

-RESEARCH ARTICLE-

**THE EFFECT OF ENTREPRENEURIAL CHARACTERISTICS AND BUSINESS CAPITAL AND INNOVATION ON MARKETING PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs)**

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**—Abstract—**

This study aims to analyze the effect of entrepreneurial characteristics and business capital on product innovation and marketing performance of small and medium business (SMEs) inscription stone carving in Surabaya city. A sample of 34 entrepreneurs is selected using purposive sampling technique. The data was collected using questionnaires. PLS-SEM technique is used to analyze the data. SmartPLS version 3 software is used to analyze PLS-SEM. The results of the study show that entrepreneurial characteristics and venture capital have a positive and significant effect on innovation. Similarly, the innovation has a significant influence on marketing performance of small and medium enterprises. The findings also establish the indirect effect of entrepreneurial characteristics and business capital on marketing performance. The study also highlights the research implications, limitations and directions for future research in the concluding sections of the paper.

**Keywords:** Entrepreneurial Characteristics, Business Capital, Innovation, Marketing Performance

## 1. INTRODUCTION

Small and medium-sized enterprises (SMEs) are important in creating jobs and generating wealth, as well as in promoting innovation ([Álvarez Jaramillo et al., 2019](#)). Despite the increasing growth of SMEs, high levels of unemployment and a low standard of living have resulted in enormous economic strains on most African and Latin American economies, which have been particularly hard hit by the global financial crisis ([Tambunan, 2019](#)). It has long been acknowledged that SMEs play a critical role in developing countries' ability to fulfill their growth objectives through the creation of new jobs and the expansion of existing businesses ([Berisha et al., 2015](#)). A prominent source of concern for many governments in their efforts to increase the rate of growth in low-income nations has been the proliferation of small businesses ([Muriithi, 2018](#)). First and foremost, small-scale firms have the potential to be important providers of employment and income in a wide range of developing countries. According to [Álvarez Jaramillo et al. \(2019\)](#), SMEs account for 22 per cent of adult employment in developing countries. They also play an important role in ensuring income stability, steering economic progress, and providing employment opportunities ([Muriithi, 2018](#)). Small-scale, labor-intensive firms are more likely to succeed in smaller urban centers and rural areas, where they can contribute to a more equitable distribution of economic activity in the region while also assisting in the reduction of migration to large urban centers and metropolitan areas.

Similarly, SMEs in Indonesia have their own charm in the business world because they are able to survive well in the event of a national economic crisis. With the passing of the national economic crisis, SMEs in Indonesia are growing both structurally and

naturally (Tambunan, 2019). Many central and regional government interventions have been carried out for the progress of SMEs (Muriithi, 2018). Likewise, the many types of SMEs in Indonesia cannot be separated from the behavior of consumer needs. The development of SME's creative industries is evidence of the efforts of SMEs to meet the diverse needs of consumers (Baierle et al., 2020), one of which is the inscription carving handicraft industry that is increasingly in demand by consumers. This handicraft industry is included in the “Kriya” type creative industry group. Stone carving SMEs for this inscription are growing in large cities with growing demand for it for inauguration of buildings, office names, mosques, prayer rooms and historic symbols including the need for signs on ancestral graves.

Indonesian Creative Economy Agency (2017) note that the results of a special creative economy reached Rp 1,009 trillion or 7.57% of GDP. Of the many creative industries, in Surabaya there are 141,438 creative economists engaged in 5 subsectors, namely culinary subsectors, 108,334 creative businesses, 19,896 fashion businesses, creative businesses, 8,100 creative businesses, publishing industries with 3,234 creative businesses and the photography subsector, with 570 creative endeavors. Entrepreneurs in the handicraft sub-sector in Surabaya have high economic potential, especially those engaged in stone carving inscriptions (Artaya, 2018). Inscription stones are used for many purposes ranging from name tags on graves, building names, office names, project inauguration inscriptions, and other purposes. SMEs in the field of stone carving inscriptions found in the city of Surabaya have seen progress in the field of stone inscription orders of various sizes and materials and increasingly diverse works of art. The beginning of the development of stone carving stone inscriptions starting from residents who live around the Ngagel Tomb because of many requests from the heirs of the tomb to be made for name tags on tombstones (Ardhana et al., 2017).

Over time, the community around the tomb has developed a field of gravestone inscription carving. The business is increasingly growing leading to more demand for other inscription tools such as for inaugurations of building projects, roads, bridges and offices. In Surabaya, this stone carving stone group around the location of relatively large public graves such as the Ngagel Tombs, Hamlet Wall Tombs, Kenjeran Tombs, and Distance Tombs, Yellow Flower Tombs and several public graves in the city of Surabaya. The developments in SMEs engaged in this craft certainly require a high entrepreneurial spirit because this type of business demands the work of one's talents (creativity and perseverance) and the willingness to bear the risk of high production failures (Sudarwati et al., 2018). In the same vein, Malerba et al. (2020) claim that entrepreneurship drives business growth by creating a disruptive force in the business environment. More explicitly, they define the entrepreneurial function as follows: entrepreneurs use ideas and technical inventions to acquire funds and transform them into technological, commercial, and organizational advances. Several conceptual disagreements in entrepreneurship and small business economics have existed among prior researchers (Artaya, 2018). Moreover, recent entrepreneurship literature

acknowledges that business characteristics influence how individuals find and respond to opportunities (Hsieh et al., 2019). Thus, the founders' and teams' understanding of industries, scientific and research organizations, and upstream or downstream operations is crucial for entrepreneurship survival and performance (Adomako et al., 2018). Similarly, our understanding of creative entrepreneurship connects the entrepreneur, the entrepreneurial firm characteristics, and the innovation system.

Furthermore, in today's environment of intense competition, businesses are faced with the decision of whether to innovate or die; as a result, in order to ensure the survival of their businesses, businesses must choose to innovate (Era, 2020). Economic development relies heavily on innovation, which is regarded as a vital source of invention for strategic change in the context of the company, and through which a corporation achieves beneficial results, such as a persistent competitive advantage, in the long run (Aksoy, 2017). Product innovation is considered an effort to support firms' global competitiveness because it allows new companies to enter the industry and gain a competitive advantage. The evidence shows that product innovation also allows new companies to enter the industry and gain a competitive advantage (Malerba et al., 2020). Firms can gain competitive advantage through the introduction of new products (Era, 2020). The advantages of new products are based on the superiority in quality, value, and uniqueness that the product contains in order to meet the needs of the market when compared to that provided by competitors. Therefore, product innovation is regarded as being extremely crucial for the marketing performance of a company as a result of this. Despite the fact that product innovation is often recognized as the most important factor in improving marketing performance, there are significant discrepancies in the findings of prior studies on the relationship between product innovation and marketing performance. Hence, this study aims to analyze the influence of entrepreneurial characteristics and venture capital on innovation and marketing performance of SMEs in the business of stone carving inscriptions in the city of Surabaya.

## **2. LITERATURE REVIEW**

### **2.1 Theoretical Framework**

The proposed research framework relates to firm's characteristics, venture capital connected with innovative and marketing performance based on evolutionary theory. An important factor in the decision to use evolutionary theory was the direction the theory provided in determining the level of innovation (or lack thereof) within a population. Laland et al. (2014) provides insight on four processes in evolutionary theory: variation, selection, retention, and struggle. The term "variation" refers to new ideas that are introduced into a population. These inventions are frequently introduced by small, entrepreneurial businesses. Successful variations may be selected, kept, and propagated across the population (Creanza et al., 2017). Innovation in business can be viewed as a new variation in the business organization. The companies that develop innovation have

the potential to evolve into big competitors within their respective industries. According to the evolutionary theory of business, an innovative business model can be characterized as one that is distinct from the models employed by the majority of enterprises in its field (Doebeli et al., 2017). This is because it is intended to represent a continuum with varying levels of innovation.

## 2.2 Entrepreneurship characteristics

Entrepreneurship is an ability to create something new and different (Aldrich, 2017). While Doern et al. (2019), explains that entrepreneurship is the process of applying creativity and innovation in solving problems and finding opportunities to improve lives. (Saraswati, 2020), states that entrepreneurs are people who have the ability to see and assess business opportunities and the resources needed to take advantage of them, and take appropriate action to ensure success. Thus, entrepreneurship is a form of behavior to move resources towards achieving futuristic goals by using tricks and tips in their business processes.

There are four dimensions of entrepreneurial behavior, namely (1) individual; (2) organization; (3) process and (4) environment. Individual soul will always be in the business i.e. self confidence, confidence in the talent of the art of business and the willingness to bear the risk will be attached to every business actor (Adomako et al., 2018). In the spirit of entrepreneurship, the ability to organize all potentials in the form of assets, connections and business relations and labor will emerge (Malerba et al., 2020). In addition there are efforts to maintain the survival of the business organization. In managing a business going through a long process starting from efforts to introduce businesses, maintain relationships (supply chain management), promotion, product development, product quality improvement and other efforts in maintaining business continuity. The business environment is related to political, economic and social forces, as well as technology, also known as PEST. In the business world, it is inseparable from the needs of labor, public trust, licensing, venture capital, market and supplier networks, banking and adaptation to technological developments.

Artaya (2018) discusses the characteristics of entrepreneurship, among them (1) self-confidence; (2) Task and outcome oriented; (3) Risk taking; (4) Leadership; (5) Originality and (6) Future-oriented. Whereas, Adomako et al. (2018) explains some of the characteristics of entrepreneurship as (1) the desire to excel; (2) the desire to be responsible; (3) preference to medium risks; (4) perception of possible outcomes; (5) stimulation by feedback; (6) energetic activity; (7) future oriented; (8) skills in organizational organizing and (9) caution about money. Malerba et al. (2020) note that there are 13 entrepreneurial characters that are not any markedly different from the opinions of the two experts above, they incorporate an element of motivation to immediately return capital and motivation superior to others. On the basis of opinions of various experts, it is clear that the most important of all the characteristics of entrepreneurship is the power of individuals who feel able to organize all resources

through a process to achieve goals by placing the environment as a business habitat. One important resource in running a business is venture capital. Capital is the result of production which is reused for further production (Era, 2020). In contrast to Shvets et al. (2019) who more explicitly describe that capital can be in the form of cash, credit, the right to make and sell something or patents, machines, and also buildings that are owned or may include the total ownership rights of the amount planted, surpluses, and also undivided profits. It is more about the description of the company's wealth and liabilities listed in the balance sheet, which means capital is a long term fund of the firm; all items on the right hand side of the firm balance sheet excluding current liabilities (Fatica, 2018). Thus, business capital is the wealth and liabilities of a person that are used for the purpose of obtaining profits or additional wealth. When viewed from the source, venture capital can come from internal and external sources. Usually capital that comes from internal sources is capital that is self-generated within the company. According to Shvets et al. (2019) internal funds can be obtained by involving the level of cash flow from income and depreciation and retained profits. Sources of funds from outside the company are funds from creditors, company owners, shareholders and shareholders in the company. The form of business expenditure that uses funds from the loan is called debt financing. Loans can come from suppliers, banks and the capital market, while spending funds originating from the owner is disbursed as equity financing.

### 2.3 Product Innovation

Product innovation is one of the most important competitive factors for success in light of the fact that the business environment is changing rapidly. Therefore, the existence of innovation is expected to eliminate the obstacles of SMEs (Malerba et al., 2020). Innovation is a company's mechanism to adapt in a dynamic environment. Therefore, the company is required to be able to create new assessments, new ideas and offer innovative products and enhance employee performance in a way that satisfies customers. Innovation refers to the creative process of adapting the development of each product or service based on new technology that is usually introduced for the first time by industrialized countries (Shvets et al., 2019). Creativity and innovation ability are used in small companies, while large companies pay more attention to the structure of variables such as centralization and formalization which are actually ignored by small companies (Baierle et al., 2020). Furthermore Malerba et al. (2020) argues that innovation in both products and processes is largely dependent on the creation and use of technology. Innovation is how a person makes money from creativity. By innovating in the business field, the company can not only face competitors, but also gives them an opportunity to channelise creativity within the right organizational culture, the result of which is innovation. Heider et al. (2021) provides a classic definition of innovation as a broad concept that includes the implementation of new ideas, products or processes. Innovation is an idea, practice, or material that is considered new by the relevant



adoption unit. More broadly, [Ueasangkomsate et al. \(2019\)](#) defines innovation as a successful implementation of a creative idea in an organization.

## 2.4 Business Capital

To build a successful business, good performance is needed from all elements involved in SME organizations. The role of a manager must be to formulate plans, organize available resources and control business operations in order to achieve the desired goals. Performance or what is often known as business performance is the level of achievement of the company's presentation in a certain period. Good business performance is characterized by good sales growth, ever-increasing profits, and ever-increasing capital [Fatica \(2018\)](#). Performance is an assessment of human behavior in carrying out the roles they play in organizations. Whereas [Jin et al. \(2017\)](#) focuses on evaluating the performance of capital owners by measuring the returns on capital investment and the risks they bear. [Hyuk et al. \(2019\)](#) suggests that performance appraisal is comparing work results with agreed plans and standards.

Thus, business performance is also often referred to as business success, and can be measured in terms of speed of capital turnover, smooth production process, number of customers and supplier trust. [Era \(2020\)](#) states that indicators of business success can be seen from the increase in capital, income, sales volume, total production and the number of workers. Furthermore, [Shvets et al. \(2019\)](#) includes the element of location trying to be one of the benchmarks in addition to indicators of capital folds, production, customers. Therefore, business performance is the achievement of success against standards which have been agreed upon and calculated from the financial, workforce and customer aspects and supplier confidence.

Some previous researchers find that entrepreneurial characteristics significantly and positively affect entrepreneurial competence and business performance ([Saraswati, 2020](#)), but entrepreneurial characteristics have a negative and significant effect on business performance through entrepreneurial competence ([Aisyah et al., 2017](#); [Hyuk et al., 2019](#)). [Jin et al. \(2017\)](#) tested the dimensions of entrepreneurial behavior towards performance with the result that the characteristics of entrepreneurship (self confidence, risk takers and leadership) have a positive effect on business success. In addition to the entrepreneurial characteristic factors, the role of venture capital is important in achieve good business performance. [Fatica \(2018\)](#) shows that there is a positive and significant influence of venture capital factors on business development, this result is in line with [Shvets et al. \(2019\)](#) which shows that the Business Capital Variable partially has a positive effect on performance.

Based on the theoretical basis and findings of previous researchers research hypotheses:

*H1: Entrepreneurial Characteristics significantly influence the innovation of inscription stone carving SME products in the city of Surabaya.*

*H2: Business Capital has a significant effect on the innovation of inscription stone carving SME products in the city of Surabaya.*

*H3: Product innovation has a significant effect on the marketing performance of stone carving stone inscriptions in the city of Surabaya.*

*H4: Entrepreneurial Characteristics have a significant indirect effect on the marketing performance of inscription stone carving SMEs in the city of Surabaya through innovation.*

*H5: Business Capital has a significant indirect effect on the marketing performance of stone carving stone inscriptions in the city of Surabaya through Innovation.*

### **3. RESEARCH METHODOLOGIES**

A cross-sectional quantitative approach was adopted to conduct this study. The population in this study were all stone carving inscription SMEs scattered in the city of Surabaya, which numbered around 63 businesses. Using purposive sampling technique, a sample was taken comprising as many as 34 entrepreneurs with consideration that truly as an entrepreneur (owner or manager) stone carving stone inscription. The owner or manager is a research subject who understands how the business is going. The questionnaire surveys were used as a data collection tool. The construct of entrepreneurship characteristics was measured using a five item scale (Saraswati, 2020). Five item scale has been used to analyze the construct of business capital (Era, 2020). Similarly, the constructs of innovation and marketing performance were measured by four and five items scale respectively (Aksoy, 2017). All the scales were measured on five point likert scale (1=Strongly Disagree to 5=Strongly Agree). The model used to analyze data in this study is Partial Least Square - Structural Equation Modeling (PLS-SEM) using SmartPLS 3.

### **4. FINDINGS**

Estimates of parameters produced by PLS-SEM can be divided into three categories. The first is the weight estimate that was used to construct the scores for the latent variables. Second, it reflects the path estimate that connects the latent variables, as well as the path estimate that connects the latent variables and their indicator variables i.e. loadings (Kock, 2017). This section addresses the loadings and paths of parameters for latent indicators and variables. For each of these three estimates, the PLS method employs a three-stage iteration procedure, with each iteration producing a new estimate. During the first stage, weight estimates are produced, while during the second stage, estimates are produced for both the inner and outer models, followed by the third phase, where path estimates are produced (Hair et al., 2019).

The correlation between item score and construct score determined through PLS-SEM was used to determine whether the measurement model was convergent with the



reflecting indicator model, and the results were positive. When the reflective size of a construct is more than 0.70 with the construct one seeks to measure, it is said to be substantial. Nonetheless, the loading value of 0.5 to 0.60 is deemed sufficient for the preliminary research (Kock, 2017). Internal consistency and Cronbach's Alpha are two forms of reliability measurements that can be used to evaluate composite reliability that gauges a construct. The acceptable value of composite reliability is 0.60. Likewise, the AVE value that should be used should be larger than 0.50 (Hair et al., 2019). It is possible to use these measurements to assess the convergent validity of the model, and the results are more conservative than those obtained via composite reliability only. The values presented in Table 1 and Figure 1 passed the cut-off criteria of convergent validity, hence the convergent validity of the research model is established.

**Table 1: Measurement Model**

Construct	Items	Loadings	Cronbach's Alpha	CR	AVE
Business Capital	BC1	0.659	0.733	0.823	0.503
	BC2	0.613			
	BC3	0.748			
	BC4	0.7			
	BC5	0.745			
Entrepreneurial Characteristics	EC1	0.713	0.749	0.829	0.515
	EC2	0.707			
	EC3	0.765			
	EC4	0.746			
	EC5	0.570			
Innovation	In1	0.628	0.706	0.821	0.535
	In2	0.782			
	In3	0.751			
	In4	0.756			
Marketing Performance	MP1	0.733	0.738	0.823	0.510
	MP2	0.642			
	MP3	0.741			
	MP4	0.637			
	MP5	0.714			

Moreover, on the basis of HTMT assessments with the constructs, the discriminant validity of the measurement model with reflecting indicators was evaluated. If the values of HTMT of all variables are less than 0.85 than the discriminant validity will be established. Table 2 presents the HTMT analyses that reflects the discriminant validity of the model. Using the square root of Average Variance Extracted (AVE) for each

construct and the correlation between the other constructs in the model, another way of determining discriminant validity may be used.

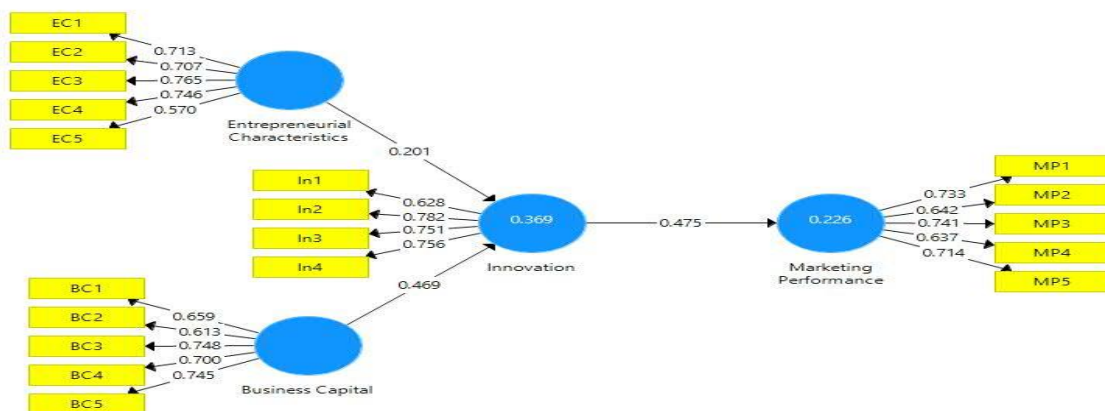
**Table 2: HTMT Analysis for Discriminant Validity**

	Business Capital	Entrepreneurial Characteristics	Innovation	Marketing Performance
Business Capital				
Entrepreneurial Characteristics	0.758			
Innovation	0.788	0.608		
Marketing Performance	0.721	0.776	0.626	

A model is considered to have excellent discriminant validity if the AVE value of each construct is greater than the correlation value between the constructs and the other constructs in the model; otherwise, the model is said to have poor discriminant validity. Findings shown in Table 3 establish the discriminant validity by demonstrating the acceptable values of fornell and larcker criterion.

**Table 3: Fornell and Larcker Criterion for Discriminant Validity**

	Business Capital	Entrepreneurial Characteristics	Innovation	Marketing Performance
Business Capital	0.701			
Entrepreneurial Characteristics	0.576	0.704		
Innovation	0.585	0.471	0.731	
Marketing Performance	0.558	0.624	0.475	0.705

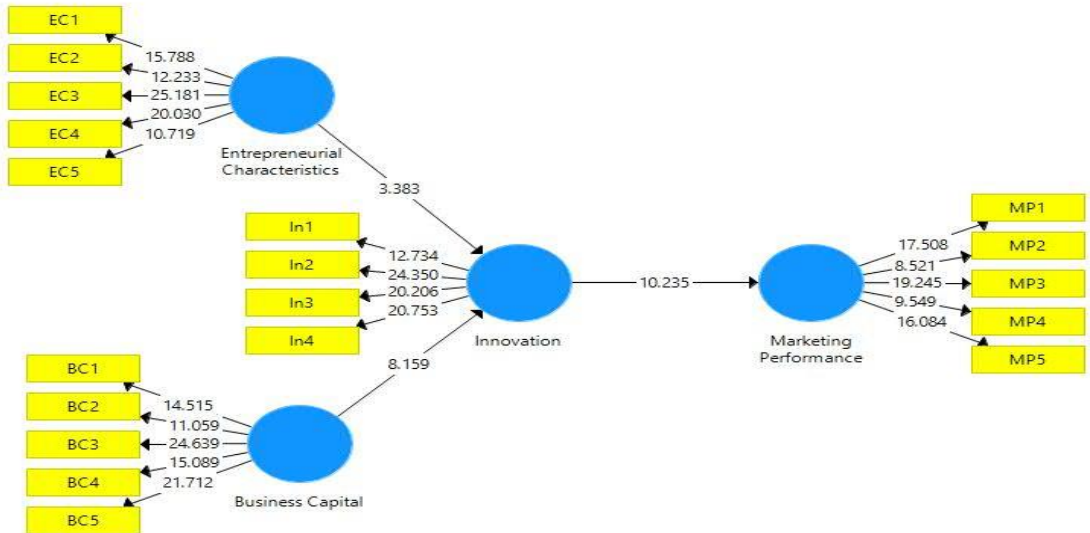


**Figure 1: Measurement Model**

The Inner model depicts the relationship between latent variables. The significance of structural path parameter coefficients is determined using the Rsquare test for dependent constructs, the  $Q^2$  test for predictive relevance, and the t-test and significance of structural path parameter coefficients, respectively. Using PLS, the model's R-square for each dependent latent variable is examined first, followed by the overall model's R-square. The interpretation of the correlation is the same as the meaning of the regression equation. The change in R-square values can be used to evaluate the effect of specific independent latent variables on whether or not the latent variable has a substantive effect on the dependent latent variable (Kock, 2017).

In addition to looking at the R-square values, the predictive relevance of the PLS model for the constructive model is evaluated by examining the  $Q^2$  predictive relevance for the constructive model. In mathematical terms, the  $Q^2$  indicates how well the observed value is created by the model and its parameter estimation. The value of  $Q^2$  of innovation and marketing performance is 0.17 and 0.14 and  $R^2$  is 0.37 and 0.23, establishing the moderate predictive relevance and good fit of the research model.

Similarly, Figure 2 and Table 4 present estimates of the structural model in which all t-values of the inner model are greater than 1.96 which proves that all research hypotheses are supported by the evidence.



**Figure 2:** Estimation of Structural Model

**Table 4: Hypotheses Results**

Hypothesis	Beta	S.E	T Value	P Value	CI <sup>BCa</sup> Low	CI <sup>BCa</sup> High	Decision
BC -> Innovation	0.469	0.057	8.159	0.000	0.360	0.592	Supported
EC -> Innovation	0.201	0.059	3.383	0.001	0.063	0.305	Supported
Innovation -> MP	0.476	0.046	10.235	0.000	0.372	0.552	Supported
BC -> Innovation -> MP	0.223	0.038	5.832	0.000	0.145	0.305	Supported
EC -> Innovation -> MP	0.095	0.033	2.918	0.004	0.025	0.157	Supported

\* BC = Business Capital, EC = Entrepreneurial Characteristics, MP = Marketing Performance

\* Significance level = 0.01

## 5. DISCUSSIONS

The aim of the present study is to examine the relationship of entrepreneurial characteristics and business capital with marketing performance through innovation. The findings of the study reveal that all the hypothesis of the study are supported by the evidence. Specifically, with regard to product innovation, small industry businesses need to expand existing product lines. Based on the partial test results, the business characteristics variable has a significant positive effect on business performance. Thus, this finding supports the research of [Saraswati \(2020\)](#) that Entrepreneurial Characteristics have a positive effect on Business Success. Likewise, the results of [Hsieh et al. \(2019\)](#) show that there is a positive relationship between entrepreneurial characteristics and business performance. However, this finding is contrary to the findings of [Sari, Sari et al. \(2016\)](#) who argue entrepreneurial characteristics have a negative and significant effect on business performance through entrepreneurial competence. This is thought to place the element of competence as a mediator variable. The research findings show that the dimensions of entrepreneurial characteristics expressed by [Cucino et al. \(2021\)](#) do not contradict or support existing theories. Based on the results of the partial test (t test), the venture capital variable has a significant positive effect on business performance. This finding is in line with the findings of [Era \(2020\)](#) that there is a significant influence of venture capital on the performance of SMEs. Likewise the findings [Shvets et al. \(2019\)](#) unveil that there is a positive and significant influence of business capital factors on the development of SME businesses. This finding supports [Fatica \(2018\)](#) which states that one of the benchmarks in the relationship of working capital with performance is an indicator of capital folds, or success as measured by financial aspects. Thus, the research findings support the theory put forward by [Riyanto \(1993\)](#) that capital is the result of production which is reused to carry out further production where production results are a measure of business performance.

This condition means that product improvement either through design updates or unique accessories has a significant contribution in improving the marketing performance of SMEs. The fact shows that consumers tend to choose products that have high innovation which is reflected in the existence of models that are not only different but also offer attractive, cutting-edge designs and varied types, and can increase options for consumer with different tastes to buy from. This leads to product innovation to be able to make a significant contribution to the improvement of SME marketing performance.

## **6. CONCLUSION**

The current research is conducted with an intention to identify the factors that may enhance marketing performance of SMEs and to establish a relationship between the factors or variables under study through hypothesis testing. The findings of the study support all the hypothesis of the study. First, Entrepreneurial Characteristics significantly influence the innovation of inscription stone carving SME products in the city of Surabaya. Second, Business Capital has a significant effect on the innovation of SME stone carving inscription products in the city of Surabaya. Third, Innovation has a significant effect on the marketing performance of inscription stone carving SMEs in the city of Surabaya. Finally, Entrepreneurial Characteristics and Business Capital have a significant indirect effect on the marketing performance of stone carving stone inscriptions in the city of Surabaya.

## **7. RESEARCH IMPLICATIONS**

It is well-established that innovation becomes central in industrial competition and is a formidable weapon to face competition in the market. Innovation is an alternative for organizations to develop and survive in a dynamic and turbulent environment. Innovation of the products produced by the company is largely determined by the characteristics of the entrepreneur. Companies that do not innovate will be left behind by competitors because the company's customers will gradually leave and move to competing companies. Innovation also contributes to improving marketing performance. Furthermore, to improve marketing performance, it is particularly necessary to grow business capital to develop product innovation, and it is expected that an entrepreneur has the ability to continue to innovate in search of new things so as not to miss the development of products in the market and always has the desire to be able to compete with the advantages they have, be able to manage staff work so that it will have a loyal workforce and hence ensure high productivity as well as take responsibility for the goods produced which means entrepreneurs are brave to bear the quality of the goods produced and hence, dare to accept the will and challenges associated with the goods produced.

## **8. RESEARCH LIMITATIONS AND FUTURE RESEARCH DIRECTIONS**

The present study focuses only on entrepreneurial characteristics specific to their business that overlook the personal characteristics of entrepreneurs. Therefore, future

researchers are recommended to consider individual entrepreneurial characteristics such as self-control, confidence, resilience and self-efficacy etc. to have a more in-depth insight into the present research outcomes. Moreover, in this research, the data is collected at one point of time. Further longitudinal studies should be conducted in this regard. Finally, the purposive sampling technique has been used to select the sample of the study and the study only focuses on (SMEs) inscription stone carving of Surabaya city, which limits its application in general. Therefore, in order to enhance the generalizability of the findings, further studies should use a random, large and more diverse sample.

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