

The Effect Of Organizational Characteristics And Environmental Changes On The Creation Of Entrepreneurship Foundation Through Individual Characteristics Variable (Case Study On Smes In Palembang City)

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ABSTRACT

The objective of this study was to determine the effect of organizational characteristic and environmental change on the creation of entrepreneurial foundation through individual characteristic variables (case studies on SMEs in Palembang City). The research design was causal study. The type of data used in the form of primary data, namely the questionnaire. The sampling technique used was purposive sampling. Based on the criteria obtained Total sample of SMEs as many as 101 people. Data analysis technique used was path analysis method. By conducting path analysis for direct effect, indirect effect, and total effect. The results of the study stated: 1. Characteristics of the organization had a significant positive effect on individual characteristics (first hypothesis accepted), 2. Changes in the business environment had a significant positive effect on individual characteristics (second hypothesis accepted), 3. Organizational characteristics had a significant positive effect on the creation of organizational entrepreneurs SMEs (the third hypothesis was accepted), 4. Changes in the business environment had a significant positive effect on the creation of the organizational entrepreneurs of SMEs (fourth hypothesis accepted), 5. The individual characteristics had a significant positive effect on the creation of the organizational entrepreneurs of SMEs (the fifth hypothesis accepted), 6. Organizational characteristics, individual characteristics, and environmental changes have a significant positive effect on the creation of organizational entrepreneurs of SMEs (6th hypothesis accepted), 7. Organizational characteristics and environmental changes had a significant positive effect on the creation of organizational entrepreneurs of SMEs through individual characteristics as intervening variables (the seventh hypothesis accepted).

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1. Introduction

The existence of Small and Medium Enterprises (SMEs) which is the largest part of the national economy, is an indicator of the level of community participation in various sectors of economic activity. SMEs have been proven to be reliable as a safety valve in times of crisis, through the mechanism of job creation and value creation. These strategic roles and functions can actually be enhanced by encating SMEs as one of the complementary business actors for the national economy development, and not the subordination of other business actors. Triumph in improving the ability of SMEs means to strengthen the business community economy. This will help to accelerate the recovery process of national economy, and at the same time it provide real support to local government in implementing government autonomy

SMEs are a fairly popular phenomenon today, and are likely to become new pattern and structure in people life, and for certain parties are new things that require special education. SMEs are a business with full of risk and uncertainty, that is between success and failure easily and fast occur.

Dynamic environmental change poses a challenge for companies to be always responsive to change. One of the challenges faced by the company is external changing of environment that requires competence to achieve organizational effectiveness. Based on RBV (Resource Based View) Theory, organizations must have resource and superior and unique ability to win the competition (Hitts, et al 2001). The company that builds its own resource and can control it will have the ability to maintain its superiority if the company buys or obtains its resources from outside the organization. A set of unique resources owned and controlled by the company allows the company to achieve and maintain a sustainable superior performance. The unique resource referred to in RBT is resource that has the properties of valuable, rare, inimitable, and non-substitutable. Small Business as one of the business enterprises that need to respond the dynamic changing of external environment, develop the capacity to compete in local, domestic and global market. Some of the things that small businesses need to prepare include: innovation capacity as one aspect of entrepreneurship, flexibility, and ability to identify business opportunities and market potential based on unique products and services (Hartati, 2014).

The study entitled Analysis of Environmental Change to Business Competence (Study on Small and Medium Scale Food and Beverage Entrepreneurs in Malang and Pasuruan) conducted by Yuli (2006). The study aimed to examine and analyze the impact of changes in the business environment covering the environment, industrial environment and internal environment, either jointly or partially to business competence in food and beverage SMEs in Malang and Pasuruan. The sample of research was 60 entrepreneurs with maximum capital criteria of 200 million and the business had been running for at least 5 years. The results showed that there was a positive and significant effect between business environment variables on business competence. the direct effect is equal to 0.278, the indirect effect was 0.663 and is totally equal to 0.941. Research on the Effect of Environmental Uncertainty and Entrepreneurship Characteristics on Business Competence and Small Business Performance in Balikpapan City by Darya (2012). The results of the research were as follows: Negative environmental uncertainty and no significant effect on Business Competence, entrepreneurial characteristic significantly effect to Competence small business micro business and did not significantly effect to small micro business performance. This research indicated that Micro and Small must have clear management to enable more efficient and effective business implementation activities.

In order to improve the management capability, which is to increase knowledge both through formal education and non-formal education and training. Another study by Kurniati (2014) entitled Effect Characteristics of Manager-Owner of Business, Characteristics of Organization and External Environment to Innovation Capacity and Business Performance. The results of his research prove that there are three factors that affect the capacity of innovation in small-scale enterprise, namely management of business owners, organizational characteristics, and environmental characteristics. These three factors have been proven to positively and significantly affect the achievement and development of innovation capacity. The results of this study prove the role of business owner management is the biggest factor (dominant) that affect the achievement of innovation capacity. In addition, this study also proves that the innovation capacity of small-scaled business in Semarang Regency will be able to improve the achievement of business performance. Research Gholami and Birjandi (2016), on "The effect of market orientation and entrepreneurial orientation on the performance of SMEs". The purpose of his research is to examine the impact of entrepreneurial orientation and market-oriented business operations. This study is descriptive and the population consists of SMEs in Fars Province. Her research findings indicate that market orientation and entrepreneurial orientation have a significant effect on organizational performance but market orientation has no significant effect on organizational performance.

Several studies conducted by Mogollón and Vaquero, (2004); Marques and Ferreira, (2009), found a cooperative relationship between one business and another contribution to business openness to the

external environment, providing knowledge and information about export and import opportunities as a supporter of corporate innovation behavior. Febrianty and Divianto (2017), in his research stated that Entrepreneurial Action Group has a significant effect on Quadruple Helix Role Internalization. The group's entrepreneurial action by the SMEs based on creative economy also spurred Quadruple Helix's role to further enhance their role. The intensity of the involvement of UMKM actors, organizational learning and internationalization spirit in the group of UMKM actors increasingly arise the parties of Quadruple Helix Innovation to increase its role because basically UMKM want to try to improve business performance through learning process and open minded. Thus, the role of the parties around the business environment can be managed to provide business / business development support

Therefore, the researcher was interested to know the effect of organizational characteristic and environmental change on the creation of an entrepreneurial foundation through individual characteristic variables. Thus, it will be seen how large the organizational characteristic and environmental change will affect the individual characteristics and level for the creation of an entrepreneurial foundation so that it can be known also how many SMEs are creating other new SMEs. The purpose of this study was to determine the effect of organizational characteristic and environmental changes on the creation of entrepreneurial foundation through individual characteristic variables (case studies on SMEs in Palembang City).

2. Methods

Research Design

The research design in explanatory research is a research that seeks to explain causal relationship between research variables through a hypothesis testing (Singarimbun and Effendi, 1995). The research framework is presented in Figure 1. below:

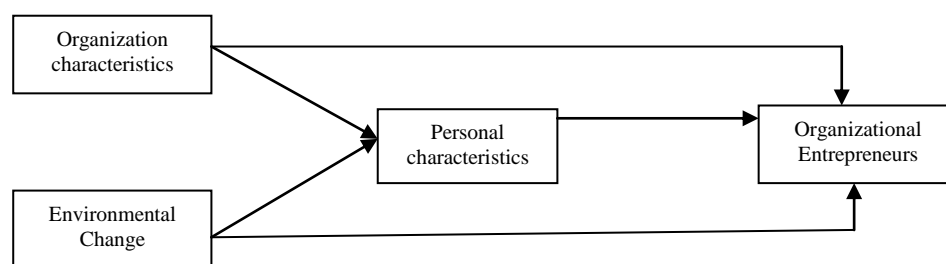


Figure 1. Research Framework

Population and Sample

Population in this research was Population for this research namely SMEs which were located in Palembang City registered in State Minister for Cooperatives Small and Medium Enterprises. The reason why the population in this study was only limited in Palembang City given that the development of micro-medium enterprises in Palembang City contributes as much as 14% of the total growth of national micro enterprises.

Table 1. Total of Business Unit and SME Man Power in Palembang City

Sub-District	Bussiness Unit	Man Power
1. Ilir Barat II	11	145
2. Gandus	-	-
3. Seberang Ulu I	1	3
4. Kertapati	2	14
5. Seberang Ulu II	1	7
6. Plaju	2	19
7. Ilir Barat I	10	124
8. Bukit Kecil	3	18
9. Ilir Timur I	27	183
10. Kemuning	5	29

11.Iilir Timur II	17	134
12.Kalidoni	3	33
13.Sako	4	52
14.Sematang Borang	13	70
15.Sukarami	15	389
16.Alang-Alang Lebar	10	81
Total	124	1301

Source: Data from STATISTICS INDONESIA Palembang City , 2014

Sampling Technique

The sampling technique used was purposive sampling that selected the elements to be samples based on certain considerations. Meanwhile, the characteristics of the sample in this study were:

- 1) A new SME business run for five years or more, or
- 2) Having annual sales of at most Rp 300,000,000.- (three hundred million rupiahs).
- 3) SME Enterprises had a total of at least 3 workers.

Based on the criteria above, obtained total sample of SMEs as many as 101 perpetrators of SMEs as respondents research. The total sample research is presented in Table 2. below:

Table 2. Total Sample in Each Sub-District That Meet Sample Criteria

Sub-District	Business Unit	Total
1. Iilir Barat II	11	9
2. Gandus	-	-
3. Seberang Ulu I	1	1
4. Kertapati	2	1
5. Seberang Ulu II	1	1
6. Plaju	2	1
7. Iilir Barat I	10	8
8. Bukit Kecil	3	2
9. Iilir Timur I	27	24
10.Kemuning	5	3
11.Iilir Timur II	17	15
12.Kalidoni	3	2
13.Sako	4	3
14.Sematang Borang	13	11
15.Sukarami	15	12
16.Alang-Alang Lebar	10	8
Total	124	101

Source: Data from STATISTICS INDONESIA Palembang City , 2014

Operational Definition of Research Variables

Here is a table that presents the operationalization of research variables

Table 3. Operational Variables

Variable	Definition	Indicator	Scale
Organization characteristics	Organizational Characteristics refers to factors that are outside the individual, ie the work environment that exists around employees who are carrying out the work (Jahrie and Hariyoto, 1999 quoted in Pratiwi, 2014).	1. The existence of experts 2. Cooperation with technology providers	Ordinal
Environmental Change	Environmental change is in three types	1. distant environment,	Ordinal

	of business environments: distant environment, industrial environment and operating environment (Pearce and Robinson, 1991, cited in Yuli, 2006).	2. industrial environment 3. operating environment	
Individuals SMEs characteristics	Characteristic of Individuals SME actors is individual differences with other individuals. Individual characteristics is a psychological process that affects individuals in obtaining, consuming and receiving goods and services as well as experience (Hurriyati, 2005).	1. Ability 2. Value 3. attitude 4. Interests	Ordinal
Organizational Entrepreneurs	Organizational Entrepreneur is the development of entrepreneurial behaviors in organization relating to the use of innovation, proactive, risky efforts and business reforms to create value.	1. Innovation 2. Proactive 3. Risk taking 4. New Business	Ordinal

Data Analysis technique

Data analysis technique used was path analysis method. Path Analysis was developed by Sewal Wright in 1934. By conducting path analysis for direct effect, indirect effect, and total effect (Sarwono, 2011). Meanwhile, the structural equation of causality is:

Endogenous Variables = Exogenous Variables + Endogen Variables + Error

Substructure I equation

$$Y_1 = a + PX_1 + PX_2 + \zeta_1 \dots \dots \dots (\text{equation 3.1})$$

Substructure II Equation :

$$Y_2 = a + PX_1 + PX_2 + Y_1 + \zeta_2 \dots \dots \dots (\text{equation 3.2})$$

Substructure III Equation

$$Y_1 = a + PX_1 + \zeta_1 \dots \dots \dots (\text{equation 3.3})$$

$$Y_1 = a + PX_2 + \zeta_1 \dots \dots \dots (\text{equation 3.4})$$

$$Y_2 = a + PX_1 + \zeta_2 \dots \dots \dots (\text{equation 3.5})$$

$$Y_2 = a + PX_2 + \zeta_2 \dots \dots \dots (\text{equation 3.6})$$

$$Y_2 = a + PY_1 + \zeta_2 \dots \dots \dots (\text{equation 3.7})$$

Description :

X_1 = Organization characteristic

X_2 = Environmental change

Y_1 = Individual characteristic

Y_2 = *Organizational Entrepreneurs*

e_1 = outside model correlation coefficient

e_2 = outside model correlation coefficient

The research hypotheses are as follows:

H1: there is an effect of organizational characteristics on individual characteristics

H2: there is an effect of environmental change on individual characteristics

H3: there is an effect of organizational characteristics on the creation of organizational entrepreneurs of SMEs

H4: there is an effect of environmental change on the creation of organizational entrepreneurs of SMEs

H5: there is an effect of individual characteristics on the creation of organizational entrepreneurs of SMEs

H6: there is an effect of organizational characteristics, individual characteristics, and environmental changes on the creation of organizational entrepreneurs of SMEs.

H7: there is an effect of organizational characteristics and environmental changes on the creation of organizational entrepreneurs of SMEs through individual characteristics as intervening variables.

Hypothesis Test

Hypothesis test in this research was performed on statistical hypothesis by using t test and f test.

3. Results And Discussion

Description of Respondents

In the research design has been explained that the respondents of this research were the actors of SMEs in Palembang City that registered in the Office of Cooperatives and SMEs. SMEs are classified into the sectors of services, trade, services and trade, and manufacturing. Based on data obtained from those who registered in Office of Cooperatives and SMEs, the total number of SMEs in Palembang City registered as many as 124 SMEs. Respondents in this study were the actors/owners of SMEs with businesses that have stood for more than 5 years. Based on the total, the returned questionnaires were only 86 questionnaires, which means that only 86 actors/owners of SMEs were willing to fill out this research questionnaire while the questionnaire that can be processed only as many as 85 questionnaires. After the questionnaire ended, the researcher did the editing, coding and data entry for the preparation of data analysis. The results were not all questionnaires can be used as a basis for analysis. The following is the calculation of questionnaire data analysis:

Total of Questionnaire		124 copies
Unreturned Questionnaires	38 copies	
Questionnaire with Defective Data	<u>1 copies</u>	
		<u>39 copies</u>
Total of Questionnaire that can be processed		85 copies

Thus the response rate of return of the questionnaire is equal to 68.55% (85/124).

Table 4. Characteristics of Respondents by Education

No.	SMEs business sector	Pendidikan Terakhir			Total (%)
		High School (%)	Diploma (%)	Bachelor (%)	
1	Service	5 (33.33)	6 (40.00)	4 (26.67)	15 (100)
2	Trade	13 (39.39)	11 (33.33)	9 (27.27)	33 (100)
3	Service and Trade	10 (41.67)	9 (37.50)	5 (20.83)	24 (100)
4	Manufacture	6 (46.15)	3 (23.08)	4 (30.77)	13 (100)
Total		34 (40,00)	29 (34.12)	22 (25.88)	85 (100)

Source: Processed Primary Data, 2017

Based on Table 4. The average of SMEs actors have educational background with bachelor degree of 22%, diploma of 34.12%, and high school of 40%. This shows that the educational background of SMEs does not support the improvement of SMEs performance. The following data was tabulated only on the characteristics of respondents (SMEs actors) who fill out the questionnaire.

Table 5. Characteristics of Respondents (SMEs actors) Based on Gender

No	SMEs business sector	Gender		Total (%)
		Man (%)	Woman (%)	
1	Service	9 (60.00)	6 (40.00)	15 (100)
2	Trade	13 (39.39)	20 (60.61)	33 (100)
3	Service and Trade	10 (41.67)	14 (58.33)	24 (100)
4	Manufacture	9 (69.23)	4 (30.77)	13 (100)
Total (%)		41 (48,24)	44 (51.76)	85 (100)

Source: Processed primary data, 2017

Based on table 5., the percentage of female respondents of 51.76% who participated more than male respondents with the total of 48.24%.

Validity and Reliability Test

Two procedures performed in this study were used to measure the consistency and accuracy of the data collected from the results of instrument use, namely (1) internal consistency test with Cronbach's Alpha statistical test, (2) correlational test between the score of each item with the total score (Ghozali, 2005). Reliability test results indicate that all items or questions were declared valid. While the reliability test showed the value of cronbach's alpha was greater than 0.50 so that all variables in this study were stated reliable.

Classic Assumption Test

The classical assumption tests conducted in this study were multicollinearity, heteroscedasticity and normality test. The results showed that the regression result was feasible to use.

Results of Hypothesis Test

Based on the results of linear regression test and path analysis for direct effects, indirect effects and total effects are presented in Table 6, Table 7. and Table 8.

Table 6. The Results of Linear Regression Test and Path Analysis for Direct Effect

Hypothesis	Regression Equation	F value	R square	Hypothesis Confirmation
Substructure III Equation				
H1	$Y_1 = 4.609 + 1.789 X_1 + e_1$ Simple regression (t test) (the effect of organizational characteristics on individual characteristics)	204.815 (0.000)	0.712	Accepted
H2	$Y_1 = 29.505 + 0.547 X_2 + e_2$ Simple regression (t test) (the effect of environmental change on individual characteristics)	14.916 (0.000)	0.152	Accepted
H3	$Y_1 = 15.509 + 0.845X_3 + e_3$ Simple regression (t test) (the effect of organizational characteristics on the creation of organizational entrepreneurs of SMEs)	25.513 (0.000)	0.235	Accepted
H4	$X_2 \rightarrow Y_2$ $Y_1 = a + PX_2 + e_4$ $Y_1 = 22.975 + 0.417X_4 + e_4$ Simple regression (t test) (the effect of environmental change on the creation of organizational entrepreneurs of SMEs)	12.472 (0.001)	0.131	Accepted
H5	$Y_2 = 12.243 + 0.497 X_1 + e_1$ Simple regression (t test) (the effect of individual characteristics on the creation of organizational entrepreneurs of SMEs)	47.817 (0.000)	0.366	Accepted
H6	$Y_2 = 10.313 - 0.120X_1 + 0.167X_2 + 0.498Y_1 + e_2$ Simple regression (t test) (the effect of organizational characteristics, individual characteristics, and environmental changes on the creation of organizational entrepreneurs of SMEs.)	16.935 (0.000)	0.385	Accepted

The following is presented the results of linear regression test and path analysis for indirect effect:

Table 7. The Results of Linear Regression Test and Path Analysis for Indirect Effect

Hypothesis	Regression Equation
H7	$X_1 \rightarrow Y_1 \rightarrow Y_2$ $= (1.789 \times 0.497 = 0.889)$
H8	$X_2 \rightarrow Y_1 \rightarrow Y_2$ $= (0.547 \times 0.497 = 0.272)$

The following is presented the results of linear regression test and path analysis for total effect:

Table 8. The Results of Linear Regression Test and Path Analysis for Total Effect

Hypothesis	Regression Equation
H7	$X_1 \rightarrow Y_1 \rightarrow Y_2$ = (1.789 + 0.889 = 2,678)
H8	$X_2 \rightarrow Y_1 \rightarrow Y_2$ = (0.547 + 0.272 = 0,819)

The Effect of Organizational Characteristics On Individual Characteristics

Based on the results of partial analysis on SMEs in Palembang City showed that the characteristics of the organization had significant and positive effect on individual characteristics with significant value of <0.5. This is in line with the research hypothesis that there is effect of organizational characteristics on individual characteristics.

Values about companies that ask workers to have a high attention to the problems that occur within the company can improve the performance and productivity of the company. In other words, the more positive values as characteristics of the organization/SMEs the stronger the formation or change of individual characteristics to a better direction. Because basically the characteristics of the individual entrepreneur can be formed or changed or improved to a better direction depending on how much positive values are received.

The results of this study also supported by the findings of previous research that conducted by Karneli (2015) on Analysis of Cultural Values of Organization and Orientation of Entrepreneurship of Medium Business Owners of Food and Beverage Processing in Pekanbaru. Based on the results of the research, the values of the company that asks employees to have a high attention to the problems that occur in the company ultimately can improve the performance and productivity of the company.

The Effect of Environmental Change on Individual Characteristics

Based on the results of partial analysis on SMEs in Palembang City showed that the variable of environmental changes has significant and positive effect on individual characteristics with significant value of <0.5. This is in line with the research hypothesis that there is effect of environmental changes to individual characteristics.

The business environment can affect all aspects of business at both the organizational level and individual SME actors. Hooghiemstra (1992) quoted in Yuli (2006) proxied that competence as a basic characteristic of individuals related to one's cause becomes effective and superior in the work. Changes in business environments such as: barriers to entry, supplier strength, buyer power, the presence of substitutes and the level of competition and the development or fluctuation of the operating environment (consumers, labor, competitors, creditors, suppliers) in addition the macroeconomic, social, political, technological and ecology, directly and indirectly will have an effect on SMEs.

An entrepreneur/SME actor must be an expert in business strategy that related to how entrepreneur/SME actor focuses on achieving business objectives by taking into changes in the business environment (internal and external) that have characteristic that always changing, uncertain, experiencing turbulence and cannot be controlled. The more focus on setting company goals, on changing business environments, the more able to analyze the impact of business environment changes and establishing business strategy, the better/stronger the formation of individual characteristics of SMEs actors. The results of this study supported the findings of previous research conducted by Yuli (2006) where the Business Environment had a positive and significant impact on the competence of small entrepreneurs in Malang and Pasuruan which can be accepted.

The Effect of Organizational Characteristics on The Creation of Organizational Entrepreneurs of SMEs

Based on the results of partial analysis on SMEs in Palembang City showed that the variable characteristics of the organization had a significant and positive effect on the Creation of Organizational Entrepreneurs of SMEs with significant value <0.5. This is in line with the research hypothesis that there is effect of organizational characteristics on the Creation of Organizational Entrepreneurs of SMEs.

Based on the opinion of Arshi (2012), the effectiveness of entrepreneurial management lies in the ability to balance the frequency of entrepreneurship and degree of entrepreneurship. If proxied, the Creation of Organizational Entrepreneurs as entrepreneurial intensity, then the better the characteristics of SMEs organization then the better or better also the creation of entrepreneurial foundation that occurs

in the SMEs (Organizational Entrepreneurs). The existence of experts and cooperation with technology providers in SMEs proves that the characteristics of SMEs have entered a better level with the openness to accept developments and adopt new things for business progress. Furthermore, directly or indirectly will hone the actors/owners of SMEs and workers in the effort to increase innovation, proactive, courage/risk-taking ability, and the development of new business.

The results of this study also supported the findings of previous research conducted by Caroline and Devie (2014) which concluded that organizational culture had a positive and significant effect on entrepreneurial intensity. Other research results were performed by Muljaningsih, et al. (2011) where it was stated that the characteristics of the organization are very profitable for the implementation of entrepreneurship.

The Effect of Environmental Change on The Creation of Organizational Entrepreneurs of SMEs

Based on the results of partial analysis on SMEs in Palembang City showed that the variable of environmental changes had a significant and positive effect on the Creation of Organizational Entrepreneurs SMEs with significant value of <0.5 . This is in line with the research hypothesis that there is an effect of environmental changes on the Creation of Organizational Entrepreneurs SMEs. Positive effects caused by the external environment and the internal environment (the far environment, industrial environment, and operating environment) that will create a better entrepreneurial organization. Therefore, the dominant company use the entrepreneurial approach in strategy-making is a unique company when compared to other companies.

The research of Wulandari (2009) on the Effect of External Environment and Internal Environment on Entrepreneurial Orientation In Efforts to Improve Corporate Performance. The results of the research indicated that the external environment and the internal environment had a positive effect on the entrepreneurial orientation.

The Effect of Individual Characteristics on The Creation of Organizational Entrepreneurs of SMEs

Based on the results of partial analysis on SMEs in Palembang City showed that individual characteristic variables had significant and positive effect on the Creation of Organizational Entrepreneurs SMEs with significant value of <0.5 . This is in line with the research hypothesis that there is an effect of environmental changes on the Creation of Organizational Entrepreneurs SMEs. This shows that the experience of entrepreneurs or SME actors as one form of individual characteristics will greatly affect the creation and improvement of entrepreneurial organizations in the form of: improvement in the ability to innovate, improvement in the ability to manage the workforce and other resources owned by SMEs, the desire to be able to compete with the advantages possessed, and so forth. Actors/owners of SMEs with good characteristics (both in terms of ability, values, attitudes, and interests) will create a foundation of entrepreneurship (entrepreneurial organization) that is getting stronger as well. The results of this study supported the results in research of Purwanti (2012) that the characteristics of entrepreneurs had a significant effect on business development.

The Effect of Organizational Characteristics, Individual Characteristics, and Environmental Changes on The Creation of Organizational Entrepreneurs of SMEs

Based on the results of partial analysis on SMEs in Palembang City showed that the characteristics of the organization, individual characteristics, and environmental changes had a significant and positive effect on the Creation of Organizational Entrepreneurs SMEs with significant value <0.5 . This is in line with the hypothesis that there is an influence of organizational characteristics, individual characteristics, and environmental changes to the creation of organizational entrepreneurs of SMEs. Thus, the creation of an entrepreneurial foundation is supported by organizational characteristics that continue to apply positive values, individual characteristics of strong SME owners/actors, good control over business environment changes. For example, the restaurant that is planning to open another new branch in other areas. This indicates that the organizational characteristics, individual characteristics, and environmental changes in SMEs affect the ability of SMEs in the creation of organizational entrepreneurs of SMEs.

The Effect of Organizational Characteristics and Environmental Changes on The Creation of Organizational Entrepreneurs of SMEs Through Individual Characteristics as Intervening Variables

Pursuant to result of partial path analysis on SME of Palembang City indicated that individual characteristic variable mediates Organizational Characteristic and Environmental Change on Creation of Organizational Entrepreneurs of SMEs. Thus, it can be said that the characteristics of organization/SMEs, environmental changes (external/internal SMEs), as well as the mediation of individual characteristics of SME actors had an effect on the creation of SME Organizational Entrepreneurs. This means that there is

great potential in the future that there will be many new SME actors that will emerge due to the creation of Organizational Entrepreneurs that have been formed previously. Thus, through existing SME, it will create new work units or new SMEs that use new energy that can support the economy. Especially that balanced with the highly productive age population in Indonesia that has not been matched by the availability of jobs to encourage productive workers to innovate and create their own jobs so that will emerge SMEs actors in Indonesia.

4. Conclusion And Suggestion

Based on the discussion that has been performed, then in this study obtained the following conclusions: 1. Characteristics of the organization had a significant positive effect on individual characteristics (first hypothesis is accepted), 2. Changes in the business environment had a significant and positive effect on individual characteristics (second hypothesis is accepted), 3. Characteristics of the organization had a significant and positive effect on the creation of organizational entrepreneurs of SMEs (third hypothesis is accepted), 4. Changes in the business environment had a significant and positive effect on the creation of organizational entrepreneurs of SMEs (fourth hypothesis is accepted), 5. Individual characteristics had a significant and positive effect on the creation of organizational entrepreneurs of SMEs (fifth hypothesis is accepted), 6. Organizational characteristics, individual characteristics, and environmental changes had a significant and positive effect on the creation of organizational entrepreneurs of SMEs (the sixth hypothesis is accepted), 7. Organizational characteristics and environmental changes had a significant and positive effect on the creation of organizational entrepreneurs of SMEs through individual characteristics as intervening variables (the seventh hypothesis is accepted). Future research development can be performed by incorporating strategic orientation, knowledge integration, strategic reactivity, organizational capability, ethnic factor, and focus on studies for SMEs that are hereditary family businesses.

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