

The Relationship Between Entrepreneurial Characteristics and Business Performance of SMEs Producing Keripik Balado in Bukittinggi City

Pinta Aftaprilia Rizki Ananda¹, Reza Mardhiyah Amir²
^{1,2}*Politeknik Pertanian Negeri Payakumbuh, Indonesia*

Corresponding email: pinta.aftaprilia@gmail.com

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Abstract

Small and medium enterprises (SMEs) are crucial in supporting regional economic growth, particularly in Bukittinggi City, which is widely recognized as a prominent tourist destination and a center for traditional West Sumatran snacks. Among the leading products produced in the region is *keripik balado* (spicy cassava chips), which has become an iconic commodity with high market demand. This study examines the entrepreneurial characteristics of *keripik balado* SME owners and their relationship with business performance. A mixed-method research design was adopted, employing purposive sampling to select 35 respondents from the city's main sales center. Data were analyzed using the Spearman correlation with SPSS and Microsoft Excel. The results reveal that specific entrepreneurial traits—namely hard work, innovativeness, and leadership—are significantly associated with business performance indicators, including sales volume, market expansion, and profitability. Conversely, self-confidence and independence did not demonstrate a statistically significant relationship with performance outcomes. These findings suggest that while multiple characteristics contribute to entrepreneurial success, certain traits exert a stronger influence. Therefore, strengthening these key attributes could be an effective strategy in SME development programs, particularly within the food industry sector in Bukittinggi and similar regional contexts.

Keywords: Business Performance; Entrepreneurial Characteristics; Keripik Balado; SME

Introduction

Small and Medium Enterprises (SMEs) play a pivotal role in driving Indonesia's economic growth. SMEs contribute to the national economy by creating employment opportunities and increasing the country's Gross Domestic Product (GDP). Various forms of business activities initiated by SMEs are primarily aimed at fulfilling consumer needs while generating profits for entrepreneurs. This type of enterprise is particularly well-suited for development in Indonesia, especially in the province of West Sumatra. Under current economic conditions, SMEs tend to have greater potential for survival compared to large-scale enterprises. According to data from Statistics Indonesia (BPS, Jumlah Unit Usaha Mikro dan kecil Sumatera Barat 2024, 2024), only 0.74 percent of medium and large enterprises remain operational, while SMEs account for 99.26 percent of the total number of enterprises in the region. The city of Bukittinggi ranks among the top ten cities in West Sumatra with the highest number of SMEs. In 2024, the Office of Investment, One-Stop Integrated Services, and Manpower (DPMPTSPPTK) reported significant

growth in Bukittinggi's SME sector, particularly in terms of investment, business establishment, and labor absorption. These findings indicate that the SME sector in Bukittinggi holds substantial potential for business development. This, in turn, creates opportunities for entrepreneurs to expand their enterprises, ultimately contributing more significantly to regional and national economic growth. (Tambunan, 2021) identifies the characteristics of MSMEs in Indonesia as follows: (1) their number is significantly greater than that of large enterprises and they are widely dispersed throughout rural areas, including relatively isolated regions; (2) MSMEs are highly labor-intensive, providing substantial potential for employment growth; (3) they are generally based on agriculture; (4) they employ technologies that are more compatible with the proportion of production factors and prevailing local conditions; and (5) they exhibit a high degree of flexibility.

As the city with the highest number of tourist visits in West Sumatra, Bukittinggi has established itself as a popular tourist destination. This is supported by data from Statistics Indonesia (BPS, *Perkembangan Pariwisata dan Transportasi di Sumatera Barat*, 2024), which recorded a total of 838.389 tourists visiting the city an increase from 601.065 tourists in 2023. This significant growth indicates that Bukittinggi has become a favored destination among travelers. The high influx of tourists presents a strategic opportunity for culinary SMEs, particularly those offering traditional West Sumatran souvenirs. This phenomenon creates a domino effect, encouraging visitors to explore and enjoy the local cuisine. According to data from the official website of the West Sumatra Provincial Government, the food sector accounts for the highest proportion of business types, representing 58.89% of the total small, medium, and large enterprises in the province. This sector includes businesses engaged in the production of traditional foods such as rendang, balado chips, kipang, and fish floss (abon ikan), which are widely distributed across cities and regencies throughout West Sumatra.

Among these, balado chips (keripik balado) are one of the most popular traditional snacks, commonly produced and marketed by local communities. These cassava-based chips are coated with a sweet and spicy glaze made from chili peppers, shallots, garlic, and granulated sugar, applied after the chips are deep-fried. The production of balado chips has long been established in Bukittinggi and is often passed down through generations. Balado chips are considered a signature culinary souvenir from West Sumatra due to their distinct flavor and preparation method, distinguishing them from similar products from other regions. The development of the food sector, particularly in the production of balado chips, continues to grow in line with the increasing number of tourists. However, in 2024, there was a decrease in the number of balado chip enterprises in Bukittinggi, from 189 to 168. Despite this decline, small-scale balado chip enterprises remain dominant within the local food industry, surpassing other types of food businesses in terms of quantity. Entrepreneurs who have sustained their operations have shown the ability to further develop their businesses through strategic adaptations. According to (Yuyus Suryana, 2012), in terms of characteristics, entrepreneurs are individuals who establish, manage, develop, and institutionalize their own businesses. (Alma, 2010) concluded that an entrepreneur is a businessperson who, in addition to being capable of operating effectively and efficiently in the economic sector in general and in commerce in particular, also possesses an independent spirit—both outwardly and inwardly—and upholds noble character.

The success of a business can be assessed through its performance. According to (Rita Indah Mustikowati, 2014), several factors may influence business performance, including entrepreneurial orientation, innovation, business strategy, human resource management, entrepreneurial characteristics, and the characteristics of the business itself. However, in the present study, the researcher combines the variables of entrepreneurial characteristics and marketing innovation to examine their influence on business performance. Entrepreneurial

characteristics play a crucial role in shaping an individual's mindset, fostering innovation, creativity, courage, perseverance, a strong work ethic, and resilience. According to (Salsabila Yulia Putri, 2023) When synergized with knowledge, skills, and vigilance, these traits collectively determine the success of a business. Several studies related to this research include the work entitled *The Influence of Entrepreneurial Characteristics on Business Performance* (Ni Made Wirastika Sari, 2016). The study found that entrepreneurial characteristics both individual and psychological have a positive and significant effect on business performance. Subsequent research by (Pradana, 2019) with the topic "The Influence of Entrepreneurial Characteristics on Business Success among Catfish Farmers in Madiun City" found that there is a significant influence of entrepreneurial characteristics on business success among catfish farmers in Madiun City. This is because entrepreneurs have begun to understand the importance of entrepreneurial characteristics, which include high creativity, commitment to work, and an attitude of independence. Most respondents were entrepreneurs who started their businesses individually.

Another study was conducted by (Jumaedi, 2012) with the topic "The Relationship between Entrepreneurial Characteristics and Business Success (A Case Study on Small Entrepreneurs in Pekalongan)". The analysis results showed that entrepreneurial characteristics (self-confidence, risk-taking, and leadership) have a positive influence on business success.

The sustainability and growth of a business in a competitive market are closely linked to its performance. In the case of balado chip enterprises, entrepreneurial characteristics are believed to play a crucial role in business resilience. Entrepreneurs in this sector continue to face various external challenges, such as fluctuations in the price of chili peppers a key raw material yet many have managed to maintain or even improve their performance. It is therefore necessary to examine the entrepreneurial characteristics of balado chip producers and analyze the relationship between these characteristics and business performance. Understanding this relationship is essential for ensuring the continued competitiveness and sustainability of balado chip enterprises in Bukittinggi.

Literature Review

Research on the relationship between entrepreneurial characteristics and business performance has been widely conducted by previous scholars. A study by Ni Made Wirastika Sari (2016) entitled *The Influence of Entrepreneurial Characteristics on Business Performance* found that entrepreneurial characteristics, both individual and psychological, have a positive and significant effect on business performance. This finding confirms that internal factors of entrepreneurs are among the main determinants of business success.

Similarly, Pradana (2019) in his study *The Influence of Entrepreneurial Characteristics on Business Success among Catfish Farmers in Madiun City* found that entrepreneurial characteristics such as creativity, commitment to work, and independence have a significant influence on business success. Interestingly, most of the respondents in this study started their businesses independently, highlighting the importance of personal motivation in sustaining business operations.

A similar study by Jumaedi (2012) entitled *The Relationship between Entrepreneurial Characteristics and Business Success (A Case Study on Small Entrepreneurs in Pekalongan)* revealed that entrepreneurial characteristics—including self-confidence, risk-taking, and leadership—positively influence business success. Meanwhile, research by Rita Indah Mustikowati (2014) identified that business performance is influenced by various factors such as entrepreneurial orientation, innovation, business strategy, human resource management, entrepreneurial characteristics, and the characteristics of the business itself. More recent research

by Salsabila Yulia Putri (2023) emphasized that entrepreneurial characteristics synergized with knowledge, skills, and vigilance can significantly determine business success.

Research Novelty

Based on the review of previous studies, it can be concluded that most research has examined the influence of entrepreneurial characteristics on business performance or success across various sectors and regions, such as fisheries, small-scale enterprises in general, and SMEs in specific areas. However, no study has specifically examined the relationship between entrepreneurial characteristics and business performance in SMEs producing *keripik balado* in Bukittinggi City.

This study presents several novelties. First, the research focuses on the *keripik balado* industry, a signature Minangkabau culinary souvenir that is closely linked to the tourism sector, making its market dynamics and business challenges distinct from previous studies. Second, the study is conducted in Bukittinggi, a city with the highest number of tourist visits in West Sumatra, making it a potential market for local souvenirs. Third, the research is motivated by the unique phenomenon of a decline in the number of *keripik balado* producers—from 189 to 168 in 2024—despite the increase in tourism demand, an issue rarely addressed in earlier studies. Fourth, this study combines the variable of entrepreneurial characteristics with marketing innovation to assess their influence on business performance, thus providing a more comprehensive perspective.

Therefore, this research is expected to contribute new insights to the literature on entrepreneurship, particularly in the context of local souvenir industries integrated with the tourism sector. The findings of this study are also expected to be useful for developing business strategies for traditional food SMEs in tourist destinations, aiming to enhance competitiveness and business sustainability.

Research Method

Sample and Place

The sample used in this study was selected using a non-probability sampling method, specifically through purposive sampling. Purposive sampling is a sampling technique in which respondents are selected based on specific criteria determined by the researcher in accordance with the research objectives. The criteria applied in this study included small and medium enterprises (SMEs) engaged in the production of *keripik balado* located in the central sales area of *keripik balado* within Bukittinggi city, and that have been operating for a minimum of three years. The total sample consisted of 35 *keripik balado* business owners. This number was determined based on the total population of 43 businesses that met the established criteria within the central sales area. The decision to select 35 respondents was made considering the feasibility of data collection and the representativeness of the sample in reflecting the characteristics of the population under study.

Data Collection Techniques

The data collection methods employed in this study included direct observation, interviews, and the distribution of questionnaires. Direct observation refers to the process of collecting data through direct visual assessment without the assistance of standardized instruments. According to Nazir (2014), observation can be considered a valid data collection technique if it meets specific criteria: (1) it is conducted systematically and is directly related to the research objectives; (2) it is pre-planned and executed by the researcher; (3) it is documented in a structured manner and connected to general propositions; and (4) the validity and reliability of the observations can be verified and controlled. Another method used in this study was interviewing. During the interview

sessions, the researcher also distributed questionnaires to the respondents. The interviews were conducted in the afternoon and evening hours to accommodate the availability of the business owners. The questionnaires served as a tool to explore and address research problems. According to (Nazir, 2014) in general, questionnaires may include questions related to factual information, opinions, or self-perception. In this study, the questionnaires distributed to respondents were designed based on the variables involved in the research and served to capture data aligned with the objectives and scope of the study.

Data Analysis Techniques

Data This study utilized both qualitative and quantitative data. Qualitative data were obtained through interviews and direct observations conducted during the research process. Meanwhile, the quantitative data included information on *keripik balado* SMEs, entrepreneurial characteristics, and business performance indicators. The data analysis employed in this research consisted of both descriptive and quantitative methods, including descriptive statistical analysis and Spearman's rank correlation analysis. Spearman's rank correlation is appropriate for examining the relationship between two variables measured at least on an ordinal scale. In this study, Spearman's rank correlation was used to analyze the relationship between entrepreneurial characteristics and the business performance of *keripik balado* SMEs in Bukittinggi.

The entrepreneurial characteristic variables examined in this study included: self-confidence, hard work, innovativeness, risk-taking, independence, and leadership. The business performance variables included: sales volume, production level, and profit. Data processing and analysis were conducted using SPSS for Windows and Microsoft Excel. According to Nazir (2014), the steps to calculate the Spearman rank correlation coefficient are as follows:

- Arrange the observations of both variables in ranked order
- Calculate the difference between the ranks of each paired observation
- Compute the Spearman rank correlation coefficient using the following formula:

$$s = \frac{x^2 + y^2 - \sum_{i=1}^n d_i^2}{2\sqrt{x^2 + y^2}}$$

Where:

$$x^2 = \frac{(n^3 - n) - (\sum t_x^3 - \sum t_x)}{12}$$

$$y^2 = \frac{(n^3 - n) - (\sum t_y^3 - \sum t_y)}{12}$$

Explanation:

t_x : The number of tied observations in variable X for a particular rank

t_y : The number of tied observations in variable Y for a particular rank

d_i : The difference between the ranks of X and Y for the i -th observation

i : The i -th observation, for $i=1,2,...,n$

Σ : Summation over all tied rank

The value of Spearman's rank correlation coefficient (r_s) may be either positive or negative, with an absolute value ranging from a minimum of 0 to a maximum of 1. A positive r_s value indicates a positive or direct correlation between the two variables, meaning that as the value of variable X increases, the value of variable Y also tends to increase, and vice versa. Conversely, a negative r_s value suggests a negative or inverse correlation, implying that an increase in variable X is associated with a decrease in variable Y, or vice versa. If the correlation coefficient is equal to 0, it indicates no correlation between the two variables. A value of ± 1 denotes a perfect correlation, where the relationship between the two variables is exact. Descriptively, the strength of the correlation can be classified into the following five categories based on the absolute value of r_s :

1. If $0.0 < |r_s| < 0.2$, the correlation is categorized as very weak
2. If $0.2 \leq |r_s| < 0.4$, the correlation is categorized as weak
3. If $0.4 \leq |r_s| < 0.6$, the correlation is categorized as moderate
4. If $0.6 \leq |r_s| < 0.8$, the correlation is categorized as strong
5. If $0.8 \leq |r_s| < 1$, the correlation is categorized as very strong

Results and Discussion

a. Entrepreneurial Characteristics of Keripik Balado SMEs

Based on previous studies, entrepreneurial characteristics commonly emphasize several key indicators, including risk-taking, self-confidence, and innovation. This research focuses on a set of six entrepreneurial characteristics identified as relevant to the context of *keripik balado* SMEs in Bukittinggi. These include: self-confidence (Haryansyah S. E., 2015); (Popong Nurhayati, 2011); (Suci, 2009), risk-taking (Haryansyah S. E., 2015); (Widiastuti, 2014); (Popong Nurhayati, 2011); (Suci, 2009), leadership (Haryansyah S. E., 2015); (Suci, 2009) ; hard work (Popong Nurhayati, 2011), innovativeness (Haryansyah S. E., 2015); (Popong Nurhayati, 2011), and independence (Popong Nurhayati, 2011). The selection of these indicators was based on the observed and perceived entrepreneurial behaviors of *keripik balado* business actors in Bukittinggi. Each characteristic was measured through questionnaire items represented by ordinal-scale statements aligned with the variables under study. The responses were scored and averaged, as presented in Table 1

Table 1. Average Scores of Entrepreneurial Characteristics among Keripik Balado SME Entrepreneurs

Characteristic	Standard Deviation	Average Score	Category
Self-confidence	0.24	4.44	Very Good
Risk-taking	0.28	4.50	Very Good
Innovativeness	0.25	4.52	Very Good
Hard work	0.24	4.53	Very Good
Leadership	0.22	4.49	Very Good

Independence	0.35	4.37	Very Good
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The table indicates low standard deviations across all six characteristics, suggesting that entrepreneurial traits among the respondents are relatively homogeneous. The average scores also fall within a narrow and high range, categorized as “very good.” The hard work characteristic achieved the highest average score (4.53), likely due to the extended experience of the entrepreneurs, many of whom have operated their businesses for over a decade.

Self-Confidence

The self-confidence trait among keripik balado entrepreneurs can be observed through several aspects, including their independence and minimal reliance on others, resistance to external influence, willingness to speak in public, and their tendency to stand out and lead among peers. Furthermore, the optimism displayed by these entrepreneurs contributes significantly to their pursuit of a better quality of life. This includes the courage to express opinions during routine meetings of the keripik balado SME groups in Bukittinggi, as well as optimism in producing high-quality products. This characteristic of self-confidence ranked fifth among the assessed entrepreneurial traits, with an average score of 4.44. The relatively high average score indicates a strong level of self-confidence among the entrepreneurs. This is attributed to their high willingness to learn, which fosters greater optimism in managing their keripik balado businesses. The responses from participants regarding this trait were overwhelmingly positive, suggesting that most keripik balado entrepreneurs in Bukittinggi generally possess a confident entrepreneurial mindset.

Risk-Taking

One of the essential characteristics of an entrepreneur is the ability and willingness to take risks. This trait is also evident among keripik balado entrepreneurs in Bukittinggi. Their risk-taking behavior is reflected through their responses to challenges such as production failures, fluctuations in raw material prices, uncertainty in input availability, capital usage, and the courage to market their products outside the local area. On average, the risk-taking characteristic among these entrepreneurs received a score of 4.50, placing it as the third-highest among the assessed entrepreneurial traits. The strong performance in this category can be attributed to the entrepreneurs' proactive efforts in preparing alternative strategies to manage risks in the production process. For instance, in dealing with the uncertainty of raw material quality—particularly *ubi dasun*, a type of cassava used in making keripik balado—they often cannot determine the quality until after frying. This uncertainty necessitates contingency planning in procurement. In addition, despite frequent price fluctuations in key raw materials such as chili, the entrepreneurs remain committed to continuing production, even when faced with increased production costs. Interviews reveal that keripik balado businesses serve as the primary source of household income for many of these entrepreneurs. As such, they are compelled to sustain production in order to meet their families' financial needs, reflecting a high degree of resilience and risk tolerance in the face of economic uncertainty.

Innovative

Entrepreneurs who wish to remain competitive must continuously enhance innovation within their business activities. This is also evident among keripik balado entrepreneurs, who engage in various forms of innovation throughout the development of their enterprises. In this study, the innovation characteristic is assessed through several indicators: the entrepreneur's ability to introduce new product innovations, their willingness to adopt modern machinery or production

equipment, and their enthusiasm for experimenting with novel ideas—such as introducing green chili variants in keripik balado production, which traditionally uses red chili as the main ingredient. The innovation characteristic ranked second among the assessed traits, with an average score of 4.52. This high score reflects the openness of keripik balado entrepreneurs to embracing change and adopting improvements. Many have begun using modern tools or equipment in their production processes, experimenting with new product formulations such as green chili keripik balado, and adopting more appealing packaging designs, including the use of zip-lock bags. These efforts demonstrate the entrepreneurs' awareness of the importance of innovation not only for sustaining business continuity but also for addressing market saturation. By implementing innovation across various aspects of their businesses, they aim to maintain relevance and ensure long-term viability in an increasingly competitive environment.

Hard Work

One of the fundamental characteristics of successful entrepreneurs is a strong work ethic. In this study, the hard work characteristic among keripik balado entrepreneurs is examined through several indicators: their commitment and seriousness in managing the business, their response to whether sales outcomes meet expectations, and their dedication to the production process. Among the entrepreneurial traits assessed, hard work ranked first, with an average score of 4.53. This exceptionally high score indicates that keripik balado entrepreneurs demonstrate a strong commitment to their business activities. For many of them, keripik balado production and sales represent their primary source of income, leading to a focused and determined approach to both production and marketing. Their dedication is further evidenced by the amount of time invested in their businesses. Based on interviews with respondents, all entrepreneurs reported working hours that extend until 10:00 AM to 12:00 PM. This prolonged working period reflects the seriousness with which they engage in their entrepreneurial endeavors and underscores the central role the business plays in their livelihoods.

Leadership

The leadership characteristics of keripik balado entrepreneurs in Bukittinggi are assessed based on several aspects: their decision-making abilities, capacity to take initiative in both production and marketing processes, influence over fellow entrepreneurs, openness to feedback from other business actors, ability to maintain good relationships with suppliers and customers, and competence in managing teams or employees. Leadership ranked fourth among the entrepreneurial characteristics evaluated—sharing the same position as self-confidence—with an average score of 4.49. This high average score indicates that the entrepreneurs demonstrate strong leadership qualities. This can be attributed, in part, to the entrepreneurship training programs they have participated in, which have equipped them with knowledge and skills related to effective leadership. Interview data revealed that many entrepreneurs are now able to delegate tasks clearly among their staff, differentiating responsibilities between production and sales activities. This level of coordination allows them to achieve sales targets more effectively. Furthermore, they have also managed to maintain positive relationships with raw material suppliers and customers. This is evidenced by the consistent availability of high-quality raw materials from suppliers, indicating strong and sustained supplier relationships.

Independence

Independence is one of the essential traits commonly found in entrepreneurs. In this study, the independence characteristic of keripik balado entrepreneurs is examined through several aspects: their ability to make decisions autonomously, their level of dependence on others in various matters, their tendency to act without relying on others' judgment, their capability to complete

tasks independently, and their resilience in solving problems on their own. This characteristic ranked fifth among the entrepreneurial traits evaluated, with an average score of 4.37. Despite its ranking, the average score for independence is still categorized as very good. This indicates that keripik balado entrepreneurs generally exhibit a high level of independence in managing their businesses. They are capable of making decisions and taking action without relying on external parties. Furthermore, they demonstrate the ability to meet their personal and business needs independently, underscoring a strong sense of self-reliance in both decision-making and day-to-day operations.

b. Business Performance of Small and Medium Enterprises (SMEs)

The business performance of *keripik balado* SMEs in Bukittinggi was evaluated based on three primary indicators: market expansion, sales volume, and profitability. Each of these performance dimensions was assessed using a structured questionnaire. The performance indicators were represented through ratio-scale statements designed to capture quantitative responses from the entrepreneurs. These ratio-based data points served as supportive evidence for evaluating the actual performance levels of the SMEs. The use of measurable indicators ensured that the assessment reflected objective and comparable performance outcomes across the sampled businesses. Several studies on business performance in the agribusiness sector have been conducted. One such study, who stated that the performance indicators of orchid businesses include increased income, market expansion, and competitive advantage (Puspitasari, 2013). Similarly, (Sumantri, 2013) assessed the business performance of women entrepreneurs based on income, sales volume, and market coverage.

Market Expansion Performance

The market expansion performance of *keripik balado* entrepreneurs is reflected in their ability to grow their marketing reach and meet increasing market demand. In general, these entrepreneurs have experienced notable development in the geographical scope of their business operations, with an expansion into three to four additional marketing areas. Sales of *keripik balado* are no longer limited to the city of Bukittinggi but have extended beyond the local market. Based on interviews with respondents, most entrepreneurs reported expanding their distribution areas to nearby cities and regions, including Payakumbuh, Padang, Solok, Lima Puluh Kota Regency, and Batusangkar. This expansion indicates not only increased product acceptance but also the entrepreneurs' ability to adapt their marketing strategies to broader regional markets, thereby enhancing the overall performance and sustainability of their businesses.

Sales Volume Performance

The sales volume performance of *keripik balado* entrepreneurs is assessed based on indicators such as year-over-year increases in sales quantity. Overall, the sales volume among these entrepreneurs is considered strong, as most reported achieving higher sales figures compared to the previous year and successfully meeting their targeted sales volumes. Interview findings indicate that the increase in sales volume is closely linked to the entrepreneurs' expanding market reach. As market coverage grew, the demand for *keripik balado* also rose, leading to a corresponding increase in weekly sales figures. On average, the weekly sales volume among *keripik balado* SMEs ranges from 300 kilograms to 650 kilograms, demonstrating the businesses' capacity to scale up in response to growing consumer demand.

Profitability Performance

The profitability performance of *keripik balado* entrepreneurs is assessed through several indicators, including year-over-year profit growth, the ability to reinvest earnings into the

business, the cost-to-revenue ratio, and the capacity of profits to cover daily living expenses. Overall, the profitability of keripik balado SMEs is considered to be very good. This strong performance is primarily attributed to the increase in both sales volume and market expansion, which has led to higher revenue and, consequently, greater profits compared to the previous year. Based on interviews with respondents, the growth in profitability has closely followed the positive trajectory of increased market coverage and sales volume. On average, keripik balado entrepreneurs earn monthly profits ranging from approximately IDR 15,000,000 to IDR 30,000,000. These profits not only support the entrepreneurs' daily needs but also enable reinvestment in production capacity and business development, further strengthening the sustainability and growth potential of their enterprises.

c. The Relationship Between Entrepreneurial Characteristics and Business Performance

There are six indicators used to examine the relationship between entrepreneurial characteristics and the business performance of *keripik balado* entrepreneurs. Each entrepreneur possesses different entrepreneurial traits, which lead to varying levels of business achievement. The six entrepreneurial characteristics assessed in this study include self-confidence, risk-taking, innovativeness, hard work, leadership, and independence. Meanwhile, business performance is measured through three key indicators: sales volume, market expansion, and profitability. It is hypothesized that entrepreneurial characteristics are significantly related to production output, market expansion, and business profits. Entrepreneurs who exhibit strong entrepreneurial traits are more likely to achieve better business performance outcomes.

Table 2 The Relationship Between Entrepreneurial Characteristics and the Business Performance

Business Performance		Entrepreneurial Characteristics					
		Self-Confidence	Risk-Taking	Innovativeness	Hard Work	Leadership	Independence
Sales Volume	<i>Correlation coef</i>	0.228	0.293	0.210	0.365*	0.372*	0.151
Profitability	<i>Correlation coef</i>	0.327	0.324	0.670**	-0.77	0.612**	0.038
Market Expansion	<i>Correlation coef</i>	0.043	0.688**	0.023	0.367*	0.418*	0.330

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

N.35

The Relationship Between Self-Confidence and Business Performance

The Spearman Rank analysis in Table 2 reveals that the correlation coefficient between self-confidence and business performance falls into the *very weak* category in terms of market expansion (correlation values between 0.0 – <0.2) and the *weak* category in terms of sales volume and profits (correlation values between 0.2 – <0.4). This weak relationship indicates that although the level of self-confidence among keripik balado entrepreneurs is relatively high, such confidence is primarily expressed in personal attributes such as being resistant to external influence, independent in decision-making, assertive in public speaking, and confident in taking

initiative. However, these indicators do not sufficiently represent the kind of entrepreneurial self-confidence that directly influences or drives business performance improvements. High self-confidence, in this context, does not necessarily translate into enhanced business performance. This is evidenced by the fact that keripik balado entrepreneurs are able to operate their businesses continuously and consistently regardless of their level of self-confidence. Moreover, interviews reveal that keripik balado enterprises are often the primary source of income for these entrepreneurs and are commonly inherited family businesses. As a result, the entrepreneurs are compelled to continue production regardless of psychological traits, including self-confidence.

Entrepreneurs who exhibit traits such as decisiveness, independence in decision-making, and resistance to external influence tend to display these behaviors only in limited contexts, such as maintaining a fixed production volume. This limited application suggests that self-confidence does not have a direct impact on the increase or decrease of business performance. Similarly, public speaking abilities are typically exercised in non-operational settings, such as during training sessions or meetings with fellow entrepreneurs, and are not directly linked to business outcomes. Furthermore, the self-confidence of keripik balado entrepreneurs is not supported by the capacity to increase production volume or raise selling prices. As price takers, these entrepreneurs follow prevailing market prices and lack the power to set or influence them. Consequently, they face limitations in expanding production volume, increasing profits, or growing their market reach. Statistical results reinforce these findings, as the significance values for self-confidence criteria exceed the alpha level ($\alpha = 5\%$), indicating that self-confidence is not significantly associated with business performance. In other words, self-confidence has either a very weak or weak correlation with business outcomes and therefore cannot be used as a reliable predictor or explanatory variable for the performance of keripik balado enterprises.

The Relationship Between Risk-Taking and Business Performance

The Spearman Rank analysis in Table 2 indicates that the correlation coefficient between risk-taking and business performance falls into the *weak* category for sales volume and profits (correlation values between 0.2 – <0.4), but into the *strong* category for market expansion (correlation values between 0.6 – <0.8). Ideally, keripik balado entrepreneurs are expected to possess a high level of risk-taking behavior. The assessed risk-taking criteria include risks related to fluctuations in raw material quantity, quality, and continuity, as well as credit loans, production failure, marketing, and price changes. The weak relationship between risk-taking and both sales volume and profits can be attributed to the fact that the production volume and profit margins are not directly influenced by risk-taking attitudes. Production output refers to the quantity that an entrepreneur can produce in a single production cycle. Although production failure is a potential risk, in practice, this risk is generally minimal and manageable. As such, risk-taking behavior is not closely associated with production volume. Production failures are not recurrent and can typically be mitigated, resulting in relatively stable sales volumes.

Similarly, the relationship between risk-taking and profit is weak because stable production minimizes the likelihood of substantial profit fluctuations. The statistical analysis shows that the significance (sig) values for risk-taking in relation to sales volume and profit exceed the alpha level ($\alpha = 5\%$), indicating no statistically significant relationship. Thus, the correlation analysis confirms that risk-taking behavior does not have a significant association with, and cannot be used to predict, sales volume and profit as dimensions of business performance. In contrast, the relationship between risk-taking and market expansion is categorized as strong, with a correlation value of 0.688, which is statistically significant at the 1% level. This significance is supported by a sig (2-tailed) value lower than the alpha threshold ($\alpha = 1\%$), indicating a meaningful and strong positive relationship. The more willing entrepreneurs are to take risks, the more likely they are to

achieve market expansion for their keripik balado businesses. Market expansion strategies implemented by these entrepreneurs are not limited to the city of Bukittinggi but extend to other regions as well. Despite intense competition due to the abundance of similar keripik balado products and brands available in the market, these entrepreneurs are willing to take the risk of competing by distributing their products to other areas. Interview data reveal that market expansion is commonly directed towards cities such as Payakumbuh, Padang, Solok, and the district of Lima Puluh Kota. Therefore, it can be concluded that the correlation analysis between risk-taking and market expansion shows a statistically significant and strong relationship. As such, risk-taking can be considered a valid explanatory and predictive factor for market expansion in keripik balado businesses.

The Relationship Between Innovativeness and Business Performance

The Spearman Rank analysis in Table 2 indicates that the correlation coefficient between innovativeness and business performance falls into the *weak* category for sales volume (correlation values between $0.2 - <0.4$), the *very weak* category for market expansion ($0.0 - <0.2$), and the *strong* category for profit ($0.6 - <0.8$). Although the level of innovativeness among *keripik balado* entrepreneurs is generally high, its impact appears to be limited to certain dimensions of business performance. Entrepreneurs demonstrated innovativeness through their ability to create new ideas, introduce improvements, actively seek technological developments, and introduce product innovations such as different packaging formats. However, these efforts often translated into product variation rather than an increase in sales volume. For instance, some entrepreneurs introduced green chili-flavored *keripik balado* and added circular-shaped variants alongside the traditional rectangular shape. While these innovations contributed to product diversity, they did not lead to significant changes in production volume or market expansion, resulting in relatively stable sales figures.

Secondly, improvements in product quality, packaging, and variety were observed, but these changes did not significantly impact production capacity or market reach. Entrepreneurs continued producing at typical levels, and no new markets were reported as a result of such changes. Third, in terms of technological advancement, some entrepreneurs adopted tools such as machines for slicing *ubi dasun* (sweet potatoes). This significantly reduced production time compared to manual slicing. However, while efficiency improved, there was no substantial effect on either sales volume or market expansion, both of which remained stable and consistent. The fourth indicator—product innovation through packaging—showed a significant relationship with profitability and was categorized as *strongly correlated* (correlation coefficient of 0.688, significant at the 1% level). Entrepreneurs began offering products in a variety of packaging sizes: 250 grams, 500 grams, and 1,000 grams, whereas previously only a standard 500-gram size was available. Interview data reveal that the 250-gram package yields the highest profit margin compared to the larger sizes. The selling price for the 250g package ranges from IDR 12,000 to 14,000, the 500g package ranges from IDR 22,000 to 24,000, and the 1,000g package ranges from IDR 42,000 to 45,000. As a result, the packaging innovation led to increased profits.

Additionally, the introduction of green chili-flavored *keripik balado*, which sells for IDR 1,000 to 3,000 more than the red chili variant, has further contributed to profit growth. These innovations in both flavor and packaging have enabled entrepreneurs to improve margins without necessarily increasing sales volume or market coverage. In conclusion, the correlation analysis suggests that innovativeness has a statistically significant and strong relationship with profit but only weak or very weak associations with sales volume and market expansion. Therefore, the innovativeness characteristic can be considered a valid explanatory and predictive factor for profitability in *keripik balado* businesses.

The Relationship Between Hard Work and Business Performance

The Spearman Rank analysis in Table 2 reveals that the correlation coefficient between hard work and business performance falls into the *weak but statistically significant* category for both sales volume and market expansion (correlation values between $0.2 - <0.4$), while demonstrating a *negative relationship* with profit. The weak relationship between hard work and business performance suggests that, although the level of hard work among keripik balado entrepreneurs is generally high, it does not directly translate into improved overall business outcomes. The dimensions used to assess the "hard work" trait include persistence in running the business, dissatisfaction with minimal achievements, diligence and earnestness in performing work, as well as efforts to meet performance targets. This entrepreneurial characteristic of hard work shows a positive correlation with two performance indicators: sales volume and market expansion. Specifically, the correlation coefficient between hard work and sales volume is 0.365, which is significant at the 5% alpha level. This finding indicates that the harder the entrepreneurs work, the greater the sales volume they achieve.

Entrepreneurs' commitment to hard work can be observed through the long hours spent on production and sales activities. Most keripik balado entrepreneurs begin selling as early as 08:00 AM and continue until 10:00 PM or even midnight. Moreover, they consistently strive to produce high-quality products, which in turn contributes to increased sales. The hard work trait is also positively correlated with market expansion, with a correlation coefficient of 0.367, also significant at the 5% level. This suggests that the harder the entrepreneurs work, the wider the market reach of their products becomes. Hard work in this context includes activities such as establishing partnerships with travel agents and participating in product exhibitions to increase brand visibility. Examples include events like the *Bukittinggi Fair*, *Sumbar Expo*, and other regional trade shows, which help entrepreneurs promote their keripik balado products beyond their immediate locality. Based on this, it can be concluded that while the correlation between hard work and sales volume or market expansion is statistically significant, it remains relatively weak. On the other hand, the relationship between hard work and profit is *negative*. This occurs when entrepreneurs, driven by persistence and determination to overcome business challenges, pursue solutions that may be ill-suited or risky, ultimately leading to reduced profitability. The statistical analysis shows that the significance value for the correlation between hard work and profit exceeds the 5% alpha level, indicating no significant relationship. Consequently, the hard work trait cannot be reliably used to explain or predict profit performance in keripik balado businesses.

The Relationship Between Leadership and Business Performance

The Spearman Rank analysis presented in Table 2 demonstrates that the correlation coefficient between leadership and business performance falls into three categories: a *weak but statistically significant* correlation with sales volume (correlation values between $0.2 - <0.4$), a *moderate and significant* correlation with market expansion, and a *strong and significant* correlation with profit. The leadership attributes assessed include decision-making ability, pioneering innovation in product development, and the capacity to lead others. Among keripik balado entrepreneurs, leadership is first expressed through self-leadership and subsequently through the ability to manage employees. Most business owners operate their enterprises independently, though some are supported by employees and family members. The entire business process—from production to marketing—is typically managed and overseen by the owners themselves. Therefore, the leadership trait, particularly in delegating tasks and managing personnel, is meaningfully associated with business performance.

A key aspect of leadership observed in these entrepreneurs is the ability to assign roles effectively, such as dividing responsibilities between production and sales teams. Interview findings indicate that production workers usually work half-day shifts divided into two rotations, while sales staff operate in morning and afternoon shifts. Efficient role distribution and task management, as part of strong leadership, positively influence business operations and performance. Sound decision-making by entrepreneurs also plays a critical role. For instance, selecting high-quality raw materials—such as premium *ubi dasun*—ensures product quality, while strategic use of machinery and optimal production scheduling help achieve sales targets. Additionally, the entrepreneurial trait of being a pioneer in the market contributes to wider recognition and popularity of their products, thereby enhancing sales and profits. As the products become more widely known, market reach and consumer demand naturally expand. The statistical analysis confirms the significance of the relationship between leadership and business performance, with significance values (sig) less than the alpha thresholds ($\alpha = 5\%$ and $\alpha = 1\%$). These findings suggest that leadership has a statistically significant and positive association with all three dimensions of business performance: sales volume, market expansion, and profit. Therefore, the leadership trait can be considered a valid explanatory and predictive factor for business performance in the keripik balado industry.

The Relationship Between Independence and Business Performance

The Spearman Rank analysis in Table 2 shows that the correlation coefficient between independence and business performance falls into the *very weak* category for market expansion (correlation values between $0.0 - <0.2$) and into the *weak* category for sales volume and profit (correlation values between $0.2 - <0.4$). This weak relationship indicates that although the level of independence among keripik balado entrepreneurs is relatively high, such independence is limited to personal traits—such as making decisions independently without external influence, starting the business with personal capital, and completing tasks without assistance. These indicators do not adequately capture the broader aspects of entrepreneurial independence that might significantly enhance business performance. The data suggest that a high level of independence does not necessarily correlate with improved business outcomes. Entrepreneurs in this sector are generally able to operate their businesses consistently and sustainably regardless of their independence level. Moreover, interviews indicate that the production and operational processes of keripik balado enterprises are rarely conducted alone. Instead, entrepreneurs are typically supported by family members or hired employees. This is largely due to the labor-intensive nature of the keripik balado industry, which requires collaboration across multiple functions—from production to marketing.

As such, the weak relationship between independence and business performance may stem from the inherently collaborative nature of this type of enterprise. Although entrepreneurs may take independent decisions and rely on personal funding without external financial assistance, such independence does not necessarily enhance sales volume, profitability, or market reach. Interviews further support this, revealing that while business owners manage their operations independently, they still rely heavily on family and employee assistance for daily activities. Statistical analysis reinforces this conclusion, as the significance values (sig) for independence exceed the 5% alpha level. This suggests that the independence variable does not have a statistically significant relationship with business performance and falls within the weak to very weak correlation range. Consequently, the trait of independence cannot be considered a valid predictor or explanatory factor for the business performance of keripik balado enterprises.

Conclusion

This research reveals that the entrepreneurial characteristics of SMEs producing *keripik balado*

in Bukittinggi City are generally classified as highly favorable and relatively homogeneous across respondents. Among the examined traits, *hard work*, *innovativeness*, and *leadership* demonstrate statistically significant relationships with business performance, particularly in terms of sales volume, market expansion, and profitability. The *risk-taking* characteristic also shows a strong association with market expansion, while *innovativeness* is notably correlated with increased profit. Conversely, the characteristics of *self-confidence* and *independence* do not exhibit significant relationships with business performance indicators. These findings suggest that the success and sustainability of *keripik balado* enterprises in Bukittinggi are influenced by a specific combination of entrepreneurial traits, with innovation, perseverance, and effective leadership playing critical roles in driving business outcomes.

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