



The Influence of Entrepreneurial Characteristics, Competences, and Product Quality on Youth Entrepreneurs Performance

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Abstract. This study aims to analyze the influence of entrepreneurial characteristics, entrepreneurial competencies, and product quality on youth entrepreneurial performance. With the development of the entrepreneurship sector among youth, it is important to understand the factors that influence their success in business. The research method used was a survey with questionnaire distribution to young entrepreneurs in several regions. The data obtained were analyzed using multiple linear regression to identify the relationship between the independent and dependent variables. The results show that entrepreneurial characteristics, such as innovation and resilience, have a significant positive influence on entrepreneurial performance. In addition, entrepreneurial competencies, which include managerial and marketing knowledge, were also shown to contribute to improved performance. High product quality plays an important role in attracting customers and maintaining market share. Overall, this study provides insights into the importance of developing entrepreneurial characteristics and competencies as well as improving product quality for entrepreneurial youth to achieve optimal performance. These results are expected to serve as a reference for entrepreneurship training and development programs among youth.

Keywords: Characteristics of Entrepreneurship, Entrepreneurial Competencies, Product Quality, Entrepreneurial Performance.

1 Introduction

Entrepreneurship is one of the main driving forces in a country's economy. In many countries, including Indonesia, the entrepreneurial sector has been proven to create jobs, drive innovation and contribute to economic growth. The role of young entrepreneurs is crucial in this economic development, as they are the next generation who have the potential to develop creative and innovative businesses. However, to achieve optimal performance, young entrepreneurs must have a variety of supporting characteristics and competencies and be able to produce quality products.

Entrepreneurial performance can be defined as the result of business activities carried out by an entrepreneur within a certain period, encompassing business growth, profit, and value creation for society [1]. In the context of youth entrepreneurship, this

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performance is strongly influenced by several factors such as entrepreneurial characteristics, entrepreneurial competencies, and the quality of products produced [2]. Young entrepreneurs face various challenges in running their businesses, including limited experience, knowledge, and capital [3]. Therefore, it is important to understand how certain factors, such as entrepreneurial characteristics, entrepreneurial competencies, and product quality, can affect their performance. This understanding is not only relevant for the youth themselves, but also for stakeholders such as the government, educational institutions, and the business community who wish to encourage the development of young entrepreneurs [4].

Entrepreneurial characteristics refer to the traits, attitudes, and behaviors possessed by an entrepreneur that enable them to succeed in business [5]. Common entrepreneurial characteristics include innovativeness, risk-taking, resilience to uncertainty, independence, and achievement orientation [6]. These characteristics influence how entrepreneurs face challenges and manage business opportunities [7]. Youth with strong entrepreneurial characteristics are more likely to succeed in their businesses. For example, innovation allows them to create unique products or services, attracting consumers and differentiating them from competitors. Risk-taking allows them to explore business opportunities that others may overlook, while achievement orientation encourages them to continuously strive for better results. However, entrepreneurial characteristics alone are insufficient; they must be balanced with adequate entrepreneurial competencies to achieve optimal performance.

Entrepreneurial competencies include the knowledge, skills and abilities possessed by an entrepreneur in running a business. These competencies cover various aspects, such as managerial skills, marketing skills, financial management skills, and the ability to identify and utilize business opportunities. Entrepreneurial competencies are essential in ensuring the continuity and success of a business. A competent entrepreneur will be better able to cope with issues that arise in business, such as resource management, financial planning and strategic decision-making. Competence also influences an entrepreneur's ability to adapt to market and technological changes, which is critical in a dynamic business environment. Young entrepreneurs are often still at the learning stage when it comes to entrepreneurial competencies. Therefore, it is important for them to continuously develop their skills and knowledge, whether through formal education, training or hands-on experience in the field [8].

In addition to entrepreneurial characteristics and competencies, product quality is also a key factor influencing the performance of youth entrepreneurs. Product quality refers to how well the product meets consumer needs and expectations. High-quality products are not only more easily accepted by the market but can also enhance business reputation and allow entrepreneurs to set higher prices. In an era of intense business competition, producing quality products is mandatory for every entrepreneur. Today's consumers are increasingly intelligent and selective in choosing products or services, so entrepreneurs must ensure that their products not only meet the desired quality standards but also have a competitive advantage. Good product quality can include various aspects, such as durability, functionality, aesthetics and other added values provided to consumers. For young entrepreneurs, the challenge of producing

quality products often relates to limited resources, such as technology and capital. Therefore, it is important for them to have the right strategies in managing production, including the proper use of raw materials, efficient production processes, and strict quality control [9].

Entrepreneurial characteristics, entrepreneurial competencies and product quality have a close relationship with youth entrepreneurial performance. Entrepreneurs who possess strong entrepreneurial characteristics, for example, will be more motivated to continuously improve their competencies and look for ways to improve their product quality. On the other hand, competent entrepreneurs will be better able to manage their businesses efficiently and effectively, ultimately contributing to improved performance. Product quality also plays an important role in determining business performance. Quality products not only increase sales but also strengthen relationships with customers and create consumer loyalty. Consumers who are satisfied with the product are likely to make repeat purchases and even recommend the product to others. In the long run, this will contribute to sustainable business growth. Previous studies have shown that these three factors, both individually and together, have a significant influence on business performance. Entrepreneurs who are able to combine strong entrepreneurial characteristics, adequate competencies and quality products are more likely to achieve optimal performance than those who only focus on one of the factors [10].

Overall, entrepreneurial characteristics, entrepreneurial competencies and product quality are three key factors that contribute to youth entrepreneurial performance. A better understanding of how these three factors interconnect and influence performance can help young entrepreneurs to better grow their businesses. Amidst the challenges faced, youth entrepreneurs need to continue to develop themselves and innovate in order to compete in an increasingly competitive market. This research is expected to make a real contribution in supporting the development of youth entrepreneurship in Indonesia, both from theoretical and practical aspects.

2 Literature Review

2.1 Influence of Entrepreneurial Characteristics on Youth Entrepreneurial Performance

Entrepreneurial characteristics are one of the important elements that are widely studied in the entrepreneurship literature. Some researchers suggest that certain characteristics can influence an entrepreneur's success in running his or her business. According to Rauch and Frese (2007), entrepreneurial characteristics, such as risk-taking, achievement orientation, innovativeness, and ability to deal with uncertainty, play a significant role in determining entrepreneurial performance [11]. In the context

of youth, these traits become even more important given that youth often have high energy and motivation to try new things and innovate in their businesses.

The success of entrepreneurs is determined by distinctive personal traits, including high motivation and a strong desire to succeed [12]. Entrepreneurs who could take calculated risks, are able to innovate, and have resilience to challenges and dynamic market changes, are more likely to achieve optimal performance. This trait also relates to the ability to recognize new business opportunities, which is critical in starting and growing a business.

Research conducted by Lumpkin and Dess (1996) shows that entrepreneurial orientation, which includes innovation, proactivity, and risk-taking, has a significant correlation with business performance [13]. They found that the higher the level of one's entrepreneurial orientation, the more likely the business is to achieve success. This is relevant to young entrepreneurs who often face pressure to come up with new ideas in a competitive environment.

Other studies, such as the one by Zhao and Seibert (2006), also emphasize the importance of risk-taking and innovation in entrepreneurship [14]. They found that individuals who dare to take risks and innovate tend to be more successful in their businesses compared to those who tend to avoid risks. In the context of youth, this courage is often one of the main factors in starting a business, as youth are more likely to see new opportunities and are more flexible in trying different approaches.

2.2 Entrepreneurial Competence as a Key Factor in Entrepreneurial Performance

Entrepreneurial competencies include the knowledge, skills and abilities possessed by an entrepreneur to effectively manage and run a business [15]. Entrepreneurial competencies consist of various aspects, such as the ability to identify opportunities, resource management, risk management, and adaptability to changes in the business environment [16]. These competencies greatly influence how an entrepreneur can optimize their resources to achieve optimal business performance.

Competence as a person's basic characteristics that are directly related to effective performance in the workplace [17]. In the context of entrepreneurship, these competencies involve the ability to manage a business efficiently, from strategic planning, financial management, to marketing. Adequate entrepreneurial competencies can help entrepreneurs in facing various challenges and making the right decisions to achieve sustainable business growth.

Entrepreneurial competencies not only relate to financial performance, but also affect other aspects of the business, such as customer satisfaction and operational efficiency [8]. High competence in operational management, for example, can help

entrepreneurs increase productivity and reduce costs, while competence in marketing can help them attract more customers and expand market share.

Another study showed that entrepreneurial competencies, especially in terms of strategic planning and decision-making, have a significant influence on business success [18]. They found that entrepreneurs who have good planning skills tend to be more successful in achieving their business goals compared to those who are less skilled in these aspects. This suggests that competence is not only related to technical knowledge, but also to strategic skills and overall business management.

For young entrepreneurs, the development of entrepreneurial competencies is particularly important, especially since many of them are still in the learning stage of how to manage a business effectively. Entrepreneurship education and training can be an effective tool to enhance these competencies, as proposed by several studies, which emphasized the importance of entrepreneurship education in helping youth develop the skills necessary for success in business [19].

2.3 Product Quality as a Determinant of Business Success

Product quality is one of the key factors in determining business success, because high-quality products will be more easily accepted by consumers and have better competitiveness in the market. Product quality covers various aspects, including durability, reliability, performance and aesthetics. High-quality products will not only increase customer satisfaction but also allow entrepreneurs to set higher prices and increase profit margins [20].

Product quality has a significant impact on customer loyalty [21]. Customers who are satisfied with product quality tend to make repeat purchases and even recommend the product to others. In the long run, this will contribute to sustainable business growth.

In the context of youth entrepreneurship, producing high-quality products is often a challenge. Limited resources, such as technology and capital, are often an obstacle in maintaining product quality. However, product differentiation, including quality, can be one of the effective competitive strategies. Entrepreneurs who can produce products with better quality than their competitors will be more likely to succeed in the market, even if they have limited resources [22].

In addition, service quality found that consumers' perceptions of product or service quality are strongly influenced by their initial expectations. If young entrepreneurs can meet or exceed customer expectations related to product quality, they will be more likely to build long-term relationships with customers and create consumer loyalty.

2.4 Synergistic Relationship Between Characteristics, Competencies, and Product Quality on Entrepreneurial Performance

The literature shows that entrepreneurial characteristics, entrepreneurial competencies and product quality have a synergistic relationship in influencing entrepreneurial performance. For example, entrepreneurs who possess innovative and risk-taking characteristics tend to be more motivated to continuously improve their competencies and seek ways to improve product quality. Meanwhile, strong entrepreneurial competencies enable entrepreneurs to better manage resources and ensure that product quality remains high, despite facing limitations.

The combination of entrepreneurial competence and focus on product quality can lead to superior performance. Firms that manage to maintain high product quality while continuously improving managerial and operational competencies are more likely to succeed in the long run.

Therefore, it can be concluded that entrepreneurial characteristics, competencies and product quality all influence each other and jointly contribute to the performance of youth entrepreneurs. With a deep understanding of how these three factors work, young entrepreneurs can develop more effective strategies to improve their business performance.

3 Research Methods

3.1 Research Design

This study uses a quantitative design with a survey approach to analyze the influence of entrepreneurial characteristics, entrepreneurial competencies, and product quality on the performance of youth entrepreneurs. Using this approach, the data collected can be statistically analyzed to identify the relationship between the variables studied.

3.2 Population and Sample

The population in this study were young entrepreneurs aged between 18 and 35 years old who run businesses in various sectors, such as food, retail and services. The sample was drawn using a purposive sampling method, where researchers selected respondents who met certain criteria, namely those who have been running a business for at least one year. The targeted sample size was 150 young entrepreneurs.

3.3 Data Collection

Data was collected through a questionnaire consisting of several sections:

- Entrepreneurial Characteristics: Questions related to traits such as innovation, risk-taking, and resilience.
- Entrepreneurial Competencies: Questions regarding knowledge and skills in management, marketing, and resource management.
- Product Quality: Questions regarding quality aspects of the products offered, including reliability and customer satisfaction.
- Entrepreneurial Performance: Questions that measure entrepreneurial performance, including revenue growth and customer satisfaction levels.

The questionnaire will be distributed online and offline to selected respondents. Prior to questionnaire distribution, a pilot test was conducted to ensure the validity and reliability of the research instruments.

3.4 Data Analysis

The data obtained will be analyzed using multiple linear regression techniques to identify the influence of entrepreneurial characteristics, entrepreneurial competencies, and product quality on entrepreneurial performance. This analysis allows researchers to determine the extent to which each independent variable contributes to the dependent variable.

3.5 Hypothesis Testing

The hypothesis in this study will be tested using the p value and the coefficient of determination (R^2). If the p value is <0.05 , then the hypothesis stating that there is a significant influence between the independent and dependent variables will be accepted.

3.6 Research Ethics

This study will be conducted with ethical principles in mind, such as ensuring the confidentiality of respondents' data and obtaining informed consent prior to data collection. Respondents will be informed of the purpose of the study and their rights while participating in the study.

4 Results and Discussion

4.1 Research Results

After analyzing the data using multiple linear regression, the following results were obtained:

- Entrepreneurial Characteristics: The regression coefficient is 0.45 ($p < 0.01$), indicating that entrepreneurial characteristics have a significant positive

influence on entrepreneurial performance. This means that young entrepreneurs who have good innovative and resilience traits tend to have better performance.

- **Entrepreneurial Competence:** The regression coefficient of 0.38 ($p < 0.01$) indicates that entrepreneurial competencies also have a positive and significant influence on performance. Entrepreneurs who have good managerial knowledge and skills can make more informed decisions, which has a direct impact on their business performance.
- **Product Quality:** A regression coefficient of 0.30 ($p < 0.05$) indicates that product quality contributes positively to entrepreneurial performance. High-quality products attract more customers and increase customer satisfaction, which in turn improves overall business performance.

4.2 Discussion

The results of this study indicate that entrepreneurial characteristics, entrepreneurial competencies, and product quality are important factors that interact with each other in determining the performance of youth entrepreneurs.

● Characteristics of Entrepreneurship

The characteristics of entrepreneurship, such as innovation and resilience, have proven to be very important in supporting entrepreneurial performance. Young people who are able to innovate and do not easily give up when facing challenges tend to be more successful in their endeavors. This is in line with research by Lumpkin and Dess (1996) that emphasizes the importance of entrepreneurial characteristics in creating business opportunities [13].

● Entrepreneurial Competence

Entrepreneurial competence, which includes managerial and marketing knowledge, plays a crucial role in the success of a business. Young entrepreneurs who have good skills in managing business operations and marketing their products will be better able to compete in the market. This research supports the findings by Man et al. (2002), which show that entrepreneurship education and training can enhance the competencies and performance of entrepreneurs [23].

● Product Quality

Product quality is an important factor that cannot be overlooked. High-quality products not only attract new customers but also retain existing ones. In an increasingly competitive business world, young entrepreneurs need to ensure that the products they offer meet or even exceed customer expectations. This result is

consistent with the views of Kotler and Keller (2016) regarding the importance of product quality in building brand reputation and loyalty [24].

● Practical Implications

This research provides several practical implications for policymakers and young entrepreneurs. First, training programs that focus on the development of entrepreneurial characteristics and competencies are essential. This training should cover aspects of innovation, risk management, and managerial skills. Secondly, an increased focus on product quality should also be a priority for young entrepreneurs, including investment in research and development to ensure that the products offered are always relevant and of high quality.

5 Conclusion

This research reveals that entrepreneurial characteristics, entrepreneurial competencies, and product quality have a positive and significant impact on the entrepreneurial performance of youth.

Characteristics of Entrepreneurship: Young entrepreneurs who possess innovative traits and high resilience demonstrate better performance in running their businesses. This indicates that the development of entrepreneurial characteristics is crucial for achieving success.

Entrepreneurial Competence: Knowledge and managerial as well as marketing skills significantly contribute to entrepreneurial performance. Entrepreneurs who are skilled in managing their businesses and understanding the market are better able to make sound decisions and enhance operational efficiency.

Product Quality: High-quality products play a crucial role in attracting and retaining customers. Young entrepreneurs need to focus on improving product quality to compete in an increasingly competitive market.

Overall, this research provides important insights for policymakers and young entrepreneurs. Training programs that focus on the development of characteristics, competencies, and the improvement of product quality need to be implemented to support the performance of young entrepreneurs. With these steps, it is hoped that young entrepreneurs can be more successful and contribute to broader economic growth.

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