

Effect of Implementation of Quality Assurance and Business Incubator on Entrepreneur Quality of SMEs in East Java

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ABSTRACT

This study aims to describe quality assurance, a business incubator, and entrepreneur quality, and analyze the influence of quality assurance and business incubator on entrepreneur quality. This research is explanatory research. Explanatory research is intended to obtain clarity or explain a phenomenon, explain the relationship, test the influence of variables. The analysis technique used multiple regression analysis. Based on the analysis result shows that quality assurance is formed by management system aspect and technical requirement, the main contribution of an establishment of quality assurance is management system aspect. Business incubators are formed by new business growth, job creation, economic turnaround, a failure rate of new business development, and ability to obtain investment funds. The main contribution to the establishment of business incubators is the addition of new business. The entrepreneur quality is made up of a strategic orientation driven by opportunity perceptions, commitment to opportunities, resource commitments, control of resources and a realistic vision. The main contribution of entrepreneur quality is a commitment to opportunities. Quality assurance has a significant effect on entrepreneur quality. Business incubator has a significant effect on the quality of an entrepreneur.

Keywords: business incubator, entrepreneur quality, quality assurance

1. INTRODUCTION

Micro Small and Medium Enterprises (MSMEs) should be recognized as a strategic and vital force to accelerate regional development, as the growth of small and medium-sized Micro Enterprises increases annually (Hasanullah, 2007). Micro, small and medium enterprises (MSMEs) are the most survival groups when the economic crisis hit the country. The growing number of small and medium-sized business units will certainly be able to open large employment opportunities. However, this small business is still seen as a weak business performance. The number of MSMEs in East Java currently reaches 4.2 million MSMEs, of which 85.09% are micro businesses; 14.19% is a small business; 0.57% of medium enterprises and only 0.15% of large-scale enterprises. SME sector business has helped economic growth in East Java by contributing 53.4% of regional gross domestic product (GRDP) or equivalent to Rp 415.7 trillion, therefore MSME sector has a strategic role for the economy in

East Java. The MSME sector has a unique business pattern because it is mostly done in the informal sector, where 30% of MSMEs meet feasible and bankable criteria, while the remaining 70% only meet the feasible but not bankable criteria.

Being an entrepreneur is not easy, the amount of business risk becomes one of the biggest obstacles for people to start a business. Even for fear of risk, many people stop in the middle of the road and worse still many retreats before they try. They prefer the safe zone without thinking about the magnitude of the risk of loss. No wonder our society is more interested in being a civil servant or being an employee of a company than being an entrepreneur. This proves that not everyone has an entrepreneurial spirit.

Basically what a business incubator does is part of a partnership program to develop a business together, with the goal of making the business into a real business and evolving according to the company's vision. One of the ways in which the Government develops and develops small entrepreneurs is through business and technology incubator programs.

In general, incubators in Indonesia were established with the objectives of a) Developing new and potential small businesses into independent businesses, so as to successfully face local and global competition, b) Promote entrepreneurial spirit by including private companies that are expected to contribute to the market economy system, c) The process of technology transfer and the process of commercialization of the results of business and technology development research from experts, inventors, and researchers in universities, d) Opening alternative opportunities through the development of new companies, d) Application of industrial technology commercially through studies and studies that are time-consuming and relatively low cost.

Economists believe that Incubator is one of the most effective rides in developing new technology-based entrepreneurs. In conducting its activities, the Incubator performs the intermediation function while strengthening the new entrepreneurial tenant/products and innovative products/services that will be developed through the provision of services as a means of business development, capital access, training, mentoring, and entrepreneurship guidance. This effort is expected as a step of partisanship to the perpetrators of SME/IKM/ SMEINDONESIA.

Recognizing the importance of continuing to develop and develop business incubator programs in the framework of enhancing economic growth and the nation's competitiveness, it is imperative to realize a national movement with concrete support to more implementation laws and/or government regulations.

This study aims to describe quality assurance, a business incubator, and entrepreneur quality, and analyze the influence of quality assurance and business incubator on entrepreneur quality.

2. LITERATURE REVIEW

2.1 Quality Assurance

Implementation of quality assurance is a continuous improvement concept that involves all employees at all levels of the organization to achieve excellent quality in all aspects of the organization, through the process of management education (Dipietro, 2003). There are 4 areas of quality assurance application (Hebert J.F. et.al, 2005), the first involves the use of total quality management in improving the functions and administrative universities. This application is related to the perspective of decision making. In this case, both the rector and the university administration manager need to make a decision to support the achievement of long-term strategic goals. This is also to emphasize the managerial role, that is to meet customer demand in the future.

Likewise, for the authority needs to be shared and communicated to the staff of employees and faculty managers so that they are able and willing to realize the view. The second application involves integrating total quality management into the curriculum. This is done by internalizing the total quality management philosophy into the curriculum, by implicitly submitting the philosophy and principle of total quality management by the teaching staff into the core curriculum as well as the local curriculum. The third application is to use total quality management as a method of teaching in the classroom.

Quality assurance is the most powerful tool for improving educational effectiveness. Quality assurance is a key principle in which key education roles, such as teachers, principals and stakeholders: students, parents, school administrators, government/foundations and the community are responsible for improving school performance. For that, the center of school quality assurance is the process of self-evaluation and development planning (Birzea et al, 2005).

Business Incubator

Business incubator is a company / institution that provides a program designed to foster and accelerate the success of business development through a series of capital programs followed by partnership / coaching support of other business elements with the aim of making the business a profitable company, having the right organizational and financial management, and become a sustainable company, to finally have a positive impact on the community.

The incubator program provided is generally for start-up companies or a company that is still in the early stage, which in Indonesia generally is a new business or has been running for less than 2 years. A research study in America, where this concept was born, shows that 87% of business start-up through incubation/coaching programs can survive and run their business well.

In general, the services/assistance provided by the business incubator are: (i) Access and capital assistance; (ii) Opening the associated network and can help the development of the business; (iii) Development of marketing strategy

(marketing); (iv) Assist in accounting/financial management; (v) Mentoring and business training; (vi) Enterprise management and corporate culture management; (vii) Giving recognition and emphasis on business ethics; (viii) Provides information about related business industries in general; (ix) Helping matters related to regulation.

Entrepreneur Quality

An entrepreneur is an entrepreneur who has various companies but takes a great risk to become an entrepreneur. Not all entrepreneurs are entrepreneurs and not all entrepreneurs have the same qualities. Entrepreneurs are not fearless people. They create priorities so as to overcome the fear of failure, frustration, boredom, discontent and fear of success.

Entrepreneurs are not superhuman or miraculous human beings. They are only human but they are different from most people. What distinguishes them is that entrepreneurs have a strong vision, determination, persistence in terms of development and change of things. In addition, entrepreneurs have positive characteristics that are not owned by ordinary people.

Entrepreneurs are not extraordinary human beings nor are they miraculous human beings. They are just human beings, but they are different from the average person. What distinguishes them is that they have the entrepreneur quality and have positive characteristics that are not owned by others. The characteristics of the entrepreneur are as follows:

Self Confident

Entrepreneurs have a strong sense of confidence in their abilities. They believe they can be the best, they do not accept something just happens because they believe they can do something better. Belief in the ability that will have increased confidence. Strong self-confidence makes enthusiastic and diligent entrepreneurs in achieving goals. Entrepreneurs not only know about their ability but also know their limitations. Knowing self-limitation is also very important. A person who knows his limitations will not try to finish a job they know they can not finish well.

Discipline

An entrepreneur is nothing but a long journey and it requires a high level of discipline. Entrepreneurship requires focused efforts and it requires discipline with human, physical, financial and time resources. Not only that, knowing when to seek help and who will help is also part of the discipline. Seeking help is not a weakness, but it is a force and a discipline.

Power Initiative

The initiative is measured by the courage of a person doing the first action. Entrepreneurs generally have a high initiative, because without high

initiative power entrepreneurs will lose competition in capturing information, losing in seizing the opportunity and will not be able to allocate and utilize resources for the better.

Rational Risk Takers

Entrepreneurs are people who are happy with the challenge, but they remain cautious and take into account all the conditions that exist. Entrepreneurs will avoid the risk that is too large because it will not be achieved. Instead they also reject the risk is too low because there is no challenge. However, an Entrepreneur must make a decision, even if the result is uncertain. In making decisions, Entrepreneurs collect complete data about the situation, analyze data and make new decisions. Because they are confident in their abilities and optimistic with the outcome of their decisions, they are not afraid to make difficult decisions.

Hard worker

Success always comes from hard work. Entrepreneurs even though they are hardworking, happy about challenges and difficult tasks and they love their work.

Creative

Entrepreneurs are creative. They do things in new ways or in different ways. They believe without innovation are still primitive people.

3. HYPOTHESIS

Hypothesis in this research are:

H₁ : Quality assurance influences Entrepreneur Quality.

H₂ : Business incubator influences Entrepreneur Quality.

4. RESEARCH METHODS

4.1 Types of research

This research is explanatory research. Explanatory research is intended to obtain clarity or explain a phenomenon, explain the relationship, test the influence of variables.

4.2 Operational Definition of Variables

Quality assurance

Quality Assurance is all planned and systematic action that is implemented and demonstrated in order to give enough confidence that the product will satisfy the need for a certain quality. The quality assurance indicators used in this research are: (i) Management system aspect; (ii) Technical requirements

Business incubator

The business incubator is a company or institution that provides a program designed to foster and accelerate the success of business development through a series of capital programs followed by partnership support or other business elements development with the aim of making the business into a company. Business incubator indicators used in this research are: (i) Added new business; (ii) Employment creation; (iii) Economic turnaround; (iv) The failure rate of new business development; (v) The ability to obtain investment funds.

Entrepreneur Quality

Entrepreneur Quality is an entrepreneurial activity characterized by clever or talented to recognize new products, determine new production methods, organize operations management for new product procurement, market it, and manage its operating capital. The entrepreneur quality indicators used in this research are: (i) Orientation of strategy driven by opportunity perception; (ii) Commitment to opportunities; (iii) Commitment of resources; (iv) Control of resources; (v) A realistic vision.

4.3 Population and Sample

The population in this study is SMES in East Java amounted to 4.2 million. Based on the calculation of the slovin formula, then the number of samples in the study of 100 people. The sampling technique using simple random sampling.

4.4 Data Analysis

Data analysis in this study using descriptive analysis and multiple regression analysis with the formula as follows:

$$Y = b_1X_1 + b_2X_2 + \varepsilon$$

Information:

- Y = Entrepreneur Quality
- X₁ = Quality Assurance
- X₂ = Business incubator
- b₁, b₂ = Regression coefficient
- ε = Error term

5. RESULTS AND DISCUSSION

5.1 Validity and Reliability Test Results

Based on the validity test that has been done on the obtained probability value is smaller than 0.05. This means that the statement items used in the questionnaire are valid or actually measure what should be measured. Based on the results of the test reliabilities indicate that the variable quality assurance, business incubator, and entrepreneur quality has a reliability coefficient greater

than 0.60, so based on the reliability test, the existing instruments are feasible to be used.

5.2 Classic Assumption Test

In order to obtain an unbiased and efficient estimator value of a multiple regression equations with Ordinary Least Square method, then in the implementation of data analysis must meet the following classical assumptions:

Multicollinearity

A regression model is free of multicollinearity if the VIF (Variance Inflation Factors) value of each independent variable is less than 5 and the tolerance value is close to 1. The VIF results are presented in the following table:

Table 1. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	Quality Assurance	0,860	1,163
	Business incubator	0,860	1,163

Source: Data processed.

Based on the results of VIF calculation shows that the variable quality assurance and business incubator have VIF value <5, thus can be concluded that the regression model there is no multicollinearity problem.

Normality Test Results

The assumption of data has been normal distribution is one of the important assumptions in doing research with regression. This test aims to test whether, in the regression model, independent variables, dependent and moderation are normally distributed or not. Ghozali (2006) to detect the normality of data can be done by looking at the spread of data (points on the diagonal axis of the graph, ie if the data spreads around the diagonal line and follows the direction of the diagonal line, it indicates the data has been normally distributed.

Figure 1
Data Normality

Normal P-P Plot of Regression Standardized Residual

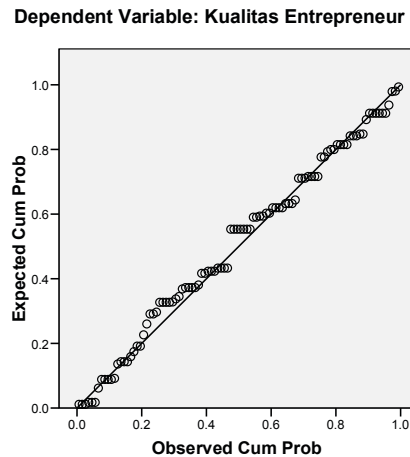


Figure 1 shows that the data (point) spread around and approaches the diagonal line. This indicates that the research data covering variable quality assurance, business incubator and entrepreneur quality are normally distributed.

Heteroscedasticity Test Results

Heteroscedasticity means the presence of unequal residual variation for all observations, or the presence of increasing residual variation in larger numbers of observations. Tests of heteroscedasticity symptoms using scatter plot, heteroscedasticity test results are presented in Figure 2 below.

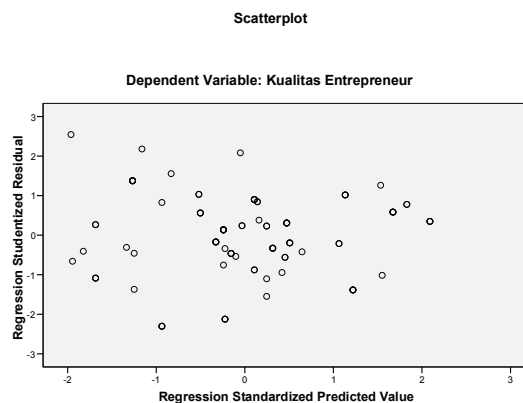


Figure 2. Heteroscedasticity Test

Based on Figure 2, spots appear to be randomly distributed, not forming a specific pattern clearly, and scattered either above or below the number 0 on the Y axis. This means no heteroscedasticity occurs in the regression model.

5.3 Multiple Regression Analysis

Based on the results of data analysis with the help of statistical application, SPSS 18.00 then obtained important information summarized in table 2.

Table 2. Effects of Quality Assurance and Business Incubator on Entrepreneur Quality

Variable	Regression Coefficients	Standar Error	t value	p value
Quality assurance	0,446	0,048	9,275	0,000*
Business incubator	0,509	0,058	8,748	0,000*

*) Significant at α 5%.

Good fit of Model Test

The results of multiple regression analysis showed that the value of F for regression of 129.808 with significance probability level for the model formulated in this study amounted to 0.000. This shows that the probability value is smaller than 0.05 so that it can be taken the decision that the research model is already fit.

Coefficient of Determination

The coefficient of determination is used to see the ability of the independent variables in explaining the variation of the dependent variable. To know the variation of the dependent variable that can be explained by the variation of independent variables can be known from the value of determination. Based on the analysis results show that the coefficient of determination or R square of 0.728. The coefficient of determination (R squared) of 0.728 means that variation of entrepreneur quality can be explained by quality assurance variable and business incubator 72,8% while 27,2% is explained by other factors outside the model.

t test

Influence of Variable Quality Assurance To Entrepreneur Quality

The effect of Quality assurance on entrepreneur quality is significant with regression coefficient 0,446 and standard error is 0,048 and value t equal to 9,275 and p value 0.000. This means that Quality assurance has a significant effect on the entrepreneur quality, which means the improvement of quality assurance will be followed by improving the quality of entrepreneur.

The Influence of Business Incubator Variable To Entrepreneur Quality

The effect of Business Incubator on entrepreneur quality is significant with regression coefficient 0,509 and standard error of 0,058 and t value equal to

8,748 and p value 0.000. This means that Business Incubator has a significant effect on entrepreneur quality, which means Incubator Business Increase will be followed by improving entrepreneur quality.

Based on table 2, it can be arranged research model as follows:

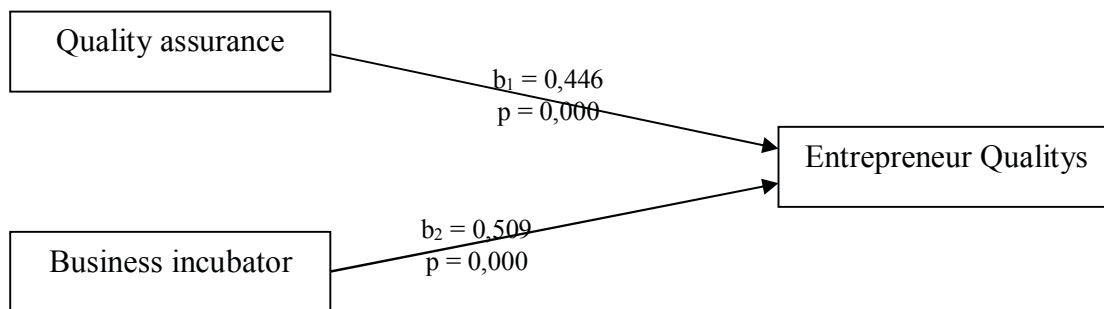


Figure 3. Research Model

6. DISCUSSION

6.1 Effect of Quality Assurance on Entrepreneur Quality

Quality assurance affects the entrepreneur quality, it shows that quality assurance is a factor that plays a role in improving the entrepreneur quality. Quality Assurance as part of the quality system is a quality improvement with prevention and problem-solving. Quality improvement is a process of measuring the degree of perfection of service compared with standard and systematic and continuous improvement action, to achieve optimal service quality in accordance with existing standards and resources. QA usually requires ongoing evaluation and is usually used as a tool for management. As Juran and Gryna (2008) suggest, Quality Assurance is an activity to provide evidence to build trust that quality can function effectively. The form of Quality Assurance consists of 2, namely: Individual based program and team based Activity. Individual based programs are conducted on individuals, through monitoring/monitoring (tools in the form of documents or records), assessment (internal audit) and control (correction). While team-based activity is a quality assessment activity against the team. In addition, the purpose of holding Quality Assurance is to be able to satisfy the various parties involved in it, so as to successfully achieve their respective goals. Quality assurance is an integral part in shaping the quality of products and services of an organization or company. The quality assurance mechanism used should also be able to stop the change if it is assessed that the change leads to a decline or setback. Quality Assurance activities include quality control and quality inspection where both activities are part of a commitment to quality as a whole. Yet the department that holds Quality Assurance has no duty to check the work performed by other departments. But QA helps other parts so as to control the application of

properly applicable procedures, so as to achieve improvements in efficiency, productivity, and profitability. Expected through Quality Assurance is to do all the work properly and correctly at all times efficiently related to service processes in accordance with minimum service standards or quality standards (SOPs), and effectively related to the achievement of objectives in the form of outputs and outcomes (securities) Expected or planned. Entrepreneurs face all sorts of obstacles as a shrug so their business grows. The greatest asset of an entrepreneur is his ability to work through obstacles. Successful entrepreneurs are enthusiastic Entrepreneurs looking at opportunities, finding and utilizing resources, creative, innovative, and tolerate uncertainty so Entrepreneurs can grow and quality and compete healthily.

6.2 The Influence Of Business Incubator To The Quality Entrepreneur

Business incubators have a significant effect on the entrepreneur quality, which means that the better business incubator programs can improve the entrepreneur quality. Business Incubator is instrumental in providing business expertise for its tenants (small businesses). An entrepreneur to be successful in the business world must have sufficient knowledge and skills in the business sector. Based on that a Business Incubator must provide knowledge and skills to his tenants. Providing skills and knowledge is very helpful in creating independence of tenants, especially when they have to leave Business Incubator. Business Incubator can be said as a place that provides facilities for the acceleration of entrepreneurial growth through facilities and infrastructure owned in accordance with its base competency. By utilizing the facilities and services provided by the incubator, the service users (tenants) can improve the weak sides of the aspects of entrepreneurship. The development of Business Incubator is closely linked to the development of micro, small and medium enterprises (SME's), as the growth of the economy is generally initiated by the presence of micro and small enterprises. Micro and small entrepreneurs constitute the largest share of business people in Indonesia, so quantitatively this group has a very important and strategic role. The presence of Business Incubator can have 2 (two) roles, namely: accelerate the growth of new entrepreneurs and develop and strengthen the business that has been run by an entrepreneur.

In the incubator, there are three types of programs that can be applied by entrepreneurs or prospective entrepreneurs. First, incubator technical technology incubator, (1) pattern of skill giving knowledge about good production technique from design to finishing, (2) matter concerning business aspect and management of business incubator, in this program the participant will get knowledge of management, financial, and Product marketing strategy and (3) what is called regional development incubator, which is a certain region development program that already has a growing business type. Business

Incubator strives to assist entrepreneurs in developing business expertise so as to thrive in society by providing services and support- Support that helps perfect their natural talents and abilities so they can develop their potential. Business Business Incubator thus becomes an important link between entrepreneurs and technologically oriented entrepreneurs (including those with new ideas) with institutions that offer their services and products needed in the coaching effort.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusion

This study aims to describe quality assurance, Business Incubator, and entrepreneur quality, and analyze the influence of quality assurance and Business Incubator on entrepreneur quality. Based on the analysis results show that quality assurance is formed by management system aspect and technical requirement, the main contribution of an establishment of quality assurance is management system aspect. Business Incubator is formed by new business growth, job creation, economic turnover, the failure rate of new business development, and ability to obtain Investment funds. The main contribution of the establishment of Business Incubator is the increase of new business. The entrepreneur quality is made up of a strategic orientation driven by opportunity perceptions, commitment to opportunities, resource commitments, control of resources and a realistic vision. The main contribution of entrepreneur quality is a commitment to opportunities. Quality assurance has a significant effect on the quality of an entrepreneur. Business Incubator has a significant effect on the entrepreneur quality.

7.2 Recommendations

Entrepreneurs need to further enhance their creativity and hone their potential by adding insight, experience, and training to expand their business in order to be able to compete and expand the market in order to run the business further.

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