreneur, as they are required to be strong and persistent individuals to overcome difficulties. (Dewi, EYSS, 2016). The problem-solving capability reflects an individual knowledge to determine strategies. In turn, they would be able to solve every problem and emerge victorious (Agustina, T.; Gerhana, 2020). Therefore, entrepreneurs are required to have personal abilities and characteristics adhering to the intense competition in the business sector, whether it is in the past, present, or future. Invaluably so due to the development of the internet, information, and communication technology. Good and strong personal characteristics would form superior personality, "hidden" extraordinary energy, generate a burning passion, and unending vitality for work and achievement (need for achievement). Furthermore, it would distinguish an individual from the others (Alma, 2013); (Agustina, 2017). The adversity quotient reflects the extraordinary physical and psychological qualities of a manager or business owner.

The need for achievement, according to McClelland(1985) in (Robbins, 2013), is an encouragement to excel with a set of standards to be achieved. The need for entrepreneurial achievement is exhibited in the form of actions to perform well and efficiently. Individuals who possess strong motivation for success will try harder to achieve personal achievement by choosing to perform better, faster, effectively, and efficiently. This drive is the need for achievement. An individual with high performance distinguishes themselves from others adhering to the desire to be better. The need for achievement encourages and motivates an individual to work or create work/achievement.

Strong personal characteristics through the locus of control, self-efficacy, adversity quotient, and motivation (need for achievement) exhibits a positive and significant effect on individual and organization or business performance. Based on several research results related to performance, both individual performance and business or organization performance (MSME) exhibited a positive and significant effect (Agustina, T.; Gerhana, 2020); (Fadholi, MR; Gunadi, 2013); (Bahari et al., 2017); (Bahari et al., 2018); Zhang dan Bruning (2011) in (Fadholi, MR; Gunadi, 2013); (Wiharti, 2017); (Suseso, Djoko; dan Suddin, 2019).

### **3.3. Results**

Nurturing a new character in an individual requires changes and corrections. In turn, it would form the desired superior character. Personal characteristic is inherent in an individual and deeply rooted in daily life habit, therefore requires considerable effort in a continuous manner in order to substitute or improve prevailing personal characteristics. Business owners and managers initially possess limitations in starting and managing a business. For instance, limited education level, experience, work skills, ability to seize and take advantage of opportunities, entrepreneurship competency, capital, etc. These factors influence the quality of human resources, as it differs on each individual.

The lack of knowledge and experience can be overcome through learning (Agustina, 2019). The limitations of formal education can be covered with informal education. Technology development allows the community to learn through a technology-based method. Capital limitations can be overcome by approaching the bank and financial institutions. Furthermore, an individual may forgo financial capital and opt to utilize network and trust relationships. However, deep-rooted psychological factors should be improved through strengthening personal characteristics and changing manner of response to beneficial emotional reactions. In turn, it

would support and accelerate success. Entrepreneur beneficial character potential and work performance would lay a foundation for success.

In order to strengthen successful entrepreneurs, it requires strong self-confidence in accomplishing tasks, values (vision and mission), clear business goals, and entrepreneurial commitment to achieve desired success. Strengthening the personal characteristics of business owners and managers (MSMEs) would improve the ability to create a business strategy. Strong personal characteristics can be a "key" to nurture reliable, competitive, and innovative entrepreneurs. Changing personal characteristics is difficult but manageable. The process takes time, process, funding, intention, strong will and earnestness, and concrete steps. An individual may get out of their comfort zone and see the differences and changes that occurred in their surrounding, In conclusion, it is necessary to strengthen personal characteristic of individuals willing to progress and continue to grow.

Strengthening personal characteristics requires hard work, strong intention (Th et al., 2020), and willingness to change in a continuous manner. The method is to conduct shock therapy to the mindset, emotion, and subconsciousness assisted by continuous supervision and practice. The key to success remains with the individual concerned. External human resources merely encourage and support the character development of the concerned individual. For instance, drug addicts rehabilitation and healing. There is a dominant number of business owners and managers (Agustina, 2019) in each country. They are expected to contribute greatly to the economic progress of the community, nation, and state through productive economic business. Cooperation and coordination from related parties are needed in order to nurture strong, persistent, resilient, reliable, competitive, and superior human resources. Furthermore, it would allow human resources to develop business strategies in line with the changing times and consumer demands. Based on the theoretical framework and the results of empirical research, it described business capacity human resources development model in productive economic business such as MSMEs, BUMDes, start-ups, etc. A strong spirit of entrepreneurship through strengthening personal characteristics is crucial. It can spur the growth of initiatives or creative ideas in developing effective business strategies and encouraging creative innovations. In turn, it would encourage high business performance in the form of profit growth, labor growth, sales growth, business network growth, business asset growth, etc. as described in the following figure:



Figure 1. MSME Strengthening Capability Development Focus Model

#### 4. Discussion

Nurturing successful entrepreneurs require strong self-confidence and willpower. It would enable them to overcome problems and determine competitive business strategies. They require values (vision and mission), clear business objectives, and entrepreneurial commitment to achieve

maximum business performance. It is crucial to strengthen the personal characteristics of MSMEs, BUMDes, Start-ups, and other productive economic business managers and owners. Strong personal characteristics are the "key" for nurturing strong, superior, reliable, competitive, and innovative entrepreneurs. It is necessary to develop personal abilities through strengthening personal characteristics to determine business strategies appropriate to the demands and needs. Therefore, strengthening personal characteristics through training, mentoring, Focus Group Discussion (FGD), Achievement Motivation Training (AMT), in addition to serious and continuous coaching, may nurture strong, reliable, and competitive entrepreneurial human resources. Invaluable so for beginner entrepreneurs such as pioneering productive economic business which possess a weak foundation of entrepreneurship.

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