

COMPREHEND THE THEORY AND CONCEPT OF ENTREPRENEUR COMPETENCY

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Abstract. Entering the 21st century, there are many major changes in business practices for both the pioneering scale and the scale of its development. Entrepreneurs are thinking hard in creating competitive advantage. Various kinds of management technologies and concepts that already available have been already applied to their business. So far, although they have applied intensely and massively, it hasn't shown on the performance of their business. The concept of "Amati, Tiru, dan Modifikasi (ATM)" has been done by their competitors. So the alternative that possible to have a competitive advantage is through creating knowledge, attitudes, and behavior of human resources, so that creativity and innovative mindset can appear on any individual within the business organization.

Many companies and organizations in Indonesia have implemented a competency-based management system. Two factors that greatly affect a person's competence are: a) Genetic factors that are genetic (internal factors), b) Factors that affect cumulatively from small to adult, for example: education and experience.

The economic development of a state will increase if the people who become entrepreneur needed a proportion of 2%. So to fulfill that proportion, Indonesians who became entrepreneur are 4.8 million people.

The purpose of applying individual competencies within a company or organization is to improve the internal performance of a company or organization to create competitive advantage while increasing productivity and efficiency.

Keywords : Competence, Creativity, Innovation, Productivity, Efficiency, Competitive Advantage.

I. INTRODUCTION

A. The Meaning of Competency

Competency is the ability of each individual's work that includes aspects of knowledge, skills and work attitudes in accordance with the established standards (BNSP 2015) and sanctions on the limits / definitions used in UU No.13 Tahun 2013.

The concept of competence comes through an article entitled: "Testing for

Competence Rather Than Intelligence" written by David McClelland (1973).

Spencer and Spencer (in Palan, 2007: 6), define that competency is a reference to the underlying characteristics of behaviors that describe the motives, personal characteristics, self-concepts, values, knowledge or skills produced by an individual in superior performance in the workplace. Furthermore, the five characteristics that make up the competence are described as follows :

- a) Knowledge : An information and learning outcomes.
- b) Skills : A person's ability to perform an activity.
- c) Self-concept and values: The attitude, values and self-image of a person after successfully doing something in certain situations.
- d) Personal Characteristics : Physical and emotional characteristics such as self-control
- e) Motives : Emotions, desires, psychological needs or other things that trigger action.

According to Parulian Hutapea (2008) in his book "Competence Plus", states that the application of competence can't be separated from one's ability to use intellectual thinking (cognitive) and control his emotions. Competence will affect the perspective, actions, and character of a person.

Ventureprice, Inc., 2013 defines that competence is an individual characteristic that performs effective and / or superior performance in a job.

B. The Meaning of Entrepreneur

Entrepreneur is someone who can combine many resources in the form of labor, materials and other assets that can ultimately create greater value than before, and people who bring change, innovation and new rules can also be called an *entrepreneur* (Hisrich, R.D, 2005)

Entrepreneurship is an *entrepreneurial* spirit that is built to connect the science with the needs, the desire that equal with market expectations. *Entrepreneurship* includes setting up new companies, activities and managerial skills that an *entrepreneur* needs (Hisrich, R.D, 2005).

Entrepreneurship, by Pasaribu. M (2016) is defined as a business creation process from the result of *opportunities* that an *entrepreneur* sees.

Entrepreneurial is an activity or activity in running a business / business that has an entrepreneur's mindset.

An *entrepreneur* according to Ir. Ciputra (2011), must have a mindset, spirit, and

competence to transform dirt and wreckage into gold. They will eventually have a golden ladder that capable of bringing people out of poverty into abundant prosperity and then carrying out charity.

C. Entrepreneur Competency

Entrepreneurs have various profiles, they come from diverse backgrounds, cultures, experiences and education, so the mindset and behavior is very heterogeneous. Some think the importance of working as an intrapreneur and the others immediately start their own business. Entrepreneurs who get fund to start their business is commonly derived from personal savings or borrow it from friends and family. But any business model that will be implemented should have the competence to the area that will be cultivated. Alternatives that can be selected such as: *Market Driving*, *Market Driven* or anything that *Disruptive*. Each of these alternatives needs a different competencies.

Rhenald Kasali (2017), in the book "Disruption" states that right now the world is a new era - the era of disruption. This era requires *disruptive regulation*, *disruptive culture*, *disruptive mindset*, and *disruptive marketing*. Some researchers even said that is very possible to require a *disruptive competences*.

All of this happens because of technological advances. Like it or not, the *Internet of Things* (IoT) forms the current business map using a pattern that has never been known before (Rhenald K, 2017). Entrepreneurs who are still in the stage of *livehood activities* need to increase their competence to enter the stage of *fast moving enterprises*.

II. LITERATURE REVIEW

A. Earlier Research

The first research conducted by Inyang (2009) states that "*entrepreneurial competence* is an ability that related to the knowledge, attitudes, and skills an entrepreneur must

possess through managerial training and enable him to produce different performance, and maximize profit, when someone runs a business or a business". Seeing the current business competition is so sharp, then the next research conducted by Achmad Daengs GS, Mahjudin & Mashudah (2012) states that "Business competition is currently can't be avoided, either for products or services so it is important to have a strategy to win the competition". While facing the limited employment phenomenon, someone must have the competency to create employment, it is also stated by research conducted by Suzan Fhelda Febrina and Achmad Daengs GS (2017) as follows: "To face the employment that narrow and difficult, college graduates must have competencies that are better when compared with other college graduates. Besides that about the brand and the quality of products or services produced by an entrepreneur must be noticed in order to get a positive *positioning*." MA Rafhdian, Achmad Daengs GS & Andi Farouq Hasan (2016) conducted a study which concluded that "Brand will make it easier for consumers to identify products or services that being offered and also to make consumers convinced"

B. Entrepreneurship Competency Theory

Entrepreneurship competency can be defined as a competence that involves the creation, management, support, and development of ideas from the entrepreneur in a consequential and market-oriented way (Chandler Dan Hanks, 1994). The first entrepreneurial competence puts more emphasis on the actual entrepreneur's ability to carry out entrepreneurial duties (Ahmad NH 2007; Man and Lau, 2000) and secondly, entrepreneurial competence can also be said to be the standard of outcomes or outcomes set to achieve (Rowe, 1995; Hoffman, 1999).

According to Venture, Inc. (2013) there are several levels in entrepreneurial competence, such as :

1. Personal Effectiveness Competencies

- a. Interpersonal Skills.
- b. Strong Initiative
- c. Ambition
- d. Adaptability & Flexibility
- e. Willingness To Take Risks
- f. Willingness To Learn
2. Workplace Competencies
 - a. Creative Thinking
 - b. Networking
 - c. Planning And Organizing
 - d. Problem Solving & Decision Making
 - e. Checking, Examining, & Recording
 - f. Business Fundamentals
 - g. Computer Applications
3. Industry Wide Competencies
 - a. Principle Of Entrepreneurship
 - b. Innovation & Invention
 - c. Planning
 - d. Marketing
 - e. Financial Management
 - f. Business Operations
 - g. Risk Assessment & Management
4. Industry Sector Technical Competencies
 - a. Youth Entrepreneurship
 - b. Micro Enterprise
 - c. Small Business Development
 - d. Social Entrepreneurship
 - e. High Growth-High Value Entrepreneurship
5. Layers Of Competency

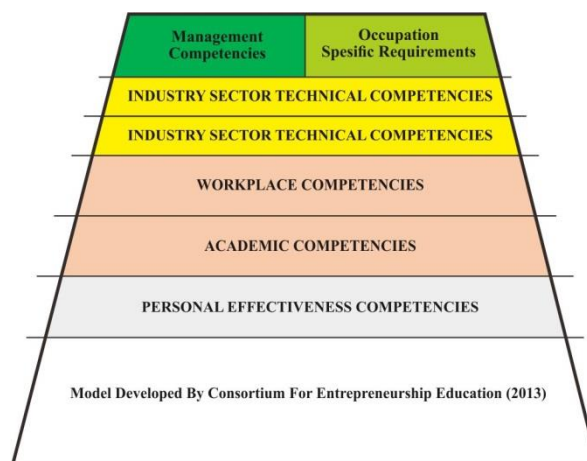


Fig.1

From the *layers* above, it can be seen that *Personal Effectiveness Competencies* is the main foundation to achieve the next competencies.

III. DATA ANALYSIS

Characteristics of 100 independent entrepreneurs (University graduates) who were interviewed by researchers more than 75% stated that to obtain the expected competence, they work on a company as an intrapreneur. The working period is varied from 0-5 years as many as 25% and 6-10 years as many as 28%. So after 10 years the remaining, 47% remain as an intrapreneur.

Table 1
100 respondents

Intrapreneur 75% 75 peoples	0-5 years	6-10 years	>10 years
	19 peoples	21 peoples	35 peoples
Entrepreneur 25% 25 peoples	25 peoples (immediately build a business after graduate from college)		

A. Entrepreneurial Motives

- a. Need For Achievement : maintaining high standards and aspiring to accomplish difficult task.
- b. Locus Of Control : the degree to which a person believes that their actions can directly affect an event, or that they can control an outcome.

Task Specific Motivations

- a. **Goal Setting** : Entrepreneurs who are motivated to set goals, particularly business **growth** goals, have been found to **increase firm growth**, along with firm **performance** and **innovation**.
- b. **Self Efficacy** : a person's belief in their own ability, in other words, their task specific self-confidence.

IV. CONCLUSION

From the interviewed respondents, it appears that the confidence to be an *entrepreneur* is still low (25%). They haven't gained a comprehensive understanding of the skills that needed to become an *entrepreneur* and the mindset an *entrepreneur* must possess.

V. SUGGESTIONS

Formal and non-formal education institutions need to undertake training and understanding of skills required by an entrepreneur (marketing & business skills) and *mental skills*. Researchers suggest that one's *mental skills* need to be established in order to have *growth mindset* and not become a *fix mindset* as explained by Carol Dweck (2006).

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