Personality traits: Support for survive in pandemic Covid-19 for SMEs

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Abstract

Purpose – Small and Medium Enterprises (SMEs) play an important role in the Indonesian economy. However, the Covid-19 pandemic has hampered the economic sector, companies must be able to create the best market opportunities one way through which entrepreneurial personality traits and skills can influence the market and entrepreneurial orientation. Therefore, it is important to know the important role of the personality and skills of SME owners in responding to this situation. Based on this, this study aims to examine the relationship between personality traits, entrepreneurial orientation, market orientation and performance.

Methodology – This study uses a survey with a structured questionnaire with a total of 103 SMEs owners in Indonesia.

Findings – This study shows that the ability to negotiation skill and risk taking has a significant effect on both entrepreneurial orientation and market orientation, but optimism and locus of control have no effect on market orientation and orientation.

Implications – This study promises to examine how the positive role of personality traits here can help managers view any crisis in a new perspective. As for the managerial implications a manager can use the influence of their personality to inspire and mobilize their team to work effectively to achieve common goals.

Originality – This research is to provide a useful view for SMEs owners, it is important to be entrepreneurship and market oriented in order to improve SMEs performance and increase awareness of the importance and adopting new technology as an effort to deal with the Covid-19 and anticipate the economy in the future.

Cite this article:

Introduction

Small and medium-sized enterprises (SMEs) have an important role in the economy of a country, especially developing countries such as Indonesia. However, the Covid-19 pandemic has hampered the economic sector which has an impact on the sustainability of SMES performance. When entering a prolonged period of economic crisis, SMEs show signs such as declining sales, shrinking profits, increased financing, and difficulty meeting obligations to suppliers (Bourletidis, 2013).

Although the government has developed loan schemes to help these companies survive the pandemic, it is not enough as they need more cash flow to retain workers, pay rent, and reinvest in their infrastructure (Caballero-Morales, 2021). In addition, the large number of office employees affected by layoffs (PHK) also forced most of them to start businesses to continue their lives, which eventually led to increasingly significant business competition between SMEs actors (Putra & Santoso, 2020).
The Covid-19 pandemic has created unfavorable economic, social and financial conditions, so a strategy is needed to be able to survive in uncertainty. Many SMEs may disappear due to “new normality” which requires changes in business management and infrastructure, so to avoid this risk new innovations are needed (Caballero-Morales, 2021). Crisis can indeed cause serious problems, but at the same time can create the best market opportunities if you have an innovative and proactive attitude. Novelty does not only come from complex innovations, but can also come from simple innovations by utilizing commonly used resources (Sun et al., 2021).

SMEs actors have the potential for more flexible decision making and a customer-based approach to create new opportunities (Eggers, 2020). Researchers (Abell et al., 2007; Felin & Hesterly, 2007; Teece, 2007) have highlighted the important role of individuals in creating and sustaining competitive advantage, this shows that the micro foundation of SMEs capabilities is supported by the abilities and traits of individual entrepreneurs that influence the orientation of entrepreneurs strategic. According to Andres and Round (2015) one of the resilience to overcome creative SMEs in responding to economic downturns is the capacity of SMEs owners/managers such as adaptability, finance and business development based on an entrepreneurial spirit, sustainable work excellence and a strong corporate reputation. In addition, personality traits for entrepreneurship with a large locus of control are also needed (Colakoglu & Gozukara, 2016). Therefore, this study explores the personality traits and skills of SMES owners/managers in dealing with the crisis caused by the Covid-19 pandemic.

Previous research has revealed the link between finance and strategy, particularly the Entrepreneurial Orientation and Market Orientation, where to be innovative requires the availability of financial resources. Genc et al. (2019) stated that SMEs need to adopt an Entrepreneurial Orientation (EO) and Market Orientation (MO) approach to achieve successful innovation performance. Unfortunately, financial institutions prefer less innovative investments in times of crisis to avoid risk (Lee et al., 2015). This raises the dilemma of how EO and MO can improve performance and help survival in times of crisis.

Research Purposes

1. Testing the influence of certain personality traits and skills such as Negotiation Skills, Optimism, Locus of Control, Risk Taking on Entrepreneurial Orientation (EO) and Market Orientation (MO) of SMEs in the time of the Covid-19 pandemic.

2. Testing the effect of Entrepreneurial Orientation (EO) and Market Orientation (MO) in influencing SMES performance during the Covid-19 pandemic.

Literature Review

Personality Traits and Skills towards Entrepreneurial Orientation (EO) and Market Orientation (MO)

Every human being lives with characteristics that influence the way they think, feel and behave in their daily life. Humans have personality traits, namely certain tendencies to feel, think, and act in certain ways that can be used to describe the personality of each individual (Jones & George, 2016). Personality is considered as one of the important concepts in psychology because it can affect a person's ability to make decisions. Espíritu-Olmos and Sastre-Castillo (2015) identify characteristics that have a positive effect on entrepreneurial intentions. The interpersonal interaction of entrepreneurs is a determinant of success in negotiating (Artinger et al., 2015). Therefore, it is important to understand the personality of managers because their personality traits and skills influence their behavior and approach in managing the company (Elenurm et al., 2014; Espíritu-Olmos & Sastre-Castillo, 2015; Song et al., 2015).

The Covid-19 pandemic has had such an impact on the world economy that in times of challenging crisis, entrepreneurs' ideas for a brighter future can fuel their efforts to be more effective in the competitive arena and better serve customer needs. It also seems that when entrepreneurs manage to maintain optimism when operating their SMEs in an uncertain environment, they can foster a more innovative culture. At the same time, optimism is likely to encourage SMES owners to
be more determined in the business arena to identify and take advantage of new opportunities to be proactive and take risks at the corporate level (Morris & Paul, 1987).

This study uses several personality traits and skills: (1) Negotiation skills are considered important in the business world, these skills are in the form of interacting and communicating to determine results (Artinger et al., 2015); (2) Optimism represents one's hope for improvement in life and the general economic environment (Wally & Baum, 1994); (3) Locus of control is how much control a person has over what is happening around them (Jones & George, 2016, p. 67); (4) Risk taking reflects the company's willingness to exploit uncertain business initiatives (Hock-Doepgen et al., 2021).

Entrepreneurial Orientation (EO) is defined as the strategy of top managers and entrepreneurs in recognizing and exploiting business opportunities and implementing new innovations (Bouncken et al., 2020; Jose Luis Ferreras-Mendez et al., 2021). EO is proven to have a positive impact on SMEs during times of crisis (Soininen et al., 2012). Market Orientation (MO) is a business culture that results in outstanding performance through its commitment to creating superior value for customers (Slater & Narver, 2000). Lukas and Ferrell (2000) state that market orientation is a process in generating and shaping market intelligence (market intelligence) as the goal of creating value for customers. There are three components of market orientation: (1) customer orientation; (2) competitor orientation; (3) coordination between functions. MO is considered an important strategic choice that has a positive effect on business performance (Matsuno et al., 2002).

Previous research has shown that EO and MO have a positive impact on company performance, but the Dark Triad (DT) personality trait can suppress this positive effect (Bouncken et al., 2020). On the other hand, SMEs personality traits and skills such as optimism, locus of control, risk taking, and negotiation skills have a positive effect on EO and OP (Kottika et al., 2020). Individual characteristics of SMEs owners or managers play a major role for success, especially EO which is complemented by these characteristics (Palmer et al., 2017). According to Petzold et al. (2019) the perception of managers in facing a recession will affect the company's performance by using a more proactive MO.

According to Kottika et al. (2020) the micro foundation of SMES capabilities supported by the capabilities and characteristics of individual entrepreneurs can affect the company's strategic orientation during times of crisis. In the current state of the Covid-19 pandemic, traits and personalities are needed that can improve EO and MO so that they can implement relevant strategies to achieve higher quality standards in improving SMEs products and services in order to achieve competitive advantage.

H1: The personality traits and skills of SMEs, namely Negotiation skills, Optimism, Locus of Control, and Risk Taking have a positive effect on Entrepreneurial Orientation.

H2: The personality traits and skills of SMEs, namely the ability to Negotiation skills, Optimism, Locus of Control, and Risk Taking have a positive effect on Market Orientation.

Entrepreneurial Orientation (EO) dan Market Orientation (MO) towards Performance

SMEs need to adopt an Entrepreneurial Orientation (EO) and Market Orientation (MO) approach to achieve successful innovation performance (Gene et al., 2019). Entrepreneurial orientation (EO) is an important predictor of company performance (Palmer et al., 2017). EO is proven to improve company performance and contribute to the development of new products (Jose Luis Ferreras-Mendez et al., 2021). Companies with high EO will show innovative behavior based on a willingness to take risky projects, on the other hand companies with low EO will be careful in innovating and don't want to take risky projects (Sidik, 2012). Previous research has proven that EO has a positive effect on company performance (Martinez et al., 2018; Sabahi & Parast, 2020; Soininen et al., 2012). Entrepreneurship-oriented companies will be more innovative and proactive, this will help increase company profitability and reduce the negative impact of the crisis (Beliaeva et al., 2020). Furthermore, Acosta et al. (2018) prove that EO SMEs have a positive effect on international performance, which shows the importance of being entrepreneurship-oriented in anticipating the future and taking advantage of business opportunities.
Market orientation (MO) plays a strong role in the performance of SMEs, where there is a tendency to behave in a more reactive OP mode (Li et al., 2011; Sidik, 2012; Slater & Narver, 2000). In addition, MO also positively affects business performance (Matsuno et al., 2002; Wahyono & Hutahayan, 2021), even when experiencing a crisis, market-oriented companies positively affect marketing innovation so as to help increase competitive advantage and help the company's survival (Naidoo, 2010). If the SMEs MO is implemented properly, it will encourage innovation in its business model (Randhawa et al., 2021). During times of economic crisis, SMEs have been proven to use a proactive market-oriented approach (Petzold et al., 2019). SMEs actors must be able to invest tangible and intangible assets to choose the best business strategy and install an organizational culture that creates efficient and effective behavior by practicing MO to improve organizational performance (Abdul-Mohsin et al., 2012).

Several previous studies (Becherer & Maurer, 1998; Morris & Paul, 1987) found a significant correlation between EO and MO. Matsuno et al. (2002) have proposed that EO can be an antecedent to MO. Tzokas et al. (2001) found that entrepreneurial orientation and marketing work synergistically and both are critical to the success of small firms. According to Baker and Sinkula, (2009) in small companies, EO complements MO by instilling an opportunistic culture that has an impact on the quality and quantity of company innovation. The positive impact of MO and EO on business performance has been demonstrated in emerging markets as well (Gruber-Muecke & Hofer, 2015). Previous research has proven that SMEs with EO and MO are able to survive in the crisis era. For this reason, it is hoped that entrepreneurship-oriented and market-oriented SMEs during the Covid-19 pandemic will be able to improve SMES performance.

H$_3$: Entrepreneurial Orientation (EO) has a positive effect on Market Orientation (MO)
H$_4$: Entrepreneurial Orientation (EO) has a positive effect on SMES performance
H$_5$: Market Orientation (MO) has a positive effect on SMES performance

Research Methods

Data and Sample

This study uses primary data obtained through questionnaires distributed online using Google Form with the following criteria: (1) Indonesian citizens; (2) SMEs owners or managers who employ less than 100 employees and play a central role in company management and strategic decisions. The number of respondents collected during the research period (1 August-1 September 2021) was 103 respondents.

The questionnaire includes two parts: (1) The first part collects demographic information such as gender, age, product/service sector offered, number of employees, geographic location, and age of business; (2) The second part contains a series of structured questions designed to obtain information about the respondents' perspectives on personality traits and skills, Entrepreneurial Orientation (EO), Market Orientation (MO), and performance Kottika et al. (2020). In the second part of the questionnaire using a 7-point Likert Scale, which is a scale designed to test how strongly respondents agree with a statement (Sekaran & Bougie, 2016, p. 207), where number one represents "Strongly Disagree (SD)" to number seven represents “Strongly Agree (SA)".

Research Methodology

This study uses descriptive statistics as a preliminary tool to describe sample data and an overview of the basic research concepts that present data in the form of the number of observations, averages, standard deviations, and skewness to assess the normality of the data (Cooper & Schindler, 2013). The validity of research instruments refers to how well an empirical indicator and conceptual definition of the construct that should be measured by the indicator is considered fit (Neuman, 2013). The questionnaire used in this study refers to the questionnaire used by Kottika et al. (2020) which has been proven to pass discriminant validity. Furthermore, reliability testing using Cronbach Alpha is a reliability measure that ranges from 0 to 1 with a value of 0.60 to 0.70 considered an acceptable lower limit (Hair et al., 2014), then to testing the validity of this study was measured using the Item-to-item ($\geq 0.20$) and Item-to-total ($\geq 0.50$) correlation values (Duncan et al., 2018).
Nexr, to test the relationship between the independent and dependent variables, this study used Pearson's correlation. Pearson correlation analysis is usually used to ensure that there is no multicollinearity problem between variables, this can be seen from the correlation significance value at the 1% level. Finally, this study uses a regression test using SPSS to test hypotheses 1 to 5.

![Personality Traits and Skills](image)

**Figure 1.** Depict all hypotheses in this study

### Results and Discussion

#### Respondent Description

This section discusses the results of data collection, which was obtained by distributing questionnaires to SMEs actors. The description of the research starts from the exposure related to the characteristics of the respondents, the characteristics of the company, the results of testing research instruments, descriptive statistics, results of hypothesis testing and discussion.

<table>
<thead>
<tr>
<th>Category</th>
<th>N = 103</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>49</td>
<td>47.6%</td>
</tr>
<tr>
<td>Female</td>
<td>54</td>
<td>52.4%</td>
</tr>
<tr>
<td><strong>Owner/Manager Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 25 years</td>
<td>11</td>
<td>10.6%</td>
</tr>
<tr>
<td>26-40 years</td>
<td>57</td>
<td>55.4%</td>
</tr>
<tr>
<td>41-55 years</td>
<td>23</td>
<td>22.3%</td>
</tr>
<tr>
<td>&gt; 55 years</td>
<td>12</td>
<td>11.7%</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-10 people</td>
<td>99</td>
<td>96.1%</td>
</tr>
<tr>
<td>11-30 people</td>
<td>3</td>
<td>2.9%</td>
</tr>
<tr>
<td>&gt; 31 people</td>
<td>1</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>SMEs Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 5 years</td>
<td>60</td>
<td>58.3%</td>
</tr>
<tr>
<td>&gt; 20 years</td>
<td>12</td>
<td>11.7%</td>
</tr>
<tr>
<td>11-20 years</td>
<td>15</td>
<td>14.6%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>16</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>7</td>
<td>6.8%</td>
</tr>
<tr>
<td>Provision of Accommodation and Provision of</td>
<td>38</td>
<td>36.9%</td>
</tr>
<tr>
<td>Food and Drink</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, Forestry and Fisheries</td>
<td>35</td>
<td>34.0%</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>5</td>
<td>4.9%</td>
</tr>
<tr>
<td>Processing industry</td>
<td>8</td>
<td>7.8%</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>2</td>
<td>1.9%</td>
</tr>
<tr>
<td>Other Service Activities</td>
<td>8</td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>Geographical Distribution</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sumatra</td>
<td>42</td>
<td>40.8%</td>
</tr>
<tr>
<td>Java</td>
<td>55</td>
<td>53.4%</td>
</tr>
<tr>
<td>Sulawesi</td>
<td>1</td>
<td>1.0%</td>
</tr>
<tr>
<td>Borneo</td>
<td>3</td>
<td>2.9%</td>
</tr>
<tr>
<td>Bali</td>
<td>1</td>
<td>1.0%</td>
</tr>
<tr>
<td>NTB/NTT</td>
<td>1</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
From Table 1, it is known that women dominate as much as 52.4% as owners of SMEs compared to 47.6% of men. This is in line with what was conveyed by the Minister of Finance Sri Mulyani who stated that the Covid-19 pandemic had a greater impact on women, where in the informal sector such as SMEs 93% of workers and perpetrators were women. In addition, Table 1 shows that for data on the age of respondents, respondents aged 26-40 years were mostly 55.4%, respondents aged 41-55 years were 22.3%, respondents aged >55 years were 11.7% and last <25 years by 10.6%.

The study also found that 96.1% of SMEs have 1-10 workers, followed by 2.9% and 1% have 11-30 and <30 workers, respectively. Furthermore, Table 1 shows that the most SMEs have been in existence for <5 years, namely 58.3%, 5-10 years as many as 15.5%, 11-20 years as many as 14.6%, and finally 11.7% have existed for >20 years.

From the corporate sector, it is dominated by the Accommodation and Food and Beverage sector at 36.9%, followed by the Agriculture, Forestry and Fisheries sector at 34%, the Manufacturing Industry and Other Service Activities sector at the same amount at 7.8%, Arts, Entertainment and Recreation as much as 6.8%, Wholesale and Retail Industry Sector as much as 4.9% and Professional, Scientific and Technical Services to EO the last position with 1.9%. Meanwhile, in terms of geographical distribution or the location of the existence of SMEs, it is dominated by Java Island as much as 40.8%, then Sumatra Island as much as 40.8%, Kalimantan Island as much as 2.9%, and Sulawesi, Bali, NTB. /NTT with 1% each.

Reliability and Validity Test

This study conducted reliability testing using the Cronbach Alpha method where the question items on the questionnaire were considered reliable if the Cronbach Alpha coefficient value 0.70 (Hair et al., 2014, p. 95). Table 2 shows the results of Cronbach Alpha all variable items meet the criteria so that the question items in this research questionnaire are declared reliable.

<table>
<thead>
<tr>
<th>Items</th>
<th>Cronbach Alpha</th>
<th>Item to Item Correlation ≥ 0.2</th>
<th>Item to Total Correlation ≥ 0.5</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>NS</td>
<td>0.827</td>
<td>0.215</td>
<td>0.757</td>
<td>NS2, NS5, NS6</td>
</tr>
<tr>
<td>O</td>
<td>0.863</td>
<td>0.639</td>
<td>0.712</td>
<td>All items accepted</td>
</tr>
<tr>
<td>LC</td>
<td>0.789</td>
<td>0.229</td>
<td>0.627</td>
<td>LC2</td>
</tr>
<tr>
<td>RT</td>
<td>0.844</td>
<td>0.166</td>
<td>0.704</td>
<td>RT1, RT2, RT7</td>
</tr>
<tr>
<td>EO</td>
<td>0.874</td>
<td>0.221</td>
<td>0.733</td>
<td>EO1, EO7, EO8</td>
</tr>
<tr>
<td>MO</td>
<td>0.918</td>
<td>0.116</td>
<td>0.851</td>
<td>MO2, MO3, MO5, MO6, MO9</td>
</tr>
<tr>
<td>P</td>
<td>0.949</td>
<td>0.506</td>
<td>0.877</td>
<td>All items accepted</td>
</tr>
</tbody>
</table>

Note: NS is Negotiation skills; O is Optimism; LC is the Locus of Control; RT is Risk Taking; EO is Entrepreneurial Orientation; MO is Market Orientation; P is SMEs Performance

Table 2 shows the results of several question items that do not meet the validity criteria. In the Negotiation skills (NS) variable, the minimum Item-to-total value is 0.490 < 0.50 so that the question items NS2, NS5, and NS6 must be deleted. The item-to-total value on the Locus of Control (LC) variable is 0.494 < 0.50 so the LC2 question item must be deleted. Likewise, the item-to-item and item-to-total values of the Risk Taking (RT) variable are 0.166 < 0.20 and 0.318 < 0.50 so that the question items RT1, RT2, and RT7 must be deleted. Question items EO1, EO7, and EO8 should also be deleted because the item-to-total value of 0.454 < 0.50. Furthermore, the item-to-item and item-to-total values of the Market Orientation (MO) variables are 0.116 < 0.20 and 0.367 < 0.50 so that the question items MO2, MO3, MO5, MO6, MO9 must be deleted. On the other hand, the correlation results from the Optimism variable (O) and the SMEs Performance variable (P) have met the criteria so that all question items of the two variables can be accepted.
Table 3. Results of Cronbach Alpha and item-to-item/item-to-total after deletion

<table>
<thead>
<tr>
<th>Items</th>
<th>Cronbach Alpha</th>
<th>Item to Item Correlation ≥ 0.2</th>
<th>Item to Total Correlation ≥ 0.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Min</td>
<td>Max</td>
</tr>
<tr>
<td>NS</td>
<td>0.842</td>
<td>0.498</td>
<td>0.757</td>
</tr>
<tr>
<td>O</td>
<td>0.863</td>
<td>0.639</td>
<td>0.712</td>
</tr>
<tr>
<td>LC</td>
<td>0.772</td>
<td>0.406</td>
<td>0.627</td>
</tr>
<tr>
<td>RT</td>
<td>0.813</td>
<td>0.393</td>
<td>0.681</td>
</tr>
<tr>
<td>EO</td>
<td>0.896</td>
<td>0.443</td>
<td>0.733</td>
</tr>
<tr>
<td>MO</td>
<td>0.896</td>
<td>0.389</td>
<td>0.851</td>
</tr>
<tr>
<td>P</td>
<td>0.949</td>
<td>0.506</td>
<td>0.877</td>
</tr>
</tbody>
</table>

Note: NS is Negotiation skills; O is Optimism; LC is the Locus of Control; RT is Risk Taking; EO is Entrepreneurial Orientation; MO is Market Orientation; P is SMEs Performance

Table 3 presents the results of the Cronbach Alpha and Item-to-item/item-to-total tests after deleting invalid items. All research variable question items have met the criteria so that they are considered reliable and valid to be tested.

Hypothesis Test

Before testing the hypothesis, this study tested the relationship between the independent variable and the dependent variable using Pearson’s correlation. Table 4 shows the Pearson correlation which is usually used to show the value of the correlation between variables in research and describes the strength and relationship between variables without the requirement of normality. According to the data from Table 4, it is known that there are several relationships between variables that are weakly correlated ($r = 0.144$, $p < 0.01$), namely Optimism towards Risk Taking, Optimism towards Performance ($r = 0.272$, $p < 0.01$), and Decision Making. Risk on Performance ($r = 214$, $p < 0.01$), and there are several variables that have a strong correlation. The variables in question are Negotiation skills to Optimism ($r = 0.735$, $p < 0.01$), and have a fairly strong correlation, namely Risk Taking on Entrepreneurial Orientation ($r = 0.598$, $p < 0.001$) and Entrepreneurial Orientation on Market Orientation ($r = 0.538$, $p < 0.001$).

Hair et al (2014) stated that the condition of the relationship between such variables is an early indication of multicollinearity. Multicollinearity can interfere with research models because it can reduce the ability to predict the dependent variable. In addition, multicollinearity can also reduce the ability of the research model to ascertain the relative role of each variable. Because a high correlation value is still an early indication of multicollinearity, it is recommended to carry out further testing by checking the tolerance and variance inflation factor (VIF) values. Based on the test results, the VIF value in each correlation between variables has a value of 1.00. According to Hair et al (2014) if the VIF value is equal to 1.00, it can be concluded that there is no multicollinearity in the relationship between these variables.

Table 4. Pearson correlation matrix

<table>
<thead>
<tr>
<th>VIF</th>
<th>NS</th>
<th>O</th>
<th>LC</th>
<th>RT</th>
<th>EO</th>
<th>MO</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>NS</td>
<td>2,781</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>1,652</td>
<td>0.499***</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LC</td>
<td>1,668</td>
<td>0.450***</td>
<td>0.484***</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT</td>
<td>1,932</td>
<td>0.364***</td>
<td>0.144</td>
<td>0.441***</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EO</td>
<td>1,891</td>
<td>0.478***</td>
<td>0.265***</td>
<td>0.462***</td>
<td>0.598***</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>MO</td>
<td>2,465</td>
<td>0.735***</td>
<td>0.417***</td>
<td>0.338***</td>
<td>0.377***</td>
<td>0.538***</td>
<td>1,000</td>
</tr>
<tr>
<td>P</td>
<td>2,285</td>
<td>0.577***</td>
<td>0.272***</td>
<td>0.214**</td>
<td>0.346***</td>
<td>0.469***</td>
<td>0.744***</td>
</tr>
</tbody>
</table>

Note: *** significant at 1%; ** significant at 5%

Testing the hypothesis of this study was carried out using the linear regression method where table 5 shows the R-Square which is the proportion of variance of the dependent variable explained by the independent variable. The R-Square values in hypotheses 1 and 2 are 0.453 and
0.562, where the independent variables, namely Negotiation skills (NS), Optimism (O), Locus of Control (LC), and Risk Taking (RT) simultaneously affect the dependent variable Entrepreneurial Orientation (EO) and Market Orientation (MO) of 45.3% and 56.2%, respectively.

In hypothesis 3, the independent variable, namely EO, simultaneously affects the independent variable MO by 28.9%. Hypotheses 4 and 5 show R Square values of 0.219 and 0.454, where the independent variables, namely EO and MO, simultaneously affect the dependent variable of SMEs performance (P) by 21.9% and 45.4%, respectively. The results of the ANOVA regression showed that all the models of this study were significant at the 1% significance level.

Table 5. Hypothesis testing results

<table>
<thead>
<tr>
<th>Hypothesis 1</th>
<th>Hypothesis 2</th>
<th>Hypothesis 3</th>
<th>Hypothesis 4</th>
<th>Hypothesis 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>KN</td>
<td>0.431***</td>
<td>1.155***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>0.010</td>
<td>0.254</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LK</td>
<td>0.232</td>
<td>-0.115</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>0.515***</td>
<td>0.180**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EO</td>
<td></td>
<td></td>
<td></td>
<td>0.541***</td>
</tr>
<tr>
<td>MO</td>
<td></td>
<td></td>
<td></td>
<td>0.776***</td>
</tr>
<tr>
<td>R Square</td>
<td></td>
<td></td>
<td></td>
<td>0.963***</td>
</tr>
<tr>
<td>Anova</td>
<td></td>
<td></td>
<td></td>
<td>0.000***</td>
</tr>
</tbody>
</table>

N | 103 | 103 | 103 | 103 | 103

Note: *** significant at 1%; ** significant at 5%

Furthermore, table 5 shows the variables in hypothesis 1, namely NS and RT, which are significant at the 1% level with coefficients of 0.431 and 0.515. These results support the notion that the higher the negotiation and risk-taking ability of SMEs/company, the higher the entrepreneurial orientation. On the other hand, the variables O and LC are not significant so that the hypothesis of optimism and locus of control affecting entrepreneurial orientation is rejected.

Likewise with the results of the regression of hypothesis 2 where the NS variable is significant at the 1% level with a coefficient of 1.155 and the RT variable is significant at the 5% level with a coefficient of 0.180. This result also shows that the higher the negotiation and risk-taking ability of SMEs/company, the higher its market orientation. Variables O and LC in hypothesis 2 are also not significant so that the hypothesis is rejected. The results of the analysis of hypotheses 1 and 2 prove that only Negotiation skills and Risk Taking have a positive influence on Entrepreneurial Orientation and Market Orientation.

The results of hypothesis 3 in table 5 show that this hypothesis is supported because it is significant at the 1% level with a coefficient value of 0.541. These results indicate that entrepreneurial orientation has a positive effect of 54.1% on market orientation. Furthermore, Hypotheses 4 and 5 are also supported at 1% significance with coefficient values of 0.776 and 0.963. These results prove that entrepreneurial orientation and market orientation positively affect SMEs performance by 77.6% and 96.3%.

Discussion

The results of testing hypotheses 1 and 2 show that only Negotiation and Risk Taking Ability have a positive influence on Entrepreneurial Orientation and Market Orientation. According to Artinger et al. (2015) entrepreneurs use emotions and arguments extensively as a means of persuasion to achieve success. Herbst et al. (2011) also stated that negotiation is an important implication on marketing practice. Marketing practitioners must pay attention to the findings or information available and apply them in negotiations. The latest research by Kottika et al. (2020) also shows the results where the more negotiation skills of entrepreneurs, the more market and entrepreneurial abilities developed by SMEs. If they can carry out a better negotiation process with suppliers and other stakeholders, SMEs can become more effective in the competitive arena and pay more attention to customer needs. In addition, it turns out that the greater the level of risk taking, the
more SMEs focus on entrepreneurship which reflects innovation, proactiveness and risk taking at a strategic level (Kottika et al., 2020). This is supported by Hock-Doepgen et al. (2021) where their research shows the positive relationship of external management knowledge ability on business model innovation becomes stronger when the company has a high risk-taking tolerance.

Unfortunately, the Optimism and Locus of Control variables give insignificant results to the Entrepreneurial Orientation and Market Orientation. Entrepreneurs who suffer from the nature of optimism have a tendency to believe that their goals will be achieved in any situation (Sujan, 1999), which makes them less efficient in making decisions, especially in using factors of production. In addition, optimistic entrepreneurs will overestimate their capacity in controlling projects which makes them take irrational decisions such as the sensitivity of investment cash flows (Ahmed et al., 2021; Malmendier & Tate, 2005) and capital structure composition (Hackbarth, 2008) so that companies are less able to take advantage of existing market opportunities to formulate the right strategy for the company (Elhem & Ezzeddine, 2015). Likewise with the locus of control, this study found similar results to research (Kottika et al., 2020; Türker & İnel, 2012) where according to research, a high locus of control orientation was able to reduce individual innovation perceptions. It seems that in times of crisis, entrepreneurs don’t put too much emphasis on being proactive or innovative because they think too much about the current uncertain conditions.

Furthermore, testing of hypothesis 3 shows that Entrepreneurial Orientation has a positive effect on Market Orientation. These results are in agreement with research (Acosta et al., 2018; Kottika et al., 2020; Sidik, 2012; Soininen et al., 2012). A high level of market orientation will encourage entrepreneurs to focus on finding new knowledge, ideas, and supplier offerings so that they can increase the company's competitiveness in their offerings to the selected market and find relevant information about the latest information (Sidik, 2012). Different dimensions of entrepreneurial orientation have different effects when firms are impacted by a recession. The more innovative and proactive a company is, the less its operations will be affected by the recession (Soininen et al., 2012). Kottika et al. (2020) explain how the activation of entrepreneurial behavior can increase market orientation. During the financial crisis, expectations and pressures are not only related to business performance, but also focus on survival. As a result, SMEs become more extroverted and more willing to use their skills to identify opportunities in their environment.

Testing hypothesis 4 is also supported, where Entrepreneurial Orientation has a positive effect on SMEs performance. The results are in accordance with previous research (Beliaeva et al., 2020; Kottika et al., 2020; Palmer et al., 2017; Sabahi & Parast, 2020), the higher the entrepreneurial orientation of the SMES owner or manager, the higher the SMES performance. Firms with strong entrepreneurial orientation turned out to be the ones that were most able to take advantage of the opportunities that existed during the economic crisis. Companies can acquire, take advantage of temporary arbitrage opportunities, and position themselves to emerge from the crisis with a stronger resource base (Beliaeva et al., 2020). In addition, entrepreneurial orientation has been shown to contribute to the performance of new product development (Ferreras-Mendez et al., 2021). Business model innovation is an effective way to channel a company’s entrepreneurial orientation into the innovation process and to increase the success of new product development. According to Palmer et al. (2017) CEO characteristics play an important role in determining strategies that use entrepreneurial orientation. Sabahi and Parast (2020) shows that entrepreneurial features are one of the important features in predicting performance. It seems that entrepreneurial orientation has a significant role at a strategic level because SMEs that survive have a higher level of entrepreneurial orientation than SMEs that do not succeed.

Finally, testing hypothesis 5 is also supported where Market Orientation has a positive effect on SMES performance. The results are in accordance with previous research (Kottika et al., 2020; Matsuno et al., 2002; Naidoo, 2010; Petzold et al., 2019), the higher the entrepreneurial orientation of the SMES owner or manager, the higher the SMES performance. SMEs are advised to strengthen market orientation when facing difficult economic times or economic crises, because market-oriented companies will have a positive impact on performance. Business management in developing countries must focus on the main market trends, both existing and emerging, meaning
that it requires good marketing management in technology, and must also have a proactive market orientation (Kocak et al., 2017). According to Petzold et al. (2019) managers who perceive a strong recession will respond to performance more strongly when their market orientation is more responsive. Managers’ perceptions of the economic crisis and the intensity of the impact of the crisis on the environment, organization, and stakeholder relations are also related to the efficiency of SMEs. Achieving higher levels of product and service quality has become the dominant strategy for companies to survive so market orientation becomes important in monitoring future economic downturns.

**Conclusion**

This study aims to examine the effect of personality traits and skills such as Negotiation Skills, Optimism, Locus of Control, Risk Taking, Entrepreneurial Orientation (EO) and Market Orientation (MO) and How do these two orientations affect the performance of SMEs during the Covid-19 pandemic? This study used a survey method for data collection. All data was collected from July to August 2021 through an online survey. The survey uses a 7-point Likert scale with random sampling from the SMEs population in Indonesia. It turned out that from the 50 question items, there were 15 items that were considered to have inconsistent output, so these 15 items had to be deleted after the descriptive statistics were originally presented. Thus, the data is proven to be normally distributed without outliers with instruments that are considered reliable and valid.

The results showed that Negotiation skills and Risk Taking have a positive effect in increasing the Entrepreneurial Orientation and Market Orientation of SMEs. Effective negotiations can strengthen SMES innovation in reaching better agreements and partnerships with stakeholders such as suppliers and retailers as well as other stakeholders, then SMEs become more proactive when able to collaborate better on new product development and launch more projects that require a higher level of risk certain. Unfortunately, personality traits such as Optimism and Locus of Control have no influence on Entrepreneurial Orientation and Market Orientation. It seems that the economic crisis during the Covid-19 pandemic has made entrepreneurs lose their optimism due to conditions full of uncertainty. It may also have an effect on their self-confidence which makes them lose control of themselves.

Finally, the results of the study show that Entrepreneurial Orientation and Market Orientation have a positive and strong impact on the performance of SMEs. These results indicate that the higher the entrepreneurial orientation and market orientation, the higher the performance of the SMEs. To be able to survive during the Covid-19 pandemic which has an uncertain impact on the economy, it is important to be entrepreneurship-oriented and market-oriented in order to improve SMES performance. In addition, with this orientation, SMEs are expected to be able to innovate and adapt to technology to anticipate future economic downturns.

This study recommends several policies that can be used by policy makers, regulators, and other parties in need, namely: (1) It is important for MSME actors to improve their negotiating skills by continuing to learn how to communicate well and control emotions, besides that it is necessary to behave proactive to risk; (2) MSME actors must continue to add insight into personal characteristics, for example by attending seminars, workshops, training, and various other forums; (3) MSMEs should not be out of date so it is important for them to use technology as a means to market products, both goods and services online; (4) Finally, focus on improving quality through training and human resource development that can broaden their thinking about crisis management so that they can proactively manage their business so as to create a micro-business culture with critical management thinking.

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References


Personality traits: Support for survive in pandemic Covid-19 for SMEs


## Appendix

### Personality Traits and Skills

#### Negotiation skill
- I am usually as well prepared or better prepared for negotiations than other purchasing agents
- I perform well under the pressure of negotiation
- I can express myself well in negotiation sessions
- I am persuasive in negotiation sessions
- I am decisive in negotiation sessions
- During negotiation sessions, I am in control of my emotions so that they are not visible to others, unless I wish them to be
- I am able to perceive and use power to achieve a negotiation objective

#### Optimism
- I believe that my performance will improve the following year
- I believe that the economy will improve the following year
- Usually, I expect improvements in my life and in the economy

#### Locus of control
- What happens is my own doing
- Getting people to do the right things depends upon ability; not luck
- When I make plans, I am certain I can make them work
- I get what I want because I work very hard for it
- My success depends mainly on being in the right place at the right time

#### Risk taking
- If the possible reward was very high, I would not hesitate putting my money in a new business that could fail
- I would prefer a job involving change, travel, and variety even though risky and insecure
- I quite enjoy taking risks
- Life with no danger would be too dull for me
- I enjoy fast driving
- I believe that an element of risk adds spice to life
- When I am catching a train, I often arrive at the last minute

#### Entrepreneurial orientation
- In my company, there exists a very strong emphasis on R&D, technological leadership and innovation
- My company introduced many new lines of products or services in the past 5 years
- The changes in product lines (types/number of products) for my company have usually been dramatic
- My company is typically the first to initiate actions to competitors for which the competitors then respond
- Very often, my firm is the first company to introduce new products/services, techniques, technologies, etc.
- I have a strong preference for high-risk projects (with chances of very high return)
- I believe that, owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives
- When confronted with decision-making situations involving uncertainty, my firm typically adopts a cautious, ‘wait and see’ posture in order to minimize the probability of making costly decisions

#### Market orientation
- Our commitment to serving customer needs is closely monitored
- Our objectives and strategies are driven by the creation of customer satisfaction
- Competitive strategies are based on understanding customer needs
- Customer satisfaction is frequently assessed
- Close attention is given to after sales service
- Salespeople share information about competitors
- We achieve rapid response to competitive actions
Customers are targeted when we have an opportunity for competitive advantage.

Business functions are integrated to serve market needs.

Information shared among functions.

Our managers understand how employees can contribute to value for customers.

**Performance**

The sales volume of our business increases with the involvement of entrepreneurial management concepts that reflect organizational processes, methods and styles that act in an entrepreneurial manner.

Our profit/profit increases with the involvement of entrepreneurial management concepts that reflect organizational processes, methods, and styles that act entrepreneurially.

Our return on investment increases with the involvement of entrepreneurial management concepts that reflect organizational processes, methods, and styles that act entrepreneurially.

The sales volume of our business is increasing with the involvement of a customer-oriented organizational culture, competitors and interface coordination.

Our operating profit/profit increases with the involvement of customer-oriented organizational culture, competitors and interface coordination.

Our return on investment increases with the involvement of a customer-oriented organizational culture, competitors and interface coordination.

The market share of our business is increasing with the involvement of a customer-oriented organizational culture, competitors and interface coordination.