

Entrepreneurship and its Impact on Business Performance Improvement and Poverty Reduction (An empirical Study Micro Business Industrial Sector in Kendari)

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ABSTRACT: *The purpose of this paper is to investigate the impact of entrepreneurship on increasing business performance and poverty reduction in micro business industrial sector. This research was conducted in Kendari Southeast Sulawesi Province by taking samples from three kinds of groups of micro sector business industries namely: a group of micro business of food and drinks; a group of business of wood industry; and the other micro industries. A total of 100 micro business industrial sectors provided the data for the study. The data were analyzed using hierarchical regression analyses. The results showed that entrepreneurship has a positive impact effect on the business performance. It is confirmed entrepreneurship has a positive effect on poverty reduction. Practical implications the study underscores the importance of entrepreneurship to business performance and poverty reduction in micro business industrial sector. This link is not dependent on the size of the enterprise. Management should promote the attitude entrepreneurs, motivation order entrepreneurs, entrepreneur, personality and autonomy in order to enhance business performance and poverty reduction. Research limitations the study's sample is limited to micro business industrial sector in Kendari. Although the objectives of the study were met, more studies are needed that compare or contrast small and medium enterprises, in other sectors and contexts. Originality the paper entrepreneurship has a positive and significant impact effect on business performance improvement and poverty reduction, and provided a theoretical underpinning to the concept of "Encouraging entrepreneurship to drive poverty reduction". This also provided the rationality and necessity of entrepreneurship education. Moreover, make a contribution to research on entrepreneurship in micro business industrial sector general.*

KEYWORDS : *Entrepreneurship, Business Performance, Poverty Reduction*

I. INTRODUCTION

Individuals living in poverty remain a critical issue. This special issue focuses on how entrepreneurship can help to solve such poverty. Rather than viewing those in poverty as a market for goods, the solution lies in understanding how to help those living in poverty create their own businesses. Ultimately, entrepreneurship among those in poverty will create a long lasting solution to their poverty. Herein, we initially examine the extant knowledge about entrepreneurship. Poverty remains a critical issue for a large percentage of the world's population. The World Bank defines the median poverty level for emerging economies as individuals living on less than \$2 a day; currently, 2.47 billion people live in this poverty around the world. Unfortunately, the total population living in this state of poverty is proving to be relatively stable, as indicated by the fact that the number of these individuals declined only from 2.59 billion to 2.47 billion between 1981 and 2008 (Chen and Ravallion, 2013). Poverty and one-sidedness revenue has always been a problem in economic development. In scope International, poverty agenda that is contained in *the millennium development goals (MDGs)*. Poverty issues a country is actually not to be separated from the poverty within the scope of regional Development. Less distribution will create more advanced regional imbalance will increase poverty levels in the regions (Chess Climax Pamungkas, 2009). The main still faced in developing countries is a problem for the eradication of poverty. Although the government has taken several vicious circle policy to break off poverty, but until now problems of poverty has not been fully solved.

In recent years related Small- Micro- Medium- Enterprises (SMME) has increasingly become recognized as appropriate tools for poverty reduction by international funding agencies and governments. From the perspective of entrepreneurs and current businesses, the world's population living in poverty appears to be a large potential market for selling a variety of goods and services. In this regard, Prahalad's work (2005) was ground breaking in that it articulated actions

firms could take to serve the needs of the poor and generate returns on their investments in the process of doing so. However, we adopt a different perspective for the purposes of this special issue. Rather than focusing on the poor as a market for firms from mature economies, we argue that entrepreneurship offers a means through which people can break the cycle of poverty. Guiding this choice regarding the framing of this special issue is the conviction that impactful scholarship has the potential to positively affect societies and contribute to our understanding about organizations and managerial practice. Our view is that with over a third of the world's population living in conditions of poverty, entrepreneurship scholars should seek to investigate issues that encourage and sustain entrepreneurship among those living in poverty as a path along which to improve lives. Our hope is that this special issue will lay the foundation for such an investigation.

During the last two years the number of the poverty especially in the Province of Sulawesi Tenggara tended to decrease, Similarly, the rate of poverty in Kendari is inclined to be decreased In the year 2011 the Number of the poor in the Province of Sulawesi Tenggara noted 334.28 thousands of lives or 14.61 percent of the total population decreased in 2012 to 304.25 thousands of lives or 13.06 percent. In Kendari number of poor people at the end of 2011 noted 23.34 thousands of lives or 7.46 percent from total population decreased in 2012 to 22.17 thousands of lives or 7.27 percent. This shows that the number of the poor in both provinces Southeast Sulawesi and in the City Kendari both in absolute and relative is still big enough. Thus it is needed various alternative solutions still in a way to solve the problems of poverty.

The poverty reduction thrust of this paper echoes the views popularized by Sen (1984) which are centered on providing opportunities for enhanced well-being (Gasper, 2007; Sen, 1985, 1993). One of the efforts done by the government through various poverty alleviation programs both central, the Provincial government and government of the city, has not given an optimal result in alleviate poverty. The program should are released by the government to alleviate poverty with big enough budget, has been able to reduce the rate of poverty in significant. But in fact the poverty provincial good (Southeast Sulawesi and in Kendari is still relatively big. In several international for, poverty reduction through development services has been discussed a lot. The leaders' meeting closed Asia also asserted that entrepreneurial role in the eradication of poverty can no longer be underestimated. For the eradication of poverty by entrepreneur has parsed clearly by Fong Chan (2013). He said that no longer entrepreneurship can be underestimated because its development that the goal of bringing is becoming more and more essential amino acids in the last few decades poverty to be a problem with for developing countries in the Asia-Pacific region. Chan human resources Minister who is also a Malaysian added that the role essential entrepreneurship in the eradication of poverty is becoming more and more crystallized in line with access in order to increase the level of manpower absorption standard of education and labor (<http://www.goggle.com>).

Minister for Co-operatives and Small and Medium Enterprises Syarif Hasan (2013) stressed that the government would have targeted the increase of entrepreneurs in significant of 1.5 percent to 2.0 percent of the population in 2013. He claimed to increasing number of entrepreneurs, will be more open opportunities to expand employment opportunities are available for the job seekers that generally is still in that time span productive. He explained that double benefits will be obtained from the increase of entrepreneurs Indonesia. In addition alleviate poverty through risk minimization the rate of unemployment, another benefit is absorption global labor so accessible economy will continue and is expected to continue to move. So there is no excuse anymore to postpone the increase in the sector intensive entrepreneurship in Indonesia on poverty and achieve a better economic potential considering an outpouring of human resources utilized to the fullest who have not yet in the sector entrepreneurial self-sufficient.

Research about the influence of entrepreneurship for eradication of poverty is still rare. However, or that related with a causality relation between entrepreneurship and poverty alleviation has many will be done. In order to prove that on a statement in various international forums of the role in the eradication of poverty entrepreneurship still needed a research. Muhammad Suhaimee (2012) in his research on a causality relation between poverty and regional inequity entrepreneurial revenue in Thailand have found that establishment as proxy entrepreneurship cause an increase of poverty and one-sidedness higher incomes in Thailand. Ludovick in the research about poverty alleviation through entrepreneurship and innovation found that entrepreneurship to reduce poverty is significant. Poverty went down with an amount which is much higher than when interact with innovation entrepreneurship.

With regard to entrepreneurship, but there are some experts who are explained theory and results of research about entrepreneurship such as: (Covin & Slevin, 1991; Miller, 1982) holds, the company with high orientation entrepreneurship, will always try to find new opportunities and strengthen the position its competitive edge on in doing business activities in the market. Next, Seongbae Lim (2002) stressed, development of the concept entrepreneurial orientation is very much needed in small company. It was important the attributes of the personal because of the owner who formed orientation entrepreneurship has had a strong dimension to business performance. Was reflected in the attitudes and behaviors, such as: regional autonomy, the risk, innovative, and compete aggressively by placing the attributes of the personal that is in business owners. So do (Zahra & Garvis, 2000; Lumpkin & Dess, 2001; Wiklund & Sphered, 2005) proposed small-oriented entrepreneurship makes it possible to carry out their activities with better than competitors.

The purpose of this article is to identify and address some problematic aspects of research on the role of entrepreneurship for poverty reduction. Specifically research is aimed to test and explains the influence of entrepreneurship on the performance of micro businesses and poverty reduction in the city of Kendari Southeast Sulawesi province. The article will first review some of the academic discourse on micro business industrial sector that combine entrepreneurship, development and poverty reduction. We suggest that the approach would benefit from a critical assessment of the current position that praises entrepreneurship leading to its widespread adoption as a 'cure all' development option by many poor countries. Secondly, an alternative approach based on empowerment will be suggested and its potential for contributing to entrepreneurship development discussed. Thirdly, empirical evidence from participant observations, key informant interviews, a questionnaire survey and a group discussion session conducted using a hermeneutical approach to enquiry will be presented. To find out if entrepreneurship influential pressure group to poverty reduction still needed or more profound. In relation to this writer feel interested to examine entrepreneurship and influence over to improve the business performance and micro for eradication of poverty.

II. LITERATURE REVIEW AND CONCEPTUAL MODEL

Entrepreneurship is widely seen as an important driver of economic development (Acs et al., 2009). Previous literature advocating for a link between entrepreneurship and development has predominately examined this relationship at the level of country or regions and has paid scant attention to local and community levels. While entrepreneurship has been considered as a key ingredient of strategies for escaping from desperate poverty (Powell, 2008), relatively little empirical attention has been devoted to the specific mechanisms that make entrepreneurship a tool for alleviating poverty. Recent empirical studies (often associated with research in social entrepreneurship) have started to unpack some of these underlying dynamics and have shown how entrepreneurship affects and is affected by community structures (Peredo and Chrisman, 2006) and can alter local institutional arrangements which in turn can spur economic development (Khavul et al., 2013). We complement this research and expand the scope of actors involved in entrepreneurship as a process, focusing on 'ordinary' entrepreneurial actors and on the effect entrepreneurship has on their economic and social lives.

Our approach to assess the dynamics of poverty reduction from the perspective of individuals exposed to poverty builds on the work of Amartya Sen. With the notion of "development as freedom", Sen (2000) issued an important reminder that a focus on narrow concepts and indicators of development, such as increase in Gross Domestic Product (GDP) or individual incomes, hinders our ability to embrace notions of development that are attentive to differences in well-being among citizens (and nations). These articles form the foundation for what we know to date on entrepreneurial solutions to poverty. In looking at these articles, McMullen (2010) is particularly noteworthy as he sets out to delineate a market-based approach to inclusive growth for the poor. The author focuses most extensively on the role of institutions as barriers or facilitators to market-based solutions to poverty as he seeks to delineate the potential role of developmental economics in entrepreneurship. It is noteworthy that McMullen's (2010) framing is consistent with the other entrepreneurship articles in that they focus on the role of institutions and their impact on entrepreneurship in settings of poverty (only one of the articles takes a substantively different route as it uses feminist theory (i.e., Scott et al., 2012).

Muhammad Suhaimie (2012) found that establishment as proxy entrepreneurship cause an increase of poverty and one-sidedness higher incomes in Thailand. This research uses the data in 76 provinces in Thailand, using analysis panel empirical based on data from 76 provinces in Thailand in 1997-2010. Ali Yasin (2013) in the research found that there is a correlation between positive development services weak to poverty reduction. This Research use design or correlation to 80 micro businesses in the region Bonadir Somalia. Adofu (2013) shows that 65 percent respondents said that the lack of entrepreneurial skills among young people associated with high level of poverty in Nigeria. Results of these studies indicate that at least 60 percent populations that follow the training entrepreneurial skills have been able to try to meet the essence.

Thus this research recommends that because a large number of people who attend a training program entrepreneurship can fulfill basic needs, the government must take into account the program to poverty alleviation programs. Related to the problem poverty, unemployment, economic growth and the role entrepreneurship, Raheem Olasupo (2011) found that such entrepreneurship can absorb the labor force unemployed. This research also found that positive role is optimal of entrepreneurship has not yet been able to be realized because on the issue is not sufficient credit facilities and low support from various parties on to entrepreneurship. Results of research Hastin, (2010) that entrepreneurship did not influence directly to business performance, but directly to be able to increase superiority to compete, and shows that there is a gap with the theory that in reproduce by (Covin and Slevin, 1991; Miller, 1982; Navahandi and Malekzadeh, 1997; Pearce and Robinson 2003; Seongbae Lim, 2002; and Zahra, & Garvis, 2000; Lumpkin & Dess, 2001; Wiklund, & Shepherd, 2005) found that entrepreneurial orientation to contribute and impact on business performance. Muh. Yani (2007) in its influence on analysis of micro-credit to poverty alleviation development of micro through in Southeast Sulawesi found that, Capacity Building micro business had an effect directly with the direction positive and significant to poverty reduction, while the number of micro-credit did not influence directly to poverty reduction. Baheri (2011) who has studied about the effect the values of Islam to performance micro business through *entrepreneurship* found that variable entrepreneurship is not significant influence on the performance micro business, while variable values of Islam have an effect on directly to the performance micro business.

Research on poverty related to economic growth and one-sidedness previously done by Sameti and Farahmand at the end of 2009 to take *Euro-Mediterranean* as the location observation. Spatially also found in this study that there is a *spatial dependence* between countries in relation to the economic growth and imbalance. This means that countries around had an effect on economic growth and imbalance in their own country. Joseph Schumpeter in Bygrave (1994) stated that entrepreneurs as the person who destroys the existing economic order by introducing new products and services, by creating new forms to organization, or by exploiting raw materials new. So entrepreneurship is the one who penetrate systems economy that is by introducing goods and services has only just, by creating new organization or organization new business. These People do their daily activities through the business that had already existed in his book "The Portable MBA in Entrepreneurship" given the wider definition Joseph Schumpeter. Entrepreneur is the person who perceives on opportunity and creates an organization to peruse it (Bygrave, 1994). So, an entrepreneurship is people who see about opportunities then create an organization to take advantage of the opportunity. Understanding entrepreneur here emphasizes on every one who start something new business. While the entrepreneurship on all the activities functions and actions to pursue and take advantage of the opportunity to create an organization.

According to the views Drucker (1985), entrepreneur is an activity move economic resources from the area productivity low to the region greater productivity and the result is greater. Definition was expanded up to now, so Drucker concluded that entrepreneurship is one's ability to create a product that had an ordinary one concept with the application management and technical management (that is what is worthless asked values to the customer), standardization products, the formulation process and equipment, and with base training in analysis of job that will be carried out, and set the standards that wanted to increase resources is result and create a market and new customers. On the Drucker can be pointed out that not all new business, small and its own as entrepreneur, but their ability to increase productivity which is referred to as entrepreneur. Kao (1995) also mentioned that entrepreneurship as a process that is the process of creation is a new creation (new) make something that is different from that has been there (innovation), the aim is a modest welfare of the individual and added value for the community. From the two opinion above can be pointed out that the success entrepreneurs is determined by productivity business that can be achieved and its ability to increase productivity is constantly well into a new start and that has been developing countries. This view Drucker greater emphasis on the ability to create creativity those are oriented to customers through the application management concept. Productivity and creativity is very determine the success entrepreneur based its competence must be owned both in respect of their knowledge, skills and based on their lessons. Khandker (1998) presents a causative factor page of poor is because of the lack of employment opportunities and due to low productivity poor people. To overcome the situation, when poverty resulted by employment opportunities, and to reduce poverty will need to job creation; and if poverty occurred due to low income and low productivity, poverty reduction and needed investment in human resources and capital investment to increase productivity physical workers. So best way to reduce poverty is to increase to the poor entrepreneurial spirit to create employment opportunities and improve their earnings.

Talking about issues of poverty, many theories and approach that is used in understanding poverty, But if simplified, there are at least two paradigm or a theory than (grand theory on poverty: the paradigm *neo-liberal and social democratic Party* that poverty and eye-glasses of individual structural. Literally business performance can be interpreted as something that is achieved, achievements that are shown, and the ability safety. In general performance that is expected to micro business is a work achievement that was achieved in a certain period. Work achievement that you want to achieve micro business in general by associated with the intention that want to be achieved by the owner business was In business organization usually can be measured his performance by using a financial, such as: sales growth, growth in, and the growth assets. In addition, it can also be measured from the non-financially as: customer satisfaction and productivity.

Micro business performance can be formulated as a comparison between the value is produced from activities to be carried out by micro business by using assets into a productive compared with the values that have been achieved by businessmen. In essence business performance indicators can be seen in a number of factors. Idrus (2004) states that performance is the outcome or output in the form of products and services provided by a person or group. Relation with performance measurements. Measurements performance can be done to see how far with the objective of the industry at once. Several indicators that can be used to gauge the performance *are* high productivity, leadership, the level of manpower absorption industrial work that the stability business, high profits, high production costs are low, community development, and business growth (Bernice and Meredith in Idrus 2004). Work achievement that you want to achieve companies in general is associated with the aim to be achieved. Business Organization usually can be measured his performance by using financial size (sales growth, growth in, and the growth assets or capital market) and non-financially (employee rolling, customer satisfaction, and productivity). According to Covin and Slevin (1991) that the procedure small and medium scale industries performance measurements can be done with assessment of perception becomes respondents based Liker over several *financial*, such as sales growth, the level gross revenues, the ratio growth profits on sales, high rate of return or growth capital market, and net profit operations. Thus, measurements of business performance will depend on how valid the measure is in accordance with the performance was achieved micro business. Referring to the concept of the former research, the researcher wants to prove that entrepreneurship and its impact on business performance improvement and poverty reduction. Based on this reason, the researcher builds conceptual framework as presented in the Figure 1.

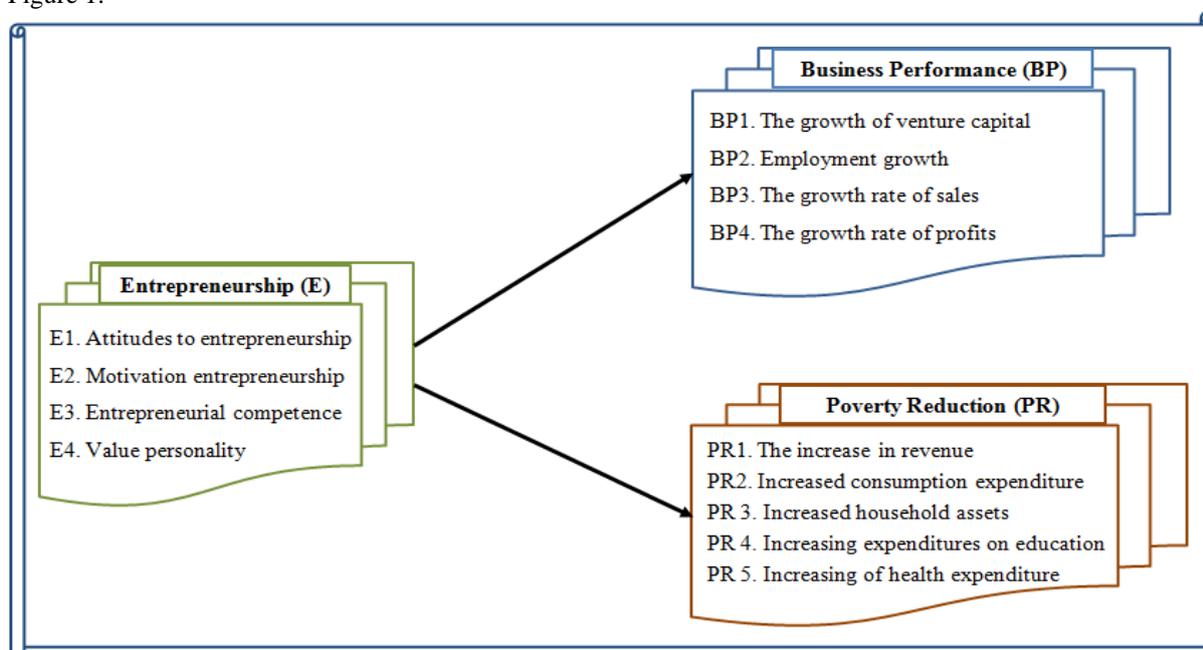


Figure 1: Conceptual model research

III. RESEARCH METHODS

The design of this study used explanatory research approach. It means that this research aims to obtain an explanation of causality relationship among variables of Entrepreneurship, business performance and poverty reduction in micro business industrial sector through hypothesis testing. This Research carried out in Kendari province Sulawesi South-east by taking sample respondents as many as three business groups micro-industry sector that is, the group micro business food and drink industry; the groups micro business timber industry; and

the micro business other industries. Time or lasted for six months starting in May to the November 2013 with the number of sample 100 respondents. Data source that is used on data primary and secondary data. Primary data obtained from an interview directly with an extensive micro insurance respondent. While secondary data obtained from the Office Statistics Office, and Industry, trade, Cooperation and UMKM Kendari and government agencies which is related to research.

Study population micro business is the whole industry sector that lived in the town Kendari Southeast Sulawesi Province. Total number population big enough, but in this research samples taking that can be done representing or describe all the characteristics population in the right place. In Kendari Southeast Sulawesi Province there are 415 unit micro business industry sector with micro business details food and drink industry 173 unit, micro business timber industry 130 units and micro business other industry 112 units. Samples taking as many as 100 business units will be done in a proportional manner in each group, which consist of micro business industry of food and drinks 42 respondents, micro business group timber industry 31 respondents, micro business groups and other industry as many as 27 respondents.

Data collection research using the survey method. The collection of data used questionnaires that distributed to the micro entrepreneurs in Kendari Southeast Sulawesi Province. The distribution is conducted by customer and explains the questionnaire while the researcher wait the respondent to fill up the questionnaires or the researcher fetched the questionnaire from the micro entrepreneurs in Kendari. Finally, the researcher conduct in-depth interviews to fine tune the information. Therefore this technique support and reveal the facts behind quantitative analysis information. Method used in-depth interview data collection refers to. There are two ways In-depth interviews, i.e. closed-open interviews and documentation interview result. The more detailed interviews carried out by researchers where the respondents are considered to be able to explain the substance of this study. The measurement of data from all research variables used the Likert scale. The determination Likert scale in this study used a 1 to 5 level scale for all variables. A five-point Likert scale was employed with a score of 1, indicating “strongly disagree”, and 5, representing “strongly agree”, to extract the different attitudes of respondents Malhorta et al. (2010). The present study used the Statistical Package for Social Sciences (SPSS) for descriptive and inferential analyses.

The method of analysis in use in this research is descriptive analysis qualitative and quantitative analysis. Analysis of descriptive done by describing various variables that in detail in this research is on entrepreneurship business executors’ micro, performance and micro business for the eradication of poverty. While analysis quantitative done to analyze the influence entrepreneurship on Business Performance Improvement and Poverty Reduction. For the purpose of this research, the equation for hierarchical simple liner regression of the straight line equation is:

$$BP = \alpha + \beta E + \epsilon_i \dots\dots\dots(1); \text{ and } PR = \alpha + \beta E + \epsilon_i \dots\dots\dots(2)$$

Where α is the BP (Business Performance) and PR (Poverty Reduction) intercept, β is the coefficient, E (Entrepreneurship) is the independent variable and ϵ_i is a residual term. To analyze the completed questionnaires, a simple liner regression model is used.

IV. ANALYSIS AND RESULTS

The variable entrepreneurship is measured with four indicators that the attitude entrepreneur, a motivation to try, competency entrepreneurship and personality. A result of research has shown that in general entrepreneurs in Kendari micro business have entrepreneurial attitude is good. This is demonstrated with average score for indicators entrepreneurial attitude of 3.90. This will need to be properly protected because the attitude so that it is easy to interact with anyone, to build new acquaintances acquaintance and try to adapt to in many situations is one of the elements the success that can support in doing business activities. Indicators motivation to try to show that in general entrepreneurs in Kendari micro business motivation to what is good. This was the show by price indicators score for motivation to try to 3.70. Motivation to try that owned by the perpetrator micro business in Kendari to encourage and gave the spirit to provide the success business. With the existence encouragement and the spirit provide success business and will be implicated to improve the business performance in micro. As well as business performance of micro and hope to overcome problems of poverty in Kendari through increased revenue. In general entrepreneurs in Kendari micro business having competency entrepreneur is good. This is demonstrated with average score for indicators motivation to try to 3.75. Business executors in Kendari micro competence as well as entrepreneur that is quite good that can be seen from the ability professional owned ability to communicate and in which we relate to other people, their ability to create opportunities and capabilities in the organization business. The indicator personality in general found that micro business entrepreneurs in Kendari have personal good enough. This is demonstrated by the values average score for the personal indicators of 3.46.

Business executors in Kendari micro have more value personal good enough that can be seen from the honesty, the moral values that inventory in running the business in order to create better performance. Results of research, acquired through questioner, than a variable objective for business performance of micro referred to in this research is measured by four indicators, namely: (1) high growth rate capital market business, (2) high growth rate manpower, (3) sales growth and (4) high profit growth. Measuring result each indicator of the business performance shows that micro business performance of micro-good enough.

Results of research, acquired through questioner, then a variable objective for poverty eradication that referred to in this research is measured by five indicators, namely: (1) number of value added tax revenues, (2) number of the increase in expenses consumption, (3) the household assets value added tax, (4) the increase in the number of spending for education and (5) the increase in the number of spending for health. Measuring result each indicator of variables for the eradication of poverty could be explained as follows: (a) most appeared as the average 23 million tons a year; (b) consumption expenditure, a majority of them within the average range 13 million tons a year; (c) the household assets Value Added Tax) yearly majority of which are the average range 4 million per year; (d) spending for education most respondents within the average range 16.5 million tons a year; (e) spending for health most respondents in the range lam-average 1.2 million tons a year; and (f) micro businessmen who have entrepreneurial spirit that was (good) have the increase the revenue that was much higher than micro businessmen who have entrepreneurial spirit is low. Similarly, the increase in expenses domestic consumption, the assets of health and education spending, shows that there is a positive relationship that is more and more than soul entrepreneurship is increasingly neither high nor the increase in expenses for the household consumption, assets, education and health.

The results of the regression analysis in Table 1 and Figure 2 show that entrepreneurship measures indicators are: the attitude entrepreneurs, motivation order entrepreneurs, entrepreneur, and the personality contribute significantly (t-value = 17.071; p-value = 0.000) and explain 74,60 per cent of the variations in business performance. The entrepreneurial qualities predict significant change on business performance of Micro Business Industrial Sector in Kendari. The *R-Square* of 0.746 shows that the amount direct effect variables entrepreneurship to the business performance of micro-finance in Kendari is 74.6 percent to influence other variables which have not been explained in a model of 25.4 percent. Table 1 the impact entrepreneurship on poverty reduction, results of the regression analysis (t-value= 11.733; p-value = 0.000) which means that (; p-value = 0.000 < $\alpha=0.05$), then a statistical variables entrepreneurship give an influence toward poverty reduction in Kendari Province Southeast Sulawesi. *R-Square* of 0.584 shows that the amounts direct effect variables entrepreneurship toward poverty reduction is 58.4 percent to influence other variables which have not been explained in a model of 41.6 percent. The critical value (CR*) shows that all indicators can be used in measuring latent variables since the values of CR* are significant at $\alpha = .05$. For this reason this model is considered as an acceptable one (Figure 2).

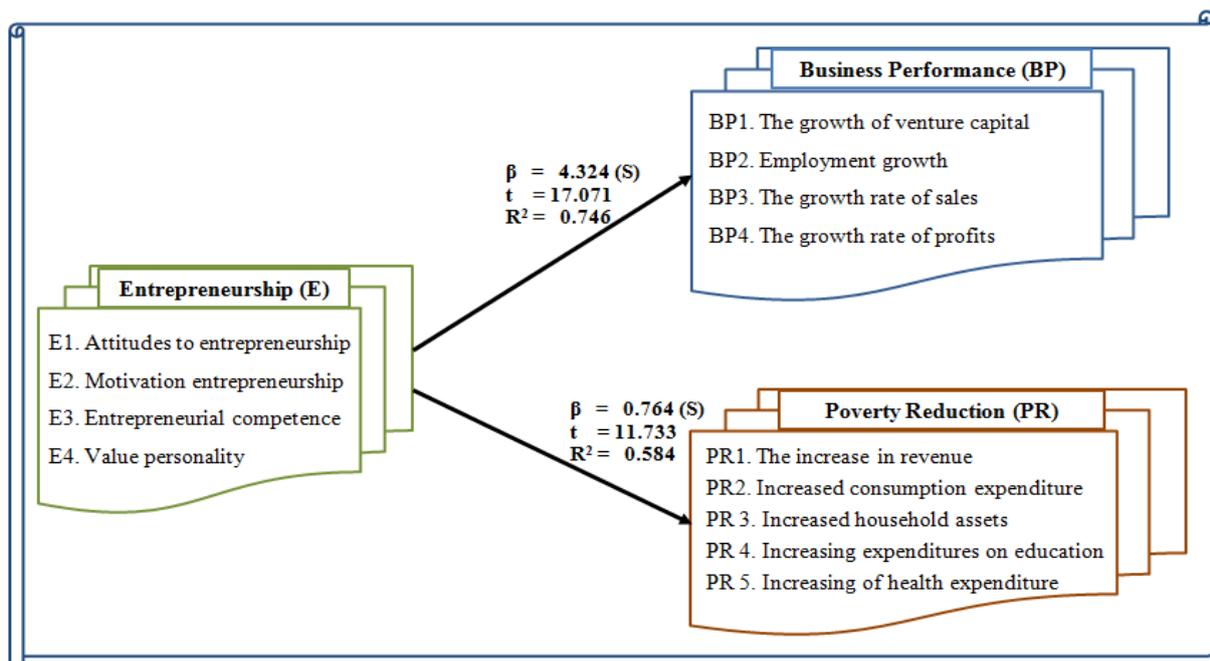


Figure 2: Diagram for Hypothesis Testing and Path Coefficient

The result analysis above built as a basis for analyzing the relations between variables and the testing of hypotheses first served value standardized weights regression with the purpose to know the relation between variables and rate significant relations causality. The model examines the hypotheses of the research. Most of the proposed hypotheses were supported except for H1 is entrepreneurship has a positive and significant impact on business performance ($\beta = 4.324$, p-value = .000). The results indicated that entrepreneurship is related positively and significant on poverty reduction ($\beta = .764$, p-value = .000), thus the results of the analysis supported H2.

Table 1: Linear Regression Estimation Results and Hypothesis testing

Direct Influence	Coefficients	t-value	p- value	Empirical Evidence
H1. Entrepreneurship → Business Performance	4.324	17.071	.000	Significant Accepted
H2. Entrepreneurship → Poverty Reduction	.764	11.733	.000	Significant Accepted

Note: p-value = significant at $\alpha < 0.05$

IV. DISCUSSION

In this paper, we highlight the central role of based entrepreneurship for business performance and poverty reduction in micro business industrial sector. We argue that innovative entrepreneurs, discovering and investing in opportunities given by new technical knowledge, are essential for increasing business performance and poverty reduction. The results of this study showed a significant effect of entrepreneurship with the positive direction on the performance of micro-enterprises. This means that entrepreneurship is reflected in the attitude of entrepreneurship, entrepreneurial motivation, entrepreneurial competence, personality and values can improve the performance of micro-enterprises in the form of an increase in capital, employment, changes in business turnover and increased profits.

The findings were due to be supported by a majority of respondents expressed a description statement has been good application of entrepreneurship, especially in the centers of the food industry in Southeast Sulawesi. Because the achievement of good entrepreneurship is expected to be maintained even in the future be improved. For those reasons, the value of personality should take precedence or precedence in implementation. This means that the value of personality that is reflected through honest and moral responsibility in business activities, attitude of trust, gratitude and trust in Allah SWT can be used as a basis for the development of entrepreneurship. Additionally diligent attitude, tenacious and unyielding in trying also an element of the value of personality that can guarantee the successful implementation of entrepreneurship. Empirical facts also prove that the established entrepreneurial attitude has also been good. This condition reflects that entrepreneurs have the flexibility to get along attitude, work hard to find new ways for the development of future business (innovative), have the confidence to step up efforts to put my trust in God, to respond to business opportunities that exist, dare to take risks and accept occurred, have a creative spirit and attitude in the business, results orientation to be achieved in the attempt and has earnest attitude toward what they are doing.

Empirical facts prove that entrepreneurial competencies have been executed better. This means that entrepreneurs have the ability Professionals engaged in accordance with the business, able to communicate and relate to others for the betterment of business managed, have the ability to anticipate the opportunities that exist and are able to create business opportunities and have the ability to organize business managed. The results of this study support the views expressed by Meredith, 2006, Sumarsono 2010 and Saiman, 2009) that entrepreneurship becomes a determining factor for the performance of small businesses. Entrepreneurial behavior associated with an air of confidence, and results-oriented tasks, take risks, creative and future orientation. In addition, entrepreneurial behavior is also associated with earnest attitude towards the job done. Based on these concepts, it can be understood that entrepreneurship can be an important determinant for the performance of micro-enterprises. This view is consistent with the results of this study because the conversation is related to small business. The results also reinforce the results of empirical research that has been done by Darmaji (2012) that entrepreneurship has positive influence on business performance. Covin and Slevin, 1991; Miller, 1982; Navahandi and malekzadeh, 1997; Pearce and Robinson 2003; Seongbae Lim, 2002; and Zahra and Garvis, 2000; Lumpkin and Dess, 2001; Wiklund, and Shepherd 2005 found that entrepreneurial orientation contribute and influence on business performance. Priyanto research results (2006) also showed that entrepreneurship has a positive influence on business performance. However, these results reject the research conducted by Hastin (2010) that entrepreneurship is not directly influence business performance. In contrast to the results of research Baheri (2011) that entrepreneurship does not have a significant effect on the performance of micro-enterprises. The results of this study rejected the study because the research conducted by Hastin and Baheri directed at small business centers outside the food industry.

The findings of this study indicate that entrepreneurial positive and significant effect on poverty reduction. This means that entrepreneurship is reflected in the attitude of entrepreneurship, entrepreneurial motivation, entrepreneurial competence, personality and values to alleviate poverty in the form of an increase in income, consumption expenditure, and an increase in household assets as well as increased spending on education and health. The condition is caused due to entrepreneurial attitudes as measured by indicators of entrepreneurship, entrepreneurship motivation; entrepreneurship competency and personality were in good condition. This is because the majority of respondents have descriptively good entrepreneurship, especially in the centers of the food industry in Southeast Sulawesi. Therefore, the achievement of good entrepreneurship is maintained even expected in the future be improved.

The results of this study confirmed the views expressed by Ali Yasin (2013) that entrepreneurship contributes to poverty reduction. Ludovick in research on poverty alleviation through entrepreneurship and innovation found that entrepreneurial reduce poverty. In a meeting of leaders of the Asia Enterprise in 2013 explained that the role of entrepreneurship in the alleviation of poverty can no longer be underestimated. Therefore, the primary focus on poverty reduction is to develop entrepreneurship. Alma (2008) also suggests that entrepreneurship plays an important role in poverty alleviation, because one of the causes of poverty is low levels of income and lack of employment opportunities available. The opinion is in line with the results of this study because the direction of the talks from the experts is about entrepreneurship at the micro scale oriented poverty reduction.

These results reject the results of empirical research conducted by Muhammadsuhaimee (2012) that the establishments of the company as a reflection of the entrepreneurial cause an increase of poverty. Further support Ludovick research found that entrepreneurial poverty reduces significantly. Adofa (2013) research results showed that 65% of respondents stated that the lack of entrepreneurial skills among youth is closely associated with high levels of poverty. Fong Chan Onn (2013) research results indicate that entrepreneurship can no longer be underestimated due to the development of an increasingly essential to the goal of poverty alleviation. However, the results of this research study refused Ali Yasin (2013) who found that there was a weak positive correlation between entrepreneurship developments with poverty reduction. The rejection was due to the different objects of research as well as indicators measuring both the entrepreneurial and to poverty reduction.

V. LIMITATION AND FUTURE RESEARCH

This research focuses upon a relatively small sample of micro business industrial sector operating in the Kendari economy. Although the results could be relevant to micro business in other developing countries, caution should be exercised when attempting to generalize the findings to other contexts. Data collection in this study conducted in one step (one-shot study) or in cross section and using non-experimental research explanative associative so that research results do not yet have a high degree of accuracy. Information obtained from the respondents has not fully valid in particular information on business performance and poverty reduction as the central food industry has not made a financial record system in accordance with accounting standards.

Future research should further investigate intangibles that affect entrepreneurship behavior, business performance and poverty reduction in micro business industrial sector. Such research may be helpful to guide entrepreneurship policy since understanding the interrelationships between these intangibles is important for fostering a culture of innovative entrepreneurship. Our study demonstrated that hierarchical regression equation modeling can be used for estimating the relationship between the variables entrepreneurship, business performance and poverty reduction. However, we think that hierarchical regression equation modeling is also a promising tool for future empirical work in this field of research since it is allows for analyzing the relationships between intangibles that are relevant for regional behavior based entrepreneurship. Moreover, similar studies of other countries as well as studies based on additional indicators for entrepreneurship, business performance and poverty reduction in micro business industrial sector should be conducted. We expect that this will allow generalization of our results.

VII. CONCLUSION

In today's competitive environment, the challenge for all enterprises (including micro business industrial sector in Kendari) is not only to increasing business performance, survive and remain profitable in existing markets but also to poverty reduction and gain profits and remain ahead in the race of competition. The study's aims were to investigate the direct effects of entrepreneurship on business performance and poverty reduction. Entrepreneurship positive and significant effect on the business performance. This means that entrepreneurship is reflected in the attitude of entrepreneurship, entrepreneurial motivation, entrepreneurial competence, personality and values to support micro-enterprise performance improvement in the form of an

increase in capital, employment, changes in business turnover and changes in gains. Implementation of good entrepreneurial real impact on poverty reduction. This means that entrepreneurship is reflected in the attitude of entrepreneurship, entrepreneurial motivation, entrepreneurial competence, personality and values to alleviate poverty in the form of an increase in income, consumption expenditure, and an increase in household assets as well as increased spending on education and health. The research findings indicate that entrepreneurs need to consider aspects of entrepreneurship by way of motivation to overcome obstacles and challenges of the business, improving business growth, as well as the hardest to realize the ideals and hopes for success in business. The need for attention to employment in an attempt to take into account the workload or the volume of work due to labor is a major factor determining the success of a business. In addition, the need to pay attention to aspects of education and health expenditures for education and health is a key element in poverty alleviation. Finally, for the government especially relevant agencies should give special attention to micro small businesses in Southeast Sulawesi province, especially the food industry center.

In this paper, we have carved out a unique perspective of research on entrepreneurship and business performance in micro business industrial sector, by bringing to life the concept of transformative entrepreneuring in a poverty reduction. Our protagonists, 'ordinary' entrepreneurs exploiting opportunities in micro sector business industries specialty food and drinks; wood industry; and the other micro industry, become intentionally or unintentionally change agents of their own lives and in their own communities. This new insight warrants follow-up research because of its potential contribution to theory and practice as well as policy-making in other extremely resource-constrained localities such as those marked by a combination of persistent poverty and business performance, where other options for more conventional private sector and social development initiatives are scarce. Indeed, a greater understanding of transformative entrepreneuring in desperate poverty zones may enable us to find new ways to break down the interrelated conditions that facilitate chronic deprivation in many developing regions in the first place. It is our hope that this will help enhance people's prospects for prosperity as well as peace.

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