

The Role of External Environment, Owner Characteristics and Mentoring for Entrepreneurship in Improving the Business Performance of Zakat Recipient in East Kalimantan - Indonesia

Sri Wahyuni Djoko Setyadi Sugeng Hariyadi
 Department of Management, Faculty of Economic and Business
 Mulawarman University, Indonesia

Abstract

The purpose of this study is to analyze and explain the role of external environment, owner characteristics and mentoring for entrepreneurship in improving the business performance of zakat recipient (mustahik) of the National Board of Zakat (Badan Amil Zakat National, abbreviated as BAZNAS) in East Kalimantan, Indonesia. The design of this research is explanatory research. The type of the study is observational research with cross sectional study design. The method that is used to collect the data in this research is survey method. The population of this research is the whole of 65 mustahik for business, and the sample in this study is all population. This research used Partial Least Square (PLS) approach to analyze the data. The results of this study are as follows. The external environment has no significant effect to entrepreneurship. The owner characteristics have no significant effect to entrepreneurship. Mentoring significantly affects entrepreneurship. Furthermore, external environment is not significant to business performance. The owner characteristics significantly affect business performance. Mentoring has no significant effect to business performance as well as entrepreneurship has no significant effect on business performance. The finding in this study is that mentoring is not always successful in changing the level of performance measurement effort.

Keywords: business performance, entrepreneurship, external environment, mentoring, owner characteristics

I. INTRODUCTION

The National Board of Zakat (Badan Amil Zakat National, abbreviated as BAZNAS) in East Kalimantan is an institution that has a vision to become a trustworthy and professional collector in the management of zakat, infaq, and sadaqah (ZIS). Its mission are (1) raising awareness of the tithes for muzakki (zakat payers) and optimizing the management of ZIS to become trustworthy and professional; (2) improving the mustahik (zakat recipient) status to be muzakki through a program that increase human resources (HR) and community economic development; (3) utilizing and distributing ZIS to mustahik to be more effective and efficient; (4) strengthening the institutional of BAZNAS in East Kalimantan.

ZIS is collected by BAZNAS and distributed to the poor and other asnaf (the category of peoples entitled for zakat distribution), with various types of usage, that is consumptive or productive usage. Mentoring program involves an improvement of business performance, income, consumption, expertise, and well-being mustahik.

Productive mustahik who funded by BAZNAS in East Kalimantan is listed as a productive zakat recipient since 2011 until 2015. Mustahik uses the fund as a new venture and additional capital to existing business. Researchers looked at mustahik data that always became the recipients of productive fund from BAZNAS in East Kalimantan. The condition indicates that the mustahik business is still running and possibly even growing. Therefore, researchers are interested to see the business development in terms of internal, external, mentoring and mustahik entrepreneurial spirit.

Table 1. Productive Mustahik of BAZNAS East Kalimantan in 2011-2015

No.	The Type of Mustahik	Total	The Distributed Fund (IDR)
1.	Night Market Traders	10 Persons	20.000.000
2.	Mushroom Farmers	4 Persons	8.000.000
3.	Gendong Traders	15 Persons	15.000.000
4.	Tailor	5 Persons	10.000.000
5.	Fish Pond Mugirejo	5 Persons	12.500.000
6.	SME Crackers	3 Persons	3.000.000
7.	Groceries	5 Persons	7.500.000
8.	Pulse	5 Persons	5.000.000
9.	Tire Repairs	5 Persons	7.500.000
10.	Food	6 Persons	6.000.000
11.	Motor Repair Shop	2 Persons	4.000.000
Total		65 Persons	

2. LITERATUR REVIEW AND HYPOTHESES DEVELOPMENT

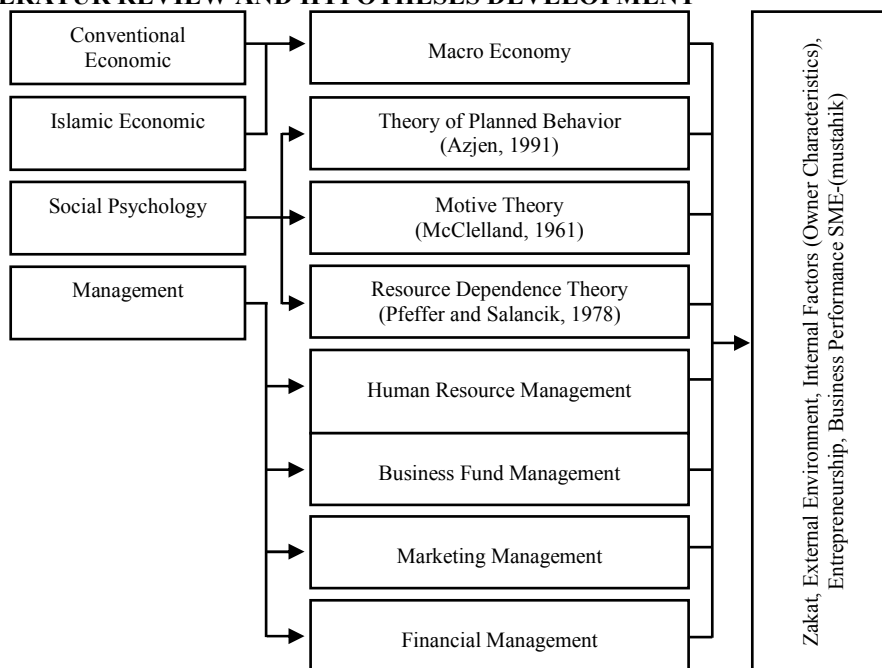


Figure 1. Integrated Theory

(McClelland, 1961; Salancik & Pfeffer, 1978; Ajzen, 1991; Usmara, 2003)

2.1. Business Performance of Mustahik

Mustahik is the person or party entitled to receive zakat, based on the word of Allah At-Tawba verse 60, namely:

- a. Fakir (al fuqoro). Fakir is a very miserable life. He does not work (because of certain reasons such as the age, disability, sickness, etc.). He does not have the wealth to meet basic needs in life such as food, cloth, and house (shelter) for himself and his dependents.
- b. Poor (al miskiina). Poor are those who work but it is not sufficient for life and in the state of poverty.
- c. Amil Zakat (al amiil). Amiil is (i) the person appointed or assigned by the government to collect zakat including saving and taking care of its administration (ii) person who is working in a fixture administration of the affairs of charity, good business collection, maintenance, administration, calculation and utilization, and (iii) the zakat institution.
- d. Muallaf (al muallaf). Muallaf is a new infidels to Islam whose faith is weak, and also the unbelievers who soften their heart so that they are not hostile to Islam.
- e. Slaves (arriqob). Arriqob are those who are still in the bondage and seek to escape from slavery. Slaves also interpreted as the servant who had been promised by his master to be independent when he has paid the price that has been set.
- f. People who owe (al ghorimiin). The people who borrow for the sake of good things, but he was not able to pay it.
- g. Fighting in Allah (fisabilillah). Fisabilillah are people who struggle for the purposes of the defense of Islam and the Muslims (jihad).
- h. The long journey (ibnusabil/ traveler), i.e. people who travel a lot with good intentions and do not commit immoral, who is run out of stock, both the rich and the poor.

Performance in this study is conceptualized as profitability and business growth (Autio, *et al.*, 1997; Begley and Tan, 2001; Salavou, 2004).

2.2. External Environment

According to Williams (2001), the external environments are: (1) competitor, (2) economic system, (3) social system, (4) the monetary system, (5) the system of political / legal, (6) the environmental system, and (7) the changes in technology.

2.3. Owners Characteristics

According to Ivancevich, *et al.* (2005), people look at things differently and behave differently. People who

have a different attitude will give a different response to commands. People who have different personalities interact in different ways with superiors, colleagues and subordinates. These individual characteristics can be measured when a person does something in the decision

Table 2. The Description of Indicator in Owner Characteristic Variables

No.	Indicator	Description
1.	Need for achievement (McClelland, 1961)	The encouragement for achievement, need for power, need for social relationships
2.	Emotional Intelligence (Goleman, 2001)	Personal competence, social competence
3.	Internal Locus of Control (Rotter, 1966)	Control of success / failure, loss of control over the business
4.	Job Satisfaction (Lock, 1976 and Porter, <i>et al.</i> ,1974)	Satisfaction with the work itself, Satisfaction on income
5.	Biographical (Robbins and Judge, 2007)	Age, Gender, Education, previous Experience

2.4. Entrepreneurship

Entrepreneurship is expressed as the capacity and willingness to develop, organize, and manage the business together with the risk, to make a profit. This behavior includes innovation, willingness to take risks, proactivity, competitive aggressiveness, and autonomy (Lumpkin and Dess, 1996).

2.5. Mentoring

Mentoring consists of community development and organizing.

2.6. The research hypotheses

Based on the previous explanations, this study aims to test the following hypotheses:

- a. The external environment significantly influences the entrepreneurship of mustahik of the National Board of Zakat in East Kalimantan.
- b. Owner characteristics have significant effect on the entrepreneurship of mustahik of the National Board of Zakat in East Kalimantan.
- c. Mentoring has significant effect on the entrepreneurship of mustahik of the National Board of Zakat in East Kalimantan.
- d. The external environment significantly influences the business performance of mustahik of the National Board of Zakat in East Kalimantan.
- e. Owner characteristics have significant effect on the business performance of mustahik of the National Board of Zakat in East Kalimantan.
- f. Mentoring has significant effect on the business performance of mustahik of the National Board of Zakat in East Kalimantan.
- g. Entrepreneurship has significant effect on the business performance of mustahik of the National Board of Zakat in East Kalimantan.

3. RESEARCH METHODS

The design of this research is explanatory research. The type of this study is observational research with cross sectional study design. The method used to collect the data in this research is survey method.

This research used Partial Least Square (PLS) approach to analyze the data. PLS is part of Structural Equation Modeling (SEM) with component or variant base.

The population of this study is the total number of elements to be examined concerning mustahik of asnaf/ class recipients of BAZNAS in Samarinda, East Kalimantan. The total is 65 mustahik. The sample in this study is all population.

Determination of research model is as follows.

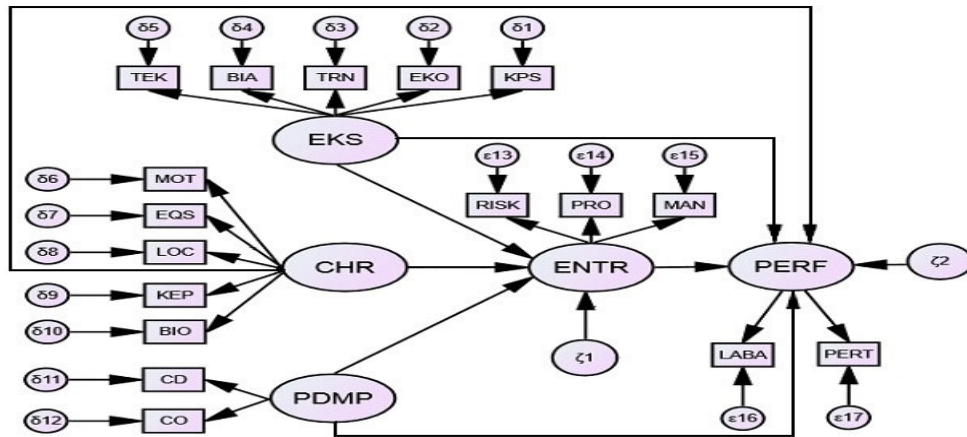


Figure 2. Research Model

4. RESULTS ANALYSIS AND DISCUSSIONS

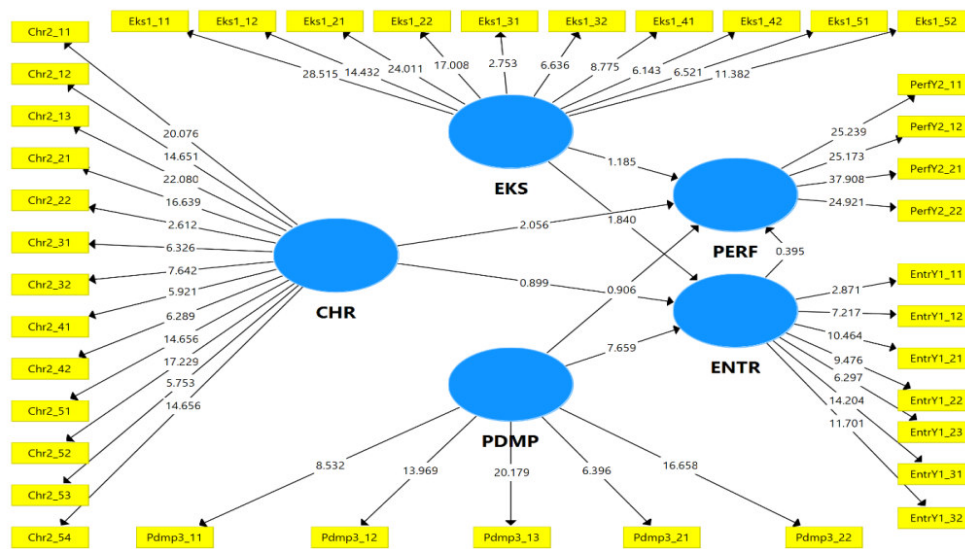


Figure 3. Output of Bootstrapping Analysis in Path Diagram

Table 3. Structural Model Test Results

Path Coefficients	Original Sample	T Statistics	P Values	Remarks
EKS -> ENTR	-0,462	1,840	0,070	insignificant
CHR -> ENTR	0,282	0,899	0,372	insignificant
PDMP -> ENTR	1,086	7,659	0,000	significant
EKS -> PERF	0,413	1,185	0,240	insignificant
CHR -> PERF	0,641	2,056	0,044	significant
PDMP -> PERF	-0,187	0,906	0,369	insignificant
ENTR -> PERF	0,062	0,395	0,694	insignificant

Source : Result from PLS analysis

4.1. External Environment and Entrepreneurship

The results show that the relationship of external environment (EKS) and entrepreneurship (ENTR) gives the path coefficient value of -0.462 with t-statistic value of 1.840. T-statistic is smaller than t-table (1.997) and the p-value is 0.070 > 0.05. This result means that the external environment has insignificant effect on entrepreneurship (ENTR).

This implies that the external environment (consists of competition, economic, training, financing, and technology) do not have a positive influence on entrepreneurship of mustahik of BAZNAS East Kalimantan. This finding indicates that the increase in the external environment does not give meaning to the entrepreneurship of mustahik business. Another meaning, mustahik business can take risks, be proactive

and independent, without considering the external environment support. This is because mustahik has not been able to make a breakthrough himself to develop his business. The second, the role of the financial institutions that exist, either banks or BAZNAS East Kalimantan give inadequate attention to the mustahik business optimally in terms of financing and training. The third, if advanced technology is not accompanied by the ability to use, it also cannot make mustahik to become more proactive, so that it causes mustahik becomes less motivated in doing their business development.

This finding is adequate based on the results of descriptive analysis, where the majority of respondents indicate that the results of the indicators of competition is in the high category (53.8%). It shows a very tight competition in the business. While proactive indicators (agreed to look for business partners who can work with) is in the low category (55.4%). This indicates that the entrepreneurship of mustahik business tends to be informal. This condition is consistent with the findings of Kansikas, *et al.*, (2012) which shows various family and entrepreneur leadership in the family company. Familiar level varies among the companies, and the entrepreneur leadership qualities is different as well. The findings show that the family is related to the leadership of the entrepreneur. This case shows a strategic resource in the family company. Additionally, entrepreneurship tends to rely on the intuition based on the availability of its resources. Meanwhile, the availability of training is an important element in the external environment. It is still less than the maximum in practice for mustahik businesses. Furthermore, mustahik often attends training organized by the government or related associations, but still in the moderate category. The results of interviews with respondents also indicated that entrepreneurship does not consider the external environment, because of less contribution in the business activities.

The external environment in the form of support in business activities conducted by mustahik such as training and financing are less able to facilitate mustahik business activities. Thus, mustahik entrepreneurship are less evolved over time. Therefore, we can conclude that in order to attempt mustahik motivation to expand its business, they need to be supported by policies of the development of entrepreneurial ventures of mustahik itself. The research proves that supporting the development of business policy of mustahik is able to facilitate the business activities to grow over time.

This is in line with the research of Alkali and Hasan (2013) and Kurniati (2014) who state in their research that the external environment does not affect the capacity of innovation as an indicator of entrepreneurship.

4.2. Owner Characteristics and Entrepreneurship

The second results show that the correlation between the owner characteristics (CHR) and entrepreneurship (ENTR) gives the path coefficient of 0,282 with t-statistic at 0.899. T-statistic is smaller than t-table (1.997) and p-value $0.372 > 0.05$. This result means that the owner characteristics has no significant effect on entrepreneurship. It implies that an increase in achievement, emotional intelligence, internal locus of control, job satisfaction, and biographical which are mustahik business characteristics, will not improve entrepreneurship consisting of risk, proactive, and independence. Although the biographical indicators show that the level of mustahik maturity are relatively well in terms of capabilities, the increasing characteristics of mustahik cannot enhance the entrepreneurship of mustahik.

Based on the descriptive analysis, it shows that the characteristic of the emotional intelligence is in the average category. While indicators of internal locus of control is in the low category. Then the job satisfaction indicator is also in the low category. Furthermore, biographical indicators that express the degree of education or training that are required in running a business is in the low category.

The motivation to become an entrepreneur and running a business is influenced by age, education and family background. For some people, increasing age, education, and family background as an entrepreneur will affect a person's decision to become an entrepreneur or not. Similarly for mustahik of BAZNAS East Kalimantan, achievement improvement, emotional intelligence, internal locus of control, job satisfaction, and real biographical have good effect on risk-taking, proactivity, and independence. However, they have a significant impact on the attitude of mustahik entrepreneurs. The authors saw the tendency to feel sufficient with what is owned by mustahik of BAZNAS East Kalimantan, so they do not want to pursue a higher business. This is also consistent with the research of Scapinello (1989) and Sarwoko (2011), which state that the need of achievement (intrinsic) has no significant effect on entrepreneurship.

4.3. Mentoring and Entrepreneurship

The third results show that the relationship between mentoring (PDMP) and entrepreneurship (ENTR) gives the path coefficient of 1,086 with t-statistic 7.659. T-statistics are greater than t-table (1.997) and p-value is $0.000 < 0.05$. This result means that mentoring has a significant influence on entrepreneurship.

The results show that mentoring, in this case Community Development (CD) or Community Organizing (CO), have positive and significant impact on entrepreneurship. It implies that the business community development and community organizing will increase the intentions or behavior of mustahik to run a

business (entrepreneurship). Although mentoring, seen from the indicators of community development and community organizing, is in the medium category, the increasing relation with the business community of mustahik will enhance the entrepreneurship. Therefore, the mentoring of the community is one of the effective ways for improving mustahik entrepreneurship.

This finding is consistent with the opinion of Cope and Watts (2000) who stated that the critical-incident experienced by entrepreneurs in their daily business activities contains a very high emotional and learning. Cope and Watts stressed the importance of mentoring to interpret critical incidents faced as learning, so that its result becomes effective. Currently, mustahik business tends to be informal and collegial, in the sense that mustahik has a community that is limited to the family environment that becomes the foundation to carry out learning in the business.

4.4. External Environment and Business Performance

The fourth results show that the relationship between external environment (EKS) and business performance (PERF) gives the path coefficient of 0.413 with t-statistic 1.185. T-statistic is smaller than t-table (1.997) and p-value is $0.240 > 0.05$. This result means that the external environment has a positive impact but insignificant to the business performance. The results of this analysis indicates that the external environment (competition, economic, training, financing, and technology) does not significantly influence business performance (growth in sales and profits). The results of this study do not support the research done by Berry, *et al.*, (2006) who stated that the use of various external advices is positively related to the growth rate of small and medium businesses.

The external environment such as technology indicators did not affect mustahik business performance. Mustahik, who runs businesses, has not taken the advantage of technology in their business to facilitate and accelerate the service in satisfying the needs of customers. It can be seen from the results of the descriptive analysis for technology indicators in external environment variable interval values is in the low category (40%). The complexity and changes in the external environment that provides opportunities to the business performance are not a significant factor both in terms of increased productivity, reliability of operations and sales growth.

This is similar to Abimbola and Agboola (2011) who stated that the environment, in this sense includes factors such as infrastructure, cultural, economic, social, and political environment (external environment) have been found to inhibit or facilitate entrepreneurial activity within the community. Then Nurhayati (2004) studied the causal relationship between factors of internal, external, entrepreneurial skills, strategies, and competitive advantage and small business performance. The study presented the environmental factors that have significant influence on the orientation of the small businesses are internal factors. While external factors and entrepreneurial skills are not significant to the orientation of export-oriented of small businesses. This shows that internal factors play a major role in determining the orientation of small businesses at this time compared to the other two factors.

The relationship between the business environment, entrepreneurship, and business performance was also carried out by Frediyanto (2001), which explains that the external environment does not have a direct connection with the company performance, but through entrepreneurship orientation first. In connection with environmental aspects, Wilkinson (2002) states that small and micro enterprises will grow if the rules/policies are supportive; macroeconomic environment is well managed, stable, and predictable; information is reliable and accessible; and the social environment encourage and reward the success of the business. Alkali and Hasan (2013) also stated that the external environment has no effect on performance, because businesses have not been able to use the modern technology.

4.5. Owner Characteristics and Business Performance

The fifth results show that the correlation between owner characteristics (CHR) and business performance (PERF) gives the path coefficient of 0,641 with t-statistic 2.056. T-statistic is greater than t-table (1.997) and p-value is $0.044 > 0.05$. This result means that the owner characteristics has a positive and significant effect on the business performance. It means that the owner characteristics such as education, training, age, business experience and family background are the most important effect to business performance of mustahik of BAZNAS East Kalimantan. This is because the mustahik business generally relies on existing capabilities within himself.

The results from the interviews with the respondents found that the owners characteristics are an important factor in determining the success of their businesses. Characteristics of the owner are good if it is supported by desire, emotional intelligence, and confidence. It can be seen from the indicators of achievement needs for the characteristics of the owner is in the high category (53.8%), and a strong desire to become a big businessman is in high category (47.7%). Business growth is very important with regard to the desire to increase profits themselves better. Besides the need for contributions confidence with regard to the

character of the owner, there is a common perception in decision making. Thus, the implementation of the characteristics reflected by the need for achievement, emotional intelligence, self-confidence and job satisfaction bring changes in the level of sales growth and profit growth.

The results of this study agree with Hurley and Hult (1998) who conducted research at U.S. federal government. They stated that the company with greater innovation will achieve a better response from the environment. It is more easily to acquire the skills needed to improve the company performance and consolidate a sustainable competitive advantage. This is in line with the opinion of Gibson (1996), that a person is influenced by characteristics of the individuals whose contribution in decision-making and action are closely linked to business performance. Glancey, *et al.* (1998) formulated that entrepreneurial characteristic affects managerial practices. It will ultimately affect the performance of the business. In other words, someone who has a high entrepreneurial characterized by extensive knowledge, strong personality and technical competence, finance and marketing, he or she must be competent and capable in taking strategic decisions.

4.6. Mentoring and Business Performance

The sixth results show that the relationship between mentoring (PDMP) and business performance (PERF) gives the path coefficient -0.187 with t-statistic 0.906 . T-statistic is smaller than t-table (1.997) and p-value $0.369 > 0.05$. This result means that mentoring has a negative and insignificant effect to the performance of the business. These results indicate that mentoring does not explain the variation changes in the business performance of mustahik of Baznas Kaltim.

The descriptive analysis indicates that the indicator Organizing Comunity (CO) for mentoring is in the interval value of the medium category (56.9%). Based on the actual condition of perceived respondent and evaluation of business performance of mustahik of Baznas Kaltim, it can be concluded that the mentoring in implementation has not done well as mentoring business financial records since it is in the low category (55.4%). It is seen and the fact that the empirical indicators of growth in sales and profit have the value of the most priority or precedence in the achievement of business performance is in the low category (58.4%). Then the satisfaction with the growth of the mustahik business after receiving zakat for productive use is in the medium category (72.3%).

Mentoring is empowering or strengthening (empowerment). Empowerment means developing strength or ability (power), the potential, resources of the people to be able to defend himself. It is the very heart of empowerment to increase the awareness (consciousness) in small businesses. In general, capacity building is a process or activity in improving the ability of a person, group, organization or system to achieve the goals or better performance. Capacity building is the development of skills and capability, such as leadership, management, finance and fund raising, programs and evaluation, for the development of effective and sustainable organizations. It is the process of helping an individual or group to identify and locate problems and add insight, knowledge and experience needed to solve problems and make changes (Campobaso and Davis, 2001). Capacity building is facilitated through the establishment of technical mentoring activities, including education and training, specialized technical mentoring and strengthening the network.

The principle is to build people's economic empowerment through capacity development (capacity building), including institutional, financing, and service. In addition, internal issues that must be addressed is the problem of efficiency, limited human resources and technology (Krisnamurti, 2002). This is also consistent with research Lubis, *et al.* (2014) who stated that mentoring did not have an impact on performance because they simply thinking and understanding the businesses.

4.7. Entrepreneurship and Business Performance

The seventh results show that the relationship between entrepreneurship (ENTR) and business performance (PERF) gives the path coefficient $0,062$ with t-statistic 0.395 . T-statistic is smaller than t-table (1.997) and p-value $0.694 > 0.05$. This result means that entrepreneurship has no significant effect to the performance of the business. Thus, the results of the study cannot prove empirically that higher entrepreneurship will improve business performance. These results indicate that entrepreneurship does not explain the variation changes in business performance of mustahik of BAZNAS.

Business actors face the business risks, particularly in receiving orders beyond the normal capacity that arise in business. Thus, it can be interpreted that the higher entrepreneurship in terms of looking for opportunities, the ability to see the possibilities in the future and the courage to take risks yet have an influence on the success of business performance as measured by profitability and business growth. That is, in carrying out business activities of mustahik of BAZNAS East Kalimantan does not run independent attitude, proactivity, and risk in improving business performance. Empirical facts in the judgment of respondents indicated that the risk-taking attitude is an indicator that takes precedence and has the value of

the interval in the medium category (70.69%) to make the decision to try a new business which reflects the uncertain benefits in entrepreneurship.

Based on the actual condition of the perceived respondent and evaluation of business performance measurement variables of mustahik of BAZNAS East Kalimantan, it can be concluded that the implementation of entrepreneurship has not done well, as for innovation and creativity in business is in medium and low category (55.4%). The empirical indicators of growth in sales and profit give the value of the most priority or precedence in the achievement of business performance since it is in the low category (58.4%) to the growth of the mustahik business performance after receiving zakat for productivity.

The findings of this study indicate that the implementation of entrepreneurship does not improve business performance. It supports the research of Chadwick, *et al.* (2001) who studied empirically the relationship between entrepreneurial orientation (risk taking, innovativeness, reactivity, competitive aggressiveness, and autonomy) and the performance of the company, with a sample of 535 respondents. Similarly, Covin and Slevin (1991) did research in small firms hostile and environments; stating that there is no correlation between entrepreneurship and performance. Research of Kreiser, *et al.* (2002) measured the entrepreneurial orientation in obtaining a suitable model by the orientation of innovation, proactive, and risk. His research found that the innovative attitude, proactivity, and courage in taking risks form a unique contribution to the entrepreneurial orientation. It means that the effort of mustahik to implement entrepreneurship is reflected through innovative, proactivity, and risk-taking. But it is not yet able to increase the growth that reflects the business performance of mustahik of BAZNAS East Kalimantan.

5. RESEARCH FINDINGS AND LIMITATIONS

5.1. Research findings

- 1) This study found that mentoring is not always successful in changing the level of performance measurement effort. It is fundamental and must be understood and carried out by mentor. For instance, mentor must be a competent and successful in business. Thus, mentors will be able to change the mindset in every mustahik that everyone can be successful. A mentor also must know exactly the needs and abilities of mustahik businesses. For example, allocating funds, equipment, institutional strengthening, and training which is appropriate with mustahik' needs.
- 2) There is also a business behavior that differs from the mustahik of Baznas East Kalimantan, namely: the Spiritual Quotient (SQ). It means mustahik of BAZNAS East Kalimantan tends to work and strive to worship God. It can be seen in running a business which is always based on ethical production and Islamic consumption as the value of honesty. For instance, he or she did not carry out business processes that is forbidden in order to provide the blessing for the family. Furthermore, being grateful and being content with what is obtained today. In addition, he or she does not violate the times of worship in the pursuit of profit as well as creating goodness/ benefits to mankind and nature.

5.2. Research Limitations:

- 1) This study consisted of only five variables, namely: external environment, owner characteristics, mentoring, entrepreneurship and business performance. However, there are many other factors that affect business performance of mustahik.
- 2) This study only examined the owner characteristics based on the needs of achievement, emotional intelligence, job satisfaction, biographical, and locus of control. However, there are other variables related to culture, business ethics and the work ethic of doing business. Therefore, other variables can also be used to optimize the results of the study.
- 3) This study did not look at the direct and indirect relationships of the variables. The study only saw the effects of the variables.
- 4) There is limitation in using a questionnaire. For example, sometimes the answer given by the sample did not show the real state. Furthermore, the study involved a limited number of research subjects, i.e. 65 people, so the results cannot be generalized to the group of subjects with a large amount.
- 5) The population is still confined in Samarinda. The other cities also provide productive funding directly yet accompanied by BAZNAS East Kalimantan, but coordinated by local BAZNAS and then reported collectively. The author assumes it cannot be included as the respondent. In the future, it can be evaluated with the accompaniment of BAZNAS East Kalimantan.

6. CONCLUSIONS AND RECOMMENDATIONS

Many variables can be used as a benchmark to improve business performance. However, all efforts will be back on the intentions, behaviors, and attitudes embedded in each business doers in terms of mustahik of BAZNAS East Kalimantan. In addition, Spiritual Quotient also has a stake in the process of running a business. Interestingly, ethics and a strong culture will greatly affect the works which will be accounted for, not least also

in the process of business. Suggestions for this study are as follows.

- 1) In order to improve business performance, mustahik of BAZNAS East Kalimantan needs to improve entrepreneurship orientation or attitudes of innovation and creativity, and adaptation to the external and internal environmental of business. It is necessary to remember that the external and internal environment has good influence on business performance.
- 2) Mustahik of BAZNAS East Kalimantan needs to be active in cooperating and coordinating with the central government and the local government such as the Department of Social Welfare and Department of Industry, SMEs and Cooperatives and other institutions supporting both the Banking and employers' organizations to continue to provide guidance and training through increasing capacity building as the SMEs basis communications in the local area.

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