

Entrepreneurial Motivation and Business Performance of SMEs in the *SUCI* Clothing Center, Bandung, Indonesia

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There is a gap in entrepreneurial motivation between psychological and external environment approach. In order to assess the relative importance of that gap, this study examined the entrepreneurial motivation, which defines both psychological variable and external environment, by measuring business performance level in Suci clothing center, Bandung. This study is valuable considering the limited number of empirical works previously done on the topic in question. Research method being used was multiple regression analysis. Purposive sampling was performed to 94 respondents which are owners of the small and medium-sized enterprises (SMEs) in Suci clothing center, Bandung. The findings of this research show that entrepreneurial motivation potential simultaneously and partially have a significant influence to SMEs' business performance and the most dominant influential effect is self-efficacy while achievement has the least dominant influential effect.

JEL Classifications: E24, J24, L26

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SMEs have an important role in Indonesian economy. According to Indonesian Statistic, SMEs have covered 99.99% of the total business in Indonesia or as many as 56.54 million units. In 2010, the GDP from SMEs increased by 0.59%

from 56.53% in 2009 to 57.12% in 2010; and in 2011, it further increased by 0.83% to 57.94%. In 2012, there was an improvement of 1.14% to 59.08%. These yearly increases show sustainable growth of SMEs in Indonesia. Thus, the stability

of government policies needs to be provided so that these conditions can be maintained to produce continuous growth. Seeing the positive trend in the growth of SMEs in national scope, it indicates a prospect of developing SMEs in Bandung.

Based on the Mayor of Bandung's policy about revitalization plan of industrial centers and trade, the government of Bandung believes that industrial areas are economically interconnected and it can contribute to improve the community and support in dealing with labor problems. There are 406 MSEs and as many as 122 outlets in the center of clothing, Suci, employing an average of five workers each. Most of the consumers are spread all over Indonesia with only a small portion of foreign consumers rely on marketing online. The quality of the printing is proven and is generally accepted to be a competitive forte of the center of clothing in Suci, Bandung. However, SMEs are also struggling with some problems and obstacles. Generally the problems of SMEs in Bandung, according to regional government publications, are business competition, capital access, structure and infrastructure, high cost of material, weather, raw material access, marketing, and technology (Sidharta & Lusyana, 2014).

Wernerfelt (1984) argued that organizational success is determined by internal resources and important influence of resources of the firm toward competitive position (Penrose, 1959). Many research results mentioned that gaining competitive advantages is the basis of the concept of heterogeneity of valuable resources, whereby sustained competitive advantages are driven by a firm's resources (Jarvenpaa & Leidner, 1998; Wagner, 2006). Resource-based view (RBV) shows several competitive advantages derived from aligning skill, motivation, and so forth with organizational system, structure, and processes that achieve capabilities at an organizational level (Prahalad & Hamel, 1990; Teece, 1997). RBV is usually expressed by considering the

compatibility that becomes the core competitive position, focusing on more efficient resources utilization (Barney, Wright, & Ketchen, 2001). According to the resource-based theory of the firm, RBV can be grouped into three resources, namely: (1) tangible resources such as physical building, (2) intangible resources such as knowledge or motivation, and (3) capabilities (Collin & Montgomery, 1998). Therefore, capability is a complex combination that includes asset, people, and process that companies use to transform resources into output in order to achieve sustainable competitive advantages.

The empirical research supports that human resource inputs such as motivation and employee skill contribute positively to organizational outputs such as job performance and firm performance (Ferguson & Reio, 2009). Human capital is the sum of the knowledge, skills, abilities (KSA), and other characteristics of individuals and personality traits (Ployhart & Moliterno, 2011) and it is undeniable that human resources development can improve performance (Barney et al., 2001). Based on resource-based theory of the firm, the organizational performance can gain sustainable competitive advantages by deploying valuable resources (Barney, 1986; Diericks & Cool, 1989; Grant, 1991; Ray, Barney, & Muhanna, 2004; Wernerfelt, 1984). Therefore, entrepreneurial motivation is considered as the capability resource of the firm, which is also the important resource to deploy sustainable competitive advantages.

Innovative entrepreneurs are considered to be critical factor to drive economic growth (Machmud & Sidharta, 2014). Some researches on entrepreneurial motivation are based on the theory of achievement (McClelland, 1961), power and self-discipline (McClelland & Burnham, 1976), self-efficacy (Baum, 1994; Bandura, 1985; Wood & Bandura, 1989), locus and control (Rotter, 1966), desire of autonomy (Buttner & Moor, 1997), independence (Hornaday & Aboud, 1973; Aldridge, 1997), drive (Shane, Locke, &

Collins, 2003), passion (Baum, Locke, & Smith, 2001; Shane et al., 2003), the environmental characteristics influencing the establishment of a firm (Aldrich, 2000), and the characteristics of the entrepreneurial opportunities (Christensen, 1997). Entrepreneurial motivation plays a dominant role in psychological aspects throughout entrepreneurial process without linking it to motivation (Yushuai, Na, & Changping, 2014).

Motivation is a set of forces that causes others to motivate people to behave in accordance with the interests of the organization (Moorhead & Griffin, 2010). To achieve optimal performance in business, entrepreneurs must be willing to do a good job with a high achievement motive in running their business in order to attain special competitiveness level that has bargaining position against strong competition (McClelland, 1961, 1976). Possessing the ability of creativity and innovation, utilizing the distinction of being something that adds value, looking for opportunities, and being open to criticism and suggestions are the characteristics of successful entrepreneurs. Nevertheless, entrepreneurs rarely expand their business beyond the stage at which they cannot personally manage everything themselves; and the lack of management skill obstructs business growth and it contributes to business failure (Ates, *et al.*, 2013).

Robbins and Judge (2011) argued that motivation is a process that plays a role in the intensity, direction, and duration of the ongoing efforts towards the achievement of individual goals. Intensity is related to how hard someone tried. This is the element that gets the most attention from us when talking about motivation. However, high intensity is not likely to produce the desired performance if efforts are not linked to any profitable organizations. On a meta-analysis study conducted by Steward and Roth (2007), the two scholars highlighted some differences between entrepreneurs' motivation and managers' motivation. Therefore, entrepreneurial motivation must be underlined on the personal traits of

entrepreneurs. Understanding entrepreneurial motivation must be performed by analyzing the individual and entrepreneurial process behind the new venture creation (Naffziger, Hornsby, & Kuratko, 1994).

Motivation is a driving motive in the heart of a person to perform or achieve particular business goals. Motivation can also be regarded as a plan or desire for success and avoid failure in entrepreneurial decisions. If entrepreneurs are motivated, they will make a positive choice to do something to satisfy their desires. Motivation can be summed up as the conditions that drive entrepreneurs to achieve goals; expertise in directing subordinates in order to successfully initiate and direct behavior; and as a boost of energy plants and the conditions within which arouse direct and maintain work-related behaviors. Entrepreneurial motivation of the venture creation can influence decisions concerning the business performance (Greenberger & Sexton, 1988). Furthermore, Gartner (1985) highlighted that entrepreneurial traits such as the need of achievement, locus of control, and risk-taking propensity indicate that entrepreneurs are important in the process of business.

McClelland's (1961, 1976) motivation theory suggested that the productivity of a person is determined by driven needs; the needs of achievement (nAch) is a desire/commitment to either meet or exceed performance standards. Those standards can be self-achievement or improvement in the past: results orientation, competitiveness, challenging goals, or innovation. This shows the impulse to act better and more efficient. This will also build individual desire for significant accomplishment, mastering skills, control, or meeting high standards. Furthermore, he argued that individuals with high level in nAch are more likely to engage in tasks where they have a high degree of outstanding performance. Collin, Hanges, and Locke (2004) have shown in their meta-analysis study that the desire to achieve has been a powerful predictor of entrepreneurship;

entrepreneurs are more achievement-oriented than the general population. Achievement has a significant effect on business performance (Lijun *et al.*, 2014).

Risk propensity is related to entrepreneurship on how an individual prefers to take a risk and how he/she manages the risk in uncertain business situations. Recently, a research has indicated that risk propensity plays an influencing role in business decision, behaviors, and outcomes such as entrepreneurial intentions (Hung, Tangpong, Li, & Li, 2012) and new venture performance (Chen & Chang, 2013). Wang, Preito, Hinrichs, and Milling (2012) found in their study that risk has a propensity to the potential factor that affects self-employment to gain higher efforts on business performance.

Self-efficacy is an individual's perception regarding his or her ability to successfully complete a given task (Wood & Bandura, 1989). This is important for entrepreneurs because they must be confident in their abilities to perform different and unanticipated tasks in uncertain situations and self-perceived competence of the founders of entrepreneurial firms is positively related to the entrepreneurial performance (Baum & Locke, 2004). Furthermore, self-efficacy has a significant impact on performance in a variety of tasks and has been related to dynamics around business performance (Hmieleski & Baron, 2008); and supported the argument that performance is strongly influenced by a person's self-efficacy (Chandler, 2008) and generalized self-efficacy as having a positive impact on the performance of entrepreneurial firm (Poon, *et al.*, 2006).

The entrepreneurship environment is a condition that influences entrepreneurial activities such as politics, culture, and economy. Shane *et al.* (2003) noted that entrepreneurship is not solely the result of human action; external factors such as government regulations also play a role. Furthermore, Cai, Cui, and Shi, (2007) also found a positive correlation between

entrepreneurial activities and entrepreneurship environment. A recent research found that entrepreneurial environment has some impacts toward entrepreneurial motivation (Taormina & Lao, 2007; Yushuai *et al.*, 2014) and entrepreneurs' success (Zimmerman & Chu, 2013).

There are two points of view to approach entrepreneurial motivation, namely, psychological variable (Gartner, 1989; Tan, 2001) and external environmental factors (Aldrich, 1990; Gnyawali & Fogel, 1994). These approaches raise several debates in identifying which entrepreneurial motivation is the most influential and most useful in understanding business performance. Some argue that psychological aspect is the most influencing factor, while others propose that the external environment is the most vital in business performance (Taormina & Lao, 2007). These traits are all related to entrepreneurial motivation. In order to assess the relative importance, this study examined the entrepreneurial motivation which defines both psychological variable and external environment.

Measuring business performance is complex because of the absence of tangible assets and profitable data as the subject nature of the phenomenon (Wang & Ang, 2004; Achtenhagen, Naldi, & Melin, 2010; Blackburn, *et al.*, 2013). Laitinen (2002) suggested that performance can be defined as the ability of an object to produce results in a dimension determined, a priori, in relation to target (O'Regan & Ghobadian, 2006). The company's goals are to survive, grow, and make profit. It means business performance can be seen from a number of complaints, financial performance, relative sales growth, relative productivity, relative customers, and employee satisfactions (Wiklund & Shepherd, 2005).

Performance is the degree of success in implementing the tasks and the ability to achieve the stated goals of work behavior or appearance that is characterized by the flexibility of motion, rhythm, and working order in accordance with the procedure to obtain results that meet the

requirements of quality, speed, and quantity. A previous study by Choe, Loo, and Lau (2013) and Ward, Pearson, and Entrekin (2002) revealed that perceived firm performance are perceived organizational performance and perceived market performance.

Resource-based theory mentions that the firms with valuable resources have the potential of achieving superior advantages (Barney, 1986; Diericks & Cool, 1989; Grant, 1991; Ray et al., 2004; Wernerfelt, 1984). Similarly, entrepreneurial motivation, as a valuable input with the interacted dynamic external environment, (Davidsson, 1989; Stevenson & Jarillo, 1990) can deploy on performance (Wiklund, Patzelt, & Shepherd, 2009). A successful entrepreneur in business is determined by the utilization of entrepreneurial motivation that is valuable with interacted dynamic external environment of the firm to gain the business performance and sustainable competitive advantages.

Based on the background of the above issues as well as the magnitude of the potential that can be achieved by increasing the role of SMEs in employment and gross domestic income areas, in-depth review of the business performance of SMEs is highly required. The same potential is also seen in Suci, the center of clothing; it is one of the industrial centers flagship in Bandung. With a review on entrepreneurial motivation, this study will obtain an overview of the factors

of entrepreneurial motivation affecting SMEs' business performance and conduct identification on factors that affect the performance of the business in Suci center of clothing. Those steps need to be done to improve the business performance of SMEs in terms of searching for a factor of entrepreneurial motivation.

The purpose of this study is to determine the effect of entrepreneurial motivation on the performance of SMEs in Suci, either partially or simultaneously. This study is valuable considering the limited number of empirical works previously done on the topic in question. That is why the results of this study can be useful for business people and interested parties in order to increase the economy of people.

Based on the literature review and previous studies, the hypotheses and conceptual framework of this study are defined as follows: (H1) high achievement would lead to higher SMEs' business performance, (H2) high risk propensity would lead to higher SMEs' business performance, (H3) high self-efficacy would lead to higher SMEs' business performance, (H4) more conducive external environment would lead to higher SMEs' business performance, and (H5) high achievement, risk propensity, self-efficacy, and more conducive external environment simultaneously would lead to higher SMEs' business performance.

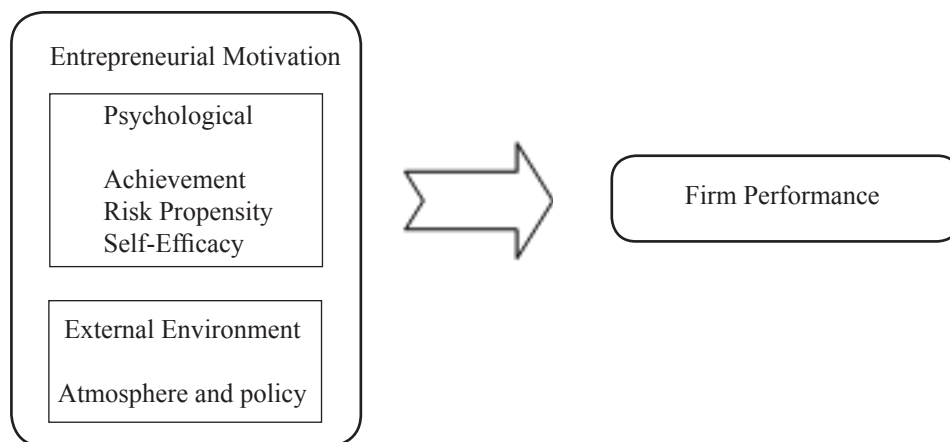


Figure 1. Conceptual framework

METHODS

The subject of analysis for this study are the SMEs owners in cluster of clothing, Suci Bandung. The number of respondents was 94 owners of the SMEs with purposive sampling methods from 406 owners of SMEs. The criteria of SMEs to become part of the sample for this study are as follows: (1) managed by their owners; (2) have at least two or more full-time employees; (3) worthy to be observed according to the researcher; and (4) have run more than two years. Furthermore, the total sampling must be approximately 25% of the population. Of the 125 questionnaires distributed, only 106 questionnaires were collected and there were 12 questionnaires incomplete, so the number of respondents was 94. According to Indonesian Statistic, an enterprise with less than 100 employees is considered as SME. Purposive sampling procedure was used to select the respondents from the owners of SMEs in cluster of clothing, Suci Bandung. Purposive sampling is recommended for exploratory research where researchers can select the sample to meet specific criteria (Emory & Coper, 1991; Gergory Lumpkin, & Covin, 1995; Author, 1997).

Data in this study was collected through a questionnaire and interview of respondents. Respondents were asked to provide a response by selecting one of the answer choices. Scoring on each item of the question to the problem under study were measured with a Likert scale and by Likert five point anchor from very unimportant to very important. Entrepreneurial motivation domains include achievement, risk propensity, self-efficacy, and external environment. In this study, performance domains are perceived organizational factors such as relative productivity and relative quality; and perceived market such as relative customers and relative sales.

The achievement variable domains included in the survey were five items and the instruments were adopted from a study by Taomina and Lao (2007) and had been validated by Jayawarna, Rause, and Kitching (2011) which are: 1) have meaningful works, 2) continue learning, 3) be confronted by some challenges in running a business, 4) have a responsibility, and 5) be independent at work. Moreover, the instruments of risk propensity variable domains adopted were four items from General Risk Propensity (GRP) that had been validated by Hung et al. (2012) and modified in accordance with the study, namely: 1) willing to take chances, 2) willing to take new experience, 3) willing to take higher risk, and 4) willing to choose safer option.

The instruments of self-efficacy variable domains were six items and adopted from a study by Chandler and Jansen (1997) which had been modified in accordance with the study, namely: 1) able to accurately perceive customers need, 2) able to seize high quality business opportunities, 3) able to achieve maximum results with limited resources, 4) able to organize resources and coordinate task, 5) prefer to work in their own expertise, and 6) expert in the technical part of work. Meanwhile, external environment variable domains included in the survey were four items and the instruments were adopted from a study by Taomina and Lao (2007), which had been modified in accordance with the study, namely: 1) friendly neighborhood, 2) strong demand in market, 3) government policy that support small business, and 4) good opportunity for business development.

Performance variable domains included were six items and the instruments were adopted from a study by Wiklund and Shepherd, (2005), which had been modified in accordance with the study, namely: 1) relative production, 2) relative quality, 3) relative fulfillment accuracy, 4) relative sales, 5) relative business partners, and 6) relative customer complaints.

Data Analysis

The study describes the pattern that links research variables with statistical analysis, so we can get a clear picture of the state of the research object. The first stage in data analysis was verifying and completing the data prior to analysis. Data was processed using Microsoft Excel for Windows and SPSS 17.

While the instrument tested the validity and reliability, the data were analyzed by multiple regression analysis of independent variables toward the dependent variables. Previously, the analysis was first carried out by conducting tests of normality, heteroscedasticity, and multicollinearity. Normality was tested using the Kolmogorov Smirnov test and looking at the value of coefficients Asymp. Sig > 0.05.

Table 1. Result of Validity and Reliability Testing

Variables	Items	Validity	Cronbach's Alpha
X1	<i>Achievement</i>		0.840
	Have meaningful work	0.813	
	Continue learning	0.845	
	Be confronted by challenges of running a business	0.806	
	Have responsibility	0.800	
X2	<i>Risk Propensity</i>		0.793
	Have independent of work	0.665	
	Willing to take chances	0.824	
	Willing to take new experience	0.573	
	Willing to take higher risk	0.673	
X3	<i>Self-Efficacy</i>		0.834
	Willing to choose safer option	0.817	
	Able to accurately perceive customers need	0.805	
	Able to seizing high quality business opportunities	0.812	
	Able to achieve maximum results with limited resources	0.622	
X4	<i>External Environment</i>		0.853
	Able to organizing resources and coordinating task	0.726	
	Prefer to work in my expertise	0.945	
	Expert in the technical part of work		
	Friendly neighborhood	0.898	
Y	<i>Performance</i>		0.815
	Strong demand in market	0.753	
	Government policy support small business	0.587	
	Good opportunity for business development	0.711	
	Relative production	0.711	
	Relative quality	0.730	
	Relative fulfillment accuracy	0.740	
	Relative sales	0.802	
	Relative business partner	0.606	
	Relative customers complaints	0.727	

Then, for testing multicollinearity, it was done by looking at the value of tolerance ≤ 0.10 and Variance Inflation Factor (VIP) ≥ 10 . In addition, heteroscedasticity test using Glejser was performed by regressing value of residuals' absolute value with the independent variables and the criterion $\alpha > 0.05$.

The results of validity and reliability testing of the instrument questions are presented in Table 1.

The calculation results indicate that all indicator values have a value above $r = 0.198$ with $n = 94$ and the level of $\alpha = 5\%$ so as to be valid. Similarly, the reliability as shown by the result of Cronbach's Alpha is greater than 0.7, which means it has a value above 0.7 as recommended. Meanwhile, performance indicators and have a value above $r = 0.198$; thus, all item indicators of performance variables can be said to be valid. With the value of Cronbach's Alpha by 0.817, it indicates that the instrument is reliable because it has a value above what is recommended, which is 0.7 (Nunnally & Bernstein, 1994).

The result obtained after conducting tests of normality, heteroscedasticity, and multicollinearity as the calculation tests show that the coefficients Asymp. Sig Kolmogorov Smirnov is 0.187; the value is greater than 0.05, thus the data normality conditions are met. Furthermore,

the value of tolerance is greater than 0.10 and VIF values are smaller than 10, so it can be said that there is no problem of multicollinearity. The result of tests on heteroscedasticity values show the value above 0.05, so it can be said there is no problem of heteroscedasticity.

The analysis then was continued by using multiple regression analysis to determine the effect and relationship of entrepreneurial motivation variables to business performance variables. A simultaneous analysis by F test was done by looking at the value of adjusted R square. Then a partial analysis was to prove and test whether there is a significant influence between achievement, risk propensity, self-efficacy and external environment toward business performance variables by t test and sig. value with $\alpha 0.05$.

Table 2 shows the results of multiple regression analysis between variables.

RESULTS AND DISCUSSIONS

Respondents Characteristics

Most of the respondents are male (86%) and were 40 years and above (49%). In terms of years

Table 2. Result of Hypothesis Testing

Variables	Unstandardized Coefficients	t value	Sig. value	Description
Achievement → Firm Performance	0.153	2.128	0.036	Significant
Risk Propensity → Firm Performance	0.216	2.795	0.006	Significant
Self-Efficacy → Firm Performance	0.461	7.122	0.000	Significant
Environment → Firm Performance	0.566	5.492	0.000	Significant
R square	0.776			
Adjusted R square	0.691			
F value	76.889			
Sig. value	0.000			Significant

Table 3. Respondents Characteristics

Description	Category	%
Gender	Male	86
	Female	14
Term of Business	5 < years	48
	5-10 years	17
	> 10 years	35
Number of employees	5 < employee	71
	5-10 employee	23
	> 10 employee	5

in business, majority of respondents (48%) are operating under five years, with most of them employing less than five people. See Table 3 for details.

Results of Hypothesis Testing

The results of hypothesis testing with the t test are obtained to see the effect of the independent variables partial to the dependent variables. Meanwhile, the results of simultaneous testing using the F test are obtained to know the total effect of the overall result of the study. The results of the research hypothesis testing are shown in Tables 1 and 2.

Discussions

From the calculation of multiple regression analysis, **H1** (high achievement would lead to higher SMEs' business performance) is accepted. The result shows that there is a significant effect on high achievement toward SMEs' business performance, with a coefficient of 0.153 and p value of 0.036. This finding shows that achievement significantly affects SMEs' business performance. This finding extends the previous research by Taormina and Lao (2007), examining the relationship between achievements and business performance in China

using 337 samples, with one of the study results concluded that achievement significantly affects business performance.

The result of this study confirms that higher achievement would lead to higher efforts to pursue achievement on business performance. Entrepreneurs in Suci center of clothing, Bandung, have performed meaningful work with continuous learning and been confronted with challenges of running a business. They have responsibility for their business, are also capable as well as independent on running their business. They always look for opportunities to get order which is then carried out in a responsible manner. They work independently and enjoy the job, so what they earn is reflected by the increase of product quantity, increase of quality by decreasing rejected product, meeting order deadline, increased sales, increased relation of their business and avoidance of complaints from customers. The study complies with the results of research by Rahman and Rahman (2011), which suggested that these entrepreneurs have responded to various overt and covert attributes of achievement needs which then have motivated the performance of SMEs.

With respect to the second hypothesis, the results show that there is a significant effect on the risk propensity toward SMEs' business performance, thus, **H2** is accepted. Calculations

indicate that the coefficients value of risk propensity on the SMEs' business performance is at 0.216 with p value = 0.006 and t value = 2.795 and t table = 1.986. This means that there is a significant effect of risk propensity on the SMEs' business performance in Suci, center of clothing. SMEs' performance is significantly influenced by risk propensity; this is indicated by the finding of research showing that the influence of risk propensity in SMEs' business performance is positive and has significant impact on the level of the SMEs' business performance. The finding is in accordance with a study by Wang, Preito, Hinrichs, and Milling (2012) that involving 987 respondents from China, Mexico, and USA. Their study found that risk propensity is the potential factor that affects self-employment to devote higher efforts on business performance. Gartner (1985) noted that entrepreneurial traits such as the need for achievement and risk-taking propensity reflected in entrepreneurs are important in business process. This study supports the previous research by Chen and Chang, (2013) about human capital towards new venture performance by using 155 small technology-based new ventures in Taiwan; they found that innovational motivation is related to risk propensity towards new venture performance.

Entrepreneurs in Suci, center of clothing, Bandung, have a moderate tolerance of risk. This shows that they have adequate calculations in making decisions on their recent business situation. In every business, there is always a profit and loss; it related to risk propensity. Entrepreneurs in running a clothing business are always facing a situation that is associated with the risk of loss when receiving orders with tight deadlines but the order cannot be completed in accordance to the agreement. This eventually raises complaints from the consumer, and then leads to price reduction to pay off the lateness in production. The result of this study shows that the entrepreneurs already have a level of

moderate tolerance for risk and dare to make change by considering the relatively safe decision and therefore contribute to the increasing of production quantity, quality, increase deadlines, orders, increased volume of sales, business relationships, and avoid complaints from customers. This contrasts with the results of the study by Inggarwati and Kaudin (2010) who conducted a research on the role of individual factors in developing a business case study on street vendors in Salatiga. They found that risk propensity does not significantly influence the development of the business.

The result shows that there is a significant effect on the high risk propensity toward SMEs' business performance. Thus, H3 which states that high self-efficacy would lead to higher SMEs' business performance, is accepted. From the above calculation in Table 2, it can be seen that the coefficient value of self-efficacy on SMEs' business performance is 0.461 with p value = 0.000 and t value = 7.122 and T table = 1.986. This means that there is a significant effect of self-efficacy on SMEs' business performance in Suci, center of clothing, Bandung. This result of study is in accordance with the study finding from Ahmad and Kadir (2013) who carried out a research in Selangor and Kelantan, Malaysia using 200 respondents to identify the characteristics of the successful entrepreneurs. It was found that self-efficacy significantly influences entrepreneurial success.

Self-efficacy is related to the expectancy of the success of entrepreneurs with the belief in their ability to influence the environment so as to control their actions in obtaining the desired results. This is done by the entrepreneurs in Suci center of clothing, Bandung. Entrepreneurs who have high confidence in the ability to handle entrepreneurial tasks will acquire entrepreneurial success in business. The higher the level of self-efficacy possessed by an entrepreneur, the higher the success rate in relation to the tasks of entrepreneurs will be. This is in accordance

with Baum and Lock (2004) who suggested that self-efficacy is important to entrepreneurs because they must be confident in their abilities to perform different and often unanticipated tasks in uncertain situations.

Entrepreneurs in Suci center of clothing, Bandung, have the ability to analyze the needs of customers, so they can improve the quality of assessment and business opportunities and can produce maximum results with limited resources. They always look for opportunities to get order which is then carried out in a responsible manner. They also have the ability to manage employees well with good knowledge of technical skills. Then, they always do their work according to their particular areas of expertise in the field of clothing, so what they earn can result in an increase in production quantity, quality, deadlines to meet orders, sales, increased number of business relationships, and decreased or even avoid more complaints from customers. Furthermore, self-efficacy has been related to dynamics around business performance (Hmieleski & Baron, 2008) and support the argument that performance is strongly impacted by a person's self-efficacy (Chandler, 2008).

The result shows that there is a significant effect on the external environment conditions toward SMEs' business performance; accordingly, **H4** is accepted. Table 2 above shows that the coefficient value of external environment conditions on the SMEs' business performance is at 0.566 with p value = 0.000 and t value = 5.492. Thus, there is a significant effect of external environment conditions on the SMEs' business performance in the center of clothing, Suci, Bandung. SMEs' business performance is significantly influenced by the external environment conditions; this is indicated by the findings of research showing the influence of external environment conditions on the SMEs' business performance is positive and has significant impact on the level of SMEs' business performance. This supports the previous study by Taormina and Lao (2007) that external

environment conditions have a significant effect toward business performance.

In other words, entrepreneurs in Suci center of clothing, Bandung, interact with external environment conditions, in this case, friendly neighborhood, strong demand in market, government policy, and opportunity for business development. Those conditions also affect the entrepreneurs in increasing production quantity, quality, meeting the deadline of orders, sales, business relationships and avoiding more complaints from customers. They look at the positive influence of the environment around them, giving a rise to desire to continuously improve business performance. This is in accordance with Aldrich (1990) and Gnyawali and Fogel (1994) who stated that external environmental factors such as government policies and socio-economic conditions influence the entrepreneurs' performance. Business atmosphere and policy in the center of clothing, Suci, are more conducive and the supports from business community and government are adequate, so that entrepreneurs can develop their business well. Furthermore, this study supports the previous study by Zimmerman and Chu (2013) which found that external environment such as situations and policy are important factors to increase successful entrepreneurs in Venezuela.

The result shows that there is a significant effect on the achievement, risk propensity, self-efficacy and more conducive external environment conditions simultaneously toward SMEs' business performance, hence, **H5** is accepted. Table 2 shows that the coefficient value of achievement, risk propensity, self-efficacy and external environment on the business performance of SMEs is at 0.691 with p value = 0.000 and F value = 52.906. The contribution of achievement, risk propensity, self-efficacy and more conducive external environment conditions on the SMEs' business performance is 69.1%, while 29.9% is influenced by other

factors that cannot be explained in this study. The achievement, risk propensity, self-efficacy and more conducive external environment conditions significantly impact the level of SMEs' business performance. This is in line with a previous study by Cassar (2007) and Taormina and Lao, (2007) which stated that personality factor and external environmental factors influence motivational entrepreneurs to success.

Entrepreneurship in Suci, center of clothing, Bandung, already have a high achievement, adequate tolerance to risk propensity, with high level of self-efficacy, as well as conducive market environment safeguarded by the government. The government supports the business climate, so that entrepreneurial motivation can contribute to business performance. This result of the study provides the resource-based theory (RBV) valuable resources such as entrepreneurial motivation that can increase business performance and then can gain sustainable competitive advantages by improving valuable resources of the firm. A study by Sahabuddin (2012) on the development of entrepreneurial values in improving business performance of seaweed using 387 entrepreneurs found that achievement, risk propensity, and entrepreneurial commitment have significant effect toward entrepreneurs' performance at 10 districts in South Sulawesi province. Furthermore, Wiklund et al. (2009) provided through their study in Sweden using 808 small medium enterprises that personality attitude and environment have significant effect on small business growth.

It can be said that entrepreneurs in Suci, center of clothing, Bandung, can increase the quantity of products, quality of products, meet orders deadline and sales, expand business relationships, and avoid more complaints from customers with entrepreneurial motivation as a sufficient motivation. Meanwhile, this result is consistent with the study from Ray and Ramachandran, (1996) where they found that the outcome or performance of entrepreneurial firm depends on

combination of environmental factors such as response of the customers, suppliers, competitors, as well as the quality of business concept. Thus, the factors related to entrepreneurs success include psychological traits, social networks, and environment conditions (Benzing, Chu, & Kara, 2009; Rahman & Rahman, 2011; Stefanovic, Prokic, & Rankovic, 2010; Zimmerman & Jiang, 2009; Zimmerman & Chu 2013). They investigated in various countries such as Vietnam, Venezuela, Nigeria, and America to find out the success factor of entrepreneurial motivation and the problems in each country. This is consistent with a research proving that the final goal of business is to gain sustainable advantages by deploying valuable resources (Collins et al., 2004).

CONCLUSIONS

Entrepreneurial motivation of SMEs in Suci, center of clothing, Bandung, consisting of achievement, risk propensity, self-efficacy, and external environments would be sufficient. The results of the SMEs' business performance show a positive effect. Achievement, risk propensity, self-efficacy, and external environment level of influence on the SMEs' business performance display good results, thus, it is concluded that the achievement, risk propensity, self-efficacy, and enhanced external environment will contribute to improve the business performance of the entrepreneurs of SMEs. This research is expected to contribute to the entrepreneurs of SMEs in Suci, center of clothing, Bandung, in improving business performance through increased entrepreneurial motivation in order to have a strong edge over the competition and create competitive advantages.

This study contributes to the theoretical development of Management Science, particularly entrepreneurial motivation factors of entrepreneurs to improve business performance,

both directly or indirectly, considering the resources of the firm. By proposing entrepreneurial motivation, this study tries to fill the gap between psychological and external environments shown in the previous studies. Based on the results of this study, it is noted that there is a significant effect on achievement, risk propensity, self-efficacy and external environment toward SMEs' business performance in Suci, center of clothing, Bandung. Moreover, the influence of the most dominant entrepreneurial motivation as psychological aspect is self-efficacy while the external environment becomes the second influence. This study finds that psychological factor is more dominant than environmental factor, but both factors significantly influence business performance. This means that the high level of business performance can be achieved with high attention of entrepreneurial motivation factors of SMEs in Suci, Bandung. Furthermore, the involvement from policy makers is highly demanded to increase achievement, risk propensity and environment, and policy for entrepreneurs as well as to maintain self-efficacy of those SMEs. It is important for entrepreneurs of SMEs in Suci, center of clothing, Bandung, to maintain good level of entrepreneurial motivation factors and business performance especially self-efficacy, and environment atmosphere and policy to achieve sustainable competitive advantages. For policy makers and related government, they need to give directions and conduct trainings for entrepreneurs of SMEs in Suci, center of clothing, Bandung to increase business performance through improving entrepreneurial motivation to gain sustainable competitive advantages.

The result of this study is limited to the effect of entrepreneurial motivation toward business performance of SMEs on Suci, center of clothing, Bandung, and still requires further research using a larger population and other factors that affect business performance. Moreover, this study also does not use control variables, such as respondent age, family, work experience,

and gender. Further researches are suggested to incorporate other variables such as characteristics of the business environment, entrepreneurial orientation, market orientation, and other factors that affect business performance.

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