

The Impact of Personality Traits and Governance Mechanisms on Business Performance of SMEs in Kendari City

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Abstract: *The purpose of this paper is to empirically investigate the impact of personality traits and governance mechanisms on business performance of small and medium enterprises (SMEs) in Processing Industry Kendari city. Data were collected through the use of self-administered questionnaire in a survey. A total of 97 SMEs provided the data for the study. Data analysis included factor analysis, descriptive statistics, and regression analysis. The results show that personality traits and governance mechanisms have a positive effect on performance of SMEs in Kendari City. This study has implications for small and medium enterprises (SMEs) aiming at increasing their business performance. Moreover, in order to maximize performance of SMEs, organizations should increase both their personality traits and their governance mechanisms activities as these factors operate synergistically. Originality the impact of personality traits and governance mechanisms are an important research area for investigators in the literature of management, strategy, and human resources. However, most of the empirical studies were conducted in large-scale firms in developed countries and ignored small and medium-sized business (SMEs) in general, and in developing countries in particular. The results offer both theoretical and managerial implications.*

Keywords: Personality Traits, Governance Mechanisms, Performance

1. Introduction

Small enterprise is a business activity that is able to expand employment and contribute to the improvement of people's income. SMEs dominate the number of firms in both developed and developing economies. The government encourages continuing to grow so it can absorb more labor. By doing so, SMEs are expected to increasingly play a role in reducing unemployment. While in the year 2014 the number amounted to 629.418 units of SMEs unit. If referring to the data, then there is a growth of 27.223 units. The number of business units is expected to continue to rise in proportion to employment.

The phenomenon of the growth of Small Business in Kendari was enough to get the attention of the parties involved, both from the government, public, and private parties who want to invest in the city of Kendari. It is characterized by many actors started to Small Businesses that processor manufacture a good range of locally processed food products, beverages, and other processed. According to data released by the city of Kendari Ministry of Cooperatives and Small and Medium 2014 is divided in 9 sectors of the economy, namely: first, agriculture, livestock, forestry, and fishing effort of 600 units (17.91%), second, the mining and quarrying of 4 units (0.1%), the third, 185 processing industry business units (5.52%), fourth, electricity, gas, and water (0%), the fifth, the building of 589 business units (17.6%), the sixth trade, hotel and restaurant business units of 1.717 (51.3%), seventh, transport and communications by 46 business units (1.4%), eighth, finance, leasing, corporate services business unit by 131(3.9%), and the ninth, services business unit by 78 (2.3%).

Observing the data above, we can estimate that each business unit has at least an average turnover of IDR 180 million per

year, with the composition of the initial capital on average by IDR 110.000.000 and outside capital by an average of IDR 50.000.000. The above data illustrate the magnitude of the economic transactions that occur at the hands of the perpetrators of SMEs. This empirical fact can be a reference that indicates the magnitude of the economic potential that can be optimized by the relevant stakeholders, both government and private sector in the planning, empower, and evaluate strategies, so that the empowerment efforts of the perpetrators SMEs has great potential to improve the strategic and economic contribution both locally and nationally.

Rohmat (2011) stated that the actor's personality SMEs has a strong influence on the process of strategic planning, strategy implementation, and evaluation of business performance. Entrialgo et al (2000) states personality significantly influences the success on business performance in SMEs. Green, et al (1996) suggest that individual characteristics such as personality, motivation, self-efficacy, locus of control, and risk taking can determine the success of an entrepreneur in business management.

David Krech and Richard (1969) shows that personality is the integration of all of an individual's characteristics into a unique organization that determines, and is modified by, his attempts at adaption to his continually changing environment. Adolf Heuken (1989) also stated that the personality is the overall pattern of all abilities, as well as the habits of a person's actions, whether physical, mental, spiritual, emotional, social. Basic theory adopted to examine the relationship of business performance good governance Syakhoza (2008) suggested that a mechanism of corporate governance in managing the organization's resources in an efficient, effective, economical and productive, using the

principles of open, accountable, accountability, independence and fair, in order to achieve organizational goals.

Additionally supported by Arief Effendi (2009) states that governance mechanisms is a company's system of internal control, which has as its principal aim the management of risks that are significant to the fulfillment of its business objective, with a view to safeguarding the company's asset and enhancing over time the value of the shareholders investment. Based on the above, the authors are interested in researching influence of personality traits and governance mechanisms on the performance of SMEs in Kendari city. Kendari city as the capital of the central province of Southeast Sulawesi into the transactions in natural resources owned as potential marine fisheries, cocoa and cashew plantations, rattan, teak both raw and processed products derived. There are little studies which have probed into this issue in emerging countries such as Indonesia.

Relevant empirical researches by Indonesia scholars primarily focus on two issues: the impact of personality traits upon business performance (including sales growth, asset and profit growth); the impact of personality traits and governance mechanisms upon business performance. No published literature has examined the impact of personality and corporate governance in Kendari, Southeast Sulawesi. Therefore, this study aims to explore the impact of Personality Traits and governance mechanisms upon business performance in the context of Kendari SMEs in processing industry. Research findings will make great contribution to literature of personality traits and governance mechanisms and, at the same time, provide useful implications to new product development management for Indonesia SMEs.

2. Literature Review

Personality Traits

The term „personality,“ refers to a complex of all the attributes that characterize a unique individual. The term „personality,“ refers to a complex of all the attributes that characterize a unique individual. Personality is a concept that many disciplines are interested in evaluating. According to Burger (2006) personality is an interpersonal process and consistent behavior patterns inherent to the individual himself. Another personality definition is introduced by Gordon Allport. Allport defines personality as “dynamic organization inherent in an individual who possesses psychological systems determining original patterns whilst adapting to its environment (Robbins, Judge, 2012). Babakhani (2014) define personality as integrated traits determining the reasons of emotional, cognitive and behavioral patterns, bearing traces of psychological characteristics and revealing who person is.

Pervin and John (2001) defined personality as a person's characteristics that “account for consistent patterns of feeling, thinking, and behaving”. Personality traits also concern the “generalized and personalized determining tendencies” which are also constant and enduring forms of a person's adjustment to his/her environment (Pervin et al., 2005). Personality traits have been approached and conceptualized

from a variety of theoretical perspectives and, despite diverse conceptualizations of the construct, these approaches have contributed to our understanding of personality traits.

The Big Five model, the focus of the current study, represents taxonomy of the most basic and independent personality traits including extraversion, agreeableness, openness to experience, conscientiousness, and emotional stability as opposed to neuroticism (Dörnyei, 2005, Pervin et al., 2005). One of the most common methods, used to define personality traits is the Big Five Personality Model. The model was introduced by Paul Costa and Robert McCrae in 1985 and then continued by the studies of different researchers focused on different nationalities and different personality traits. Surprisingly, throughout these researches evidence were found supporting the statement that personality has five dimensions. Therefore five factors revealed almost invariably in all researches led to naming this study as “Five Factor Model” or “Big Five Personality Model”. The names of five factors are known as neuroticism, openness, conscientiousness, extraversion and agreeableness (Burger, 2006; Costa, McCrae, 1992). Evaluation of these factors is important to understand the personality traits of “business performance in SMEs” which is discussed below.

The measurement of each construct and the relationship between the variables in this study can be explained as follows: First, the personality variables on the performance of the business. Ratno Purnomo (2010) explains that personality with the big five factor approach is the concept that is most often used in research associated with the achievement of the performance. The results showed that certain dimension of personality has a significant effect on achievement outcomes. Empirical studies support the underlying personality testing on the performance of businesses small businesses that research conducted by Nuraeni Kadir (2014) stated that personality affects the selection of business strategy.

Additionally, Entrialgo, et al (2000) states personality significantly influences the success of SME business organizations. Green, et al (1996) suggests that individual characteristics such as personality, motivation, self-efficacy, locus of control and risk taking can determine the success of an entrepreneur in business management. According to Kotey and Meredith (1997) the personality of SMEs has a strong influence in the strategic planning process. Empirical studies support the underlying personality on the performance, by Drago and Clement (1999), Rashid (2003), Russell (2000). Based on this evidence, it is hypothesized that:

H1. Personality traits has a positive effect on business performance in SMEs

Governance Mechanisms

Corporate governance is about putting in place the structure, processes and mechanism that ensure that the firm is being directed and managed in a way that enhances long term shareholder value through accountability of managers and enhancing organizational performance. Corporate governance refers to a set of rules and incentives by which the management of a company is directed and controlled. Hence good corporate governance maximizes the

profitability and long term value of the firm. There is a great awareness among the researchers to specifically carry out research on "Governance mechanisms".

Corporate governance tells "ways of bringing the interests of investors and managers into line and ensuring that firms are run for the benefit of investors (Ehikioya, 2009). Mechanisms governance is concerned with the relationship between the internal governance mechanisms of corporations and society's conception of the scope of corporate accountability (Klapper and Love, (2004). It has also been defined by Keasey et al. (2005) to include „the structures, processes, cultures and systems that engender the successful operation of organizations“. From the foregoing analysis, they argue that governance mechanisms is represented by the structures and processes lay down by a corporate entity to minimize the extent of agency problems as a result of separation between ownership and control.

Keasey et al. (2012) defined corporate governance as: The set of mechanisms both institutional and market based, that induce the self-interested controllers of a company (those that make decisions regarding how the company will be operated) to make decisions that maximize the value of the company to its owners (the suppliers of capital). According Syakhoza (2008) mechanism of good corporate governance as a mechanism to manage the organization's resources in an efficient, effective, economical and productive, using the principles of open, accountable, accountability, independence, and fair, in order to achieve organizational goals. Measurement variables governance mechanisms include: transparency, accountability, independence, responsibility, and fairness.

Paul Taylor (2013) states that governance mechanisms have a significant effect on business performance. Afzalur and Sudhir (2011) that there is no relationship between the governance mechanisms on business performance. Rachmat and Yudha (2009) showed that the coaching is done by the government through the provision of credit cannot improve performance. Coles (2001) stated that the achievement of governance mechanisms can improve business performance. Moreover, empirical studies testing the underlying Moreover, empirical studies testing the underlying good governance for the management of the performance, by Keasey et al. (2005), Brunninge et al. (2007), Agrawal and Knoeber (1996) states that governance mechanisms can affect the achievement of business performance. On the basis of the findings of earlier literature, the following hypothesis was formed:

H2. Governance mechanisms has a positive effect on business performance in SMEs

Business Performance in SMEs

For SMEs, which are the focus of this study, manufacturing is one of the key functions, ultimately determining the growth, survival and profitability in the long run. This makes it important to assess business performance for SMEs (Vickery et al., 1993). Business performance determines how well a firm manages its internal resources and adapts to its external environments (Knights and McCabe, 1997), which reflects the accomplishment of its strategic objectives and

growth goals (Hult et al., 2004, Knight, 2011). Business performance is the result of the interplay among actions taken in relation to competitive forces that allow a firm to manage its internal resources and adapt to its external environments, thereby integrating the concepts of efficiency and effectiveness (Keizer et al., 2002; Miller, 1988). In this context, business performance is related to the overall firm achievements as a result of new and/or better efforts made to gain profit and growth (Gunday et al., 2011; Hult et al., 2004).

Business performance is a widely debated topic in the literature and various definitions have been proposed. Two perspectives, namely financial and operational, have been used to describe the different (yet interrelated) domains of business performance (Venkatraman and Ramanujam, 1986). There are three important components to business performance: sales growth, asset and profit growth (Covin and Slevin, 1991); Suci, 2009); Hilmi et al., 2010). The cost component includes the cost of material, labor, overhead, and other resources used in the production process (Miltenburg, 1995). There is always pressure to reduce the manufacturing cost as every dollar saved in manufacturing provides an opportunity to not just increase the profitability, but also pass on the benefits to the customers and thereby increase the firm's competitiveness (Miller and Roth, 1994).

Empirical studies support the underlying personality traits of the performance, namely: Drago and Clement (1999), Rashid (2003), Russell (2000) states that personality traits can affect the achievement of business performance. Coles (2001) stated that the achievement of governance mechanisms can improve business performance. Moreover, empirical studies testing the underlying governance mechanisms on business performance by Keasey et al. (2005) and Brunninge et al. (2007) states that governance mechanisms can affect the achievement of business performance. On the basis of the findings of earlier literature, the following hypothesis was formed:

H3. Personality traits and governance mechanisms has a simultaneously significant effect on business performance in SMEs

Based on the study of the theory and empirical that has been done previously. Therefore, conceptual framework and hypothesis of this research is presented in Figure 1.

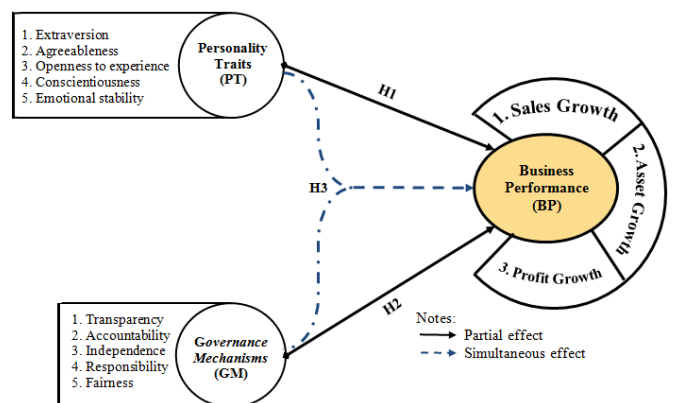


Figure 1: Conceptual model and hypotheses

3. Research Method

The study design is intended to provide an explanation of causal relationships between variables through hypothesis testing, and thus the approach of this study is the verification and explanation (explanatory research). An explanatory research approach was adopted in order to examine and explain the cause-and-effect relationships between personality traits, governance mechanisms and business performance in SMEs. Explanatory research is intended to explain the relationship between variables clause through hypothesis testing or testing aimed at obtaining precise in drawing conclusions that are causal between the variables and then choose an alternative action. The present study employs a questionnaire survey approach to collect data for testing the validity of the model and research hypotheses. All independent and dependent variables require a five-point Likert scale ranging from (1) strongly agree to (5) strongly disagree was used.

The population for the study is the top 185 processing industry in Kendari city listed in the yearbook published by the Department of industry, cooperatives and SMEs in Kendari 2014. Processing industry amounted to 185 business units, including the type of business: Textiles (woven/fabric traditional) = 34 units; printing = 35 units; furniture = 48 units; food and beverages = 25 units; and 43 units of industrial enterprises. This study uses a stratified random sampling method to select 150 SMEs in each of the five processing industry the type of business units. The authors distribute 150 questionnaires and request the questionnaires to be completed by top executives (i.e. Presidents, Directors, or General Managers) who are familiar with the topic of this study. Of the 115 returned questionnaires, 18 are incomplete. The remaining 97 valid and complete questionnaires are for the quantitative analysis. It represents a useable response rate of 52.43%. This study checks the possibility of non-response bias by comparing the characteristics of the respondents to those of the original sample.

Data analysis method used is descriptive analysis and inferential statistics, namely confirmatory factor analysis (CFA) was followed by multivariate regression analysis using SPSS software. Inferential statistical multivariate regression analysis aims to examine and explain the relationship of the study variables. The reason for the use of multivariate regression analysis because: (1) the input data in the processing is the result of the calculation of average and weighted multiplication scores of respondents from each item statement or indicator variables; (2) the study of measurement by using a scale of attitudes or responder. Therefore, the estimation needs to unstandardized; (3) Multiple regression is a multivariate analysis technique which allows the analysis of a set of variables is done either partially or simultaneously, thus providing statistical efficiency; (4) the study was conducted to look at the causal effect between personality traits, governance mechanisms and business performance in SMEs.

The data gathered from the SMEs survey (personality traits, governance mechanisms and business performance in SMEs)

were entered into a database and then analyzed using the Statistical Package for the Social Sciences (SPSS ver. 22). Validity and reliability tests were conducted, and the data from the reliable instruments was entered in the SPSS package. Finally, the method to analyze the data is confirmatory factor analysis and then extended to the Multivariate regression analysis using SPSS Software. The model equation multivariate regression analysis as follows:

$$BP = \beta_1 (PT) + \beta_2 (GM) + \epsilon_i \dots\dots\dots (1)$$

Where: BP (Business Performance); PT (Personality Traits); and GM (Governance Mechanisms); β is the standardized regression coefficient beta, ϵ_i = error of measurement.

4. Results and Discussion

Small Business Manufacturing in Kendari is a productive economic activities that process inputs into finished products or semi-finished, include: Textiles (woven/fabric traditional); printing; furniture; food and beverages; and industrial enterprises. Number of SMEs actors engaged in the manufacturing sector is generally dispersed in 10 District in Kendari city, although the composition of the sub-types of each business is different. Map of potency of SMEs processing industry that became the location of this research is presented in Figure 2.

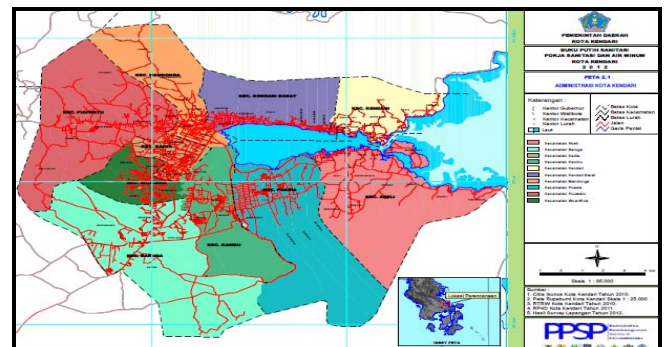


Figure 2: Map of Potency of SMEs processing industry

Respondents of this research were general managers of SMEs processing industry. Profile of respondents is aimed to describe characteristics of manager of SMEs processing industry based on sex, age, Business Experience, and education level. As it can be seen in Table 1, of the 97 participants 82.47% were man and 17.53% were woman. Then based on age characteristics, majority respondents are between 38-45 years old (65.98%), theoretically generated as productive age. Profile of respondents based on working experience majority between 5-10 years (50.81%). These facts reflected that respondents have been business for over than five years, which were expected to be more professional and experts in managing SMEs processing industry.

Profile respondents based on education level were majority bachelor degree (61.86%). Therefore, by having high education of the respondents of the SMEs processing industry were expected to have ability in completing tasks to increase jobs performance. From the data above it can be said that the business carried duration sufficient to serve the

profession and the learning experience that is expected to help in the progress and development of the business in the future. Result of respondents profile is presented in Table 1.

Result of respondent's assessment towards indicator of variable assessment which was reflected by mean score was expected to know the actual condition of every indicator based on respondent's perspective. Then, score of loading factor was expected to know the strongest variable assessment towards every indicator in reflecting the variables. According to the descriptive statistics that were personality traits (mean = 3.87); governance mechanisms (mean = 4.31); and business performance in SMEs (mean = 4.01) is high and all the mean scores for the ten statements related to indicators were above the median value of 3 (see Table 2). To investigate the reliability of the scales, Cronbach's alpha was computed (Hair et al., 2010) presented a rule of thumb, stating that alpha levels higher than 0.70 indicate internal consistency among the items of a scale.

Table 1: Profile of Research Respondents

<i>Respondents profile</i>		<i>Frequency</i>	<i>Percentage</i>
1. Sex	Man	80	82.47
	Woman	17	17.53
2. Age (years)	22 – 29	9	9.28
	30 – 37	16	16.49
	38 – 45	64	65.98
	46 – 54	8	8.25
3. Business Experience (years)	1 – 4	16	16.49
	5 – 10	55	56.70
	11 – 15	20	20.62
	16 – 20	6	6.19
4. Education Level	High School	7	7.22
	Diploma	26	26.80
	Bachelor	60	61.86
	Magister	4	4.12

Notes: n = 97

The measurement model for all latent variables in Table 2 shows that the estimated value at loading for all indicators have values which are larger than 0.70. This reflects that the correlation of all indicator variables are positive and significant and valid for being used in reflecting the measurement of the latent variable, that is personality traits, governance mechanisms and business performance in SMEs. Table 2 shows respondents assessment towards variable of personality traits with mean = 3.87 or majority of respondents stated good. Next, variable of conscientiousness has the biggest mean compared to extraversion, agreeableness, openness to experience, and emotional stability. This result was by score of loading factor that indicator of openness to experience is concerned the most dominant in reflecting variable of personality traits = 0.861.

Table 2: Mean, Loading Factor and Eigenvalues

Construct/Indicators	Mean	Loading Factor	Eigenvalues
Personality Traits (PT):	3.87		3.468
PT ₁ . Extraversion	3.66	.766	
PT ₂ . Agreeableness	3.75	.840	
PT ₃ . Openness to experience	3.61	.861	
PT ₄ . Conscientiousness	4.26	.819	
PT ₅ . Emotional stability	4.06	.874	
Governance Mechanisms (GM):	4.31		2.989
GM ₁ . Transparency	3.94	.787	
GM ₂ . Accountability	4.93	.843	
GM ₃ . Independence	4.79	.760	
GM ₄ . Responsibility	3.88	.758	
GM ₅ . Fairness	4.01	.712	
Business Performance (BP):	4.01		1.988
BP ₁ . Sales Growth	4.11	.729	
BP ₂ . Asset Growth	3.96	.896	
BP ₃ . Profit Growth	3.97	.809	

Notes: Loading factor (Acc. value = .70)

Result of model evaluation in measuring indicator of openness to experience is considered important to reflect personality traits, but, has not been implemented well. This fact showed by response of respondents from the mean score, indicator of conscientiousness is considered the most priority in the implementation of personality traits. Measurement of variable of governance mechanisms based on response of respondents is categorized well with mean score = 4.31. Response of respondents can be explained from empiric reality through mean score and estimation loading factor indicator accountability was the most priority in the implementation and has dominant contribution in reflecting governance mechanisms.

Finally, result of response of respondents towards business performance of SMEs is categorized well with mean score = 4.01. The response of respondents showed that deriding near sales growth was the most priority indicator in the implementation. While, the result of loading factor test of asset growth indicator was considered the strongest in reflecting variable of business performance of SMEs, but still has not been implemented well.

The results of the regression analysis (see Equation (1)); in Table 3 show that personality traits is positively and significantly related to business performance in SMEs ($\beta = 0.61$; $p = 0.000 < 0.05$), this supports our H1. It can be concluded that the effect of personality on the performance of the business or it can be stated that the first hypothesis is accepted. Next, governance mechanisms is significantly and positively affected by the business performance in SMEs ($\beta = 0.269$; $p = 0.034 < 0.05$), the findings support H2. In all the main variables (personality traits and governance mechanisms on business performance of SMEs) were put into the regression model. When checking the impact of personality traits and governance mechanisms on business performance of SMEs, the following was found: the regression model is significant ($F = 45.366$, sig. 0.000).

Table 3: Results of regression Analysis

Model	B (unstandardized coefficients)	SE	β (standardized coefficients)	t	p-value
Constant	0.000	0.073		0.000	1.000
Personality traits	0.465	0.125	0.465	3.708	0.000
Governance mechanisms	0.269	0.125	0.269	2.148	0.034

Notes: R = 0.701; R² = 0.491; adjusted R² = 0.480; F_{critical} = 45.366;
 Sig. F = .000; p < 0.05 and n = 97

The results showed that the addition of the main variables increased R² = 49.10 percent. The regression model was also supported. Consequently, the main effects have been supported the prediction that personality traits and governance mechanisms have a direct and positive influence on business performance of SMEs, and this supports H3. Significant F = 0.000 < 0.05, then simultaneously personality and good governances have a significant effect on the performance of the business or it can be stated that the third hypothesis is accepted. As result of testing, the coefficient of determination (R²) one of the measures that show the adequacy of regression estimated from sample data to the observed value appeared 0.491. Therefore, 49.10 percent of variation business performance of SMEs that was the dependent variable as result of regression analysis was well explained by personality traits and governance mechanisms.

The results of the analysis of the influence of personality on the performance of an effort to find a significant effect, the research hypothesis which states that personality significantly influence business performance was otherwise acceptable. The indicators used are neuroticism or emotional openness, extraversion or openness of communication, social agreeableness or openness, openness or transparency of experience, and conscientiousness or openness of heart. Empirical facts from this study showed that openness of heart or conscientiousness is an indicator of the highest value. In the world of business responsibility and focus efforts contributed greatly to the progress of efforts being undertaken.

Responsibility and focused effort could harm businesses low both in terms of material and non-material. Viewed from the side of the material, in a venture agreement, the inability of businesses to fulfill orders as expected and planned either because of limited production capabilities, and limitations of management can affect the sanction or penalty on the inability of compensation orders or termination of the contract. It is certainly very harmful. Moreover, in terms of non-material, those businesses will get the impression that no justification or good in the eyes of business, and these conditions will be exacerbated by continued dial information among fellow businessmen. From the description above discussion shows that the employees calm personality, able to control emotions, easy to get along with other business associates, always curious about new things relating to business, can lead to increased business. The results of this study support the research Ratno (2010) and Rohmat (2011) assert that the personality of the perpetrator Small Business has a strong influence on business strategy planning process and business performance. In addition, the results of this

study support the research Nuraeni Kadir (2014) assert that personality affects the selection of business strategy.

The purpose of this study was to analyse the effect of personality traits and governance mechanisms on business performance in the context of Kendari city manufacturing SMEs. This study provided empirical support for the major structural relationships proposed in the conceptual model. At least of the two estimated structural parameters evidenced significant magnitudes. This study concluded that it was either personality traits and governance mechanisms, or the firm's propensity for innovation that had a positive and direct impact on business performance of SMEs. The overall implication for firms was that both personality traits and governance mechanisms provided a sound foundation for building important competitive advantages. Additionally, this study provided some evidence for the positive link between personality traits and governance mechanisms as well as for the impact on business performance.

These results indicate that the governance mechanisms of positive and significant impact on the business performance of SMEs. These findings support the research that has been conducted by Jensen and Meckling (1998), Core et al. (1998), Gompers et al. (2003), Dahya and McConnell (2007), and Shabbir and Padgett (2008) in its findings said that there is a positive relationship between the governance mechanisms and organizational performance. There are gaps on the findings by Sardar Ahmad (1999) that impropriety in government regulation on the management of companies in the UK can have different implications for company performance. In addition Ahmadu Sanda et al. (2005) and Lucian Bebchuk et al. (2009), found that the mechanism of management of the company has no significant effect on the improvement of financial performance and value of companies. The big difference in the results of empirical findings on the effect on organizational performance management mechanisms caused by variations in measurement, the object being studied, basic theory, and the difference in the time interval so that the study of this important research to be done to examine the contradictions of these findings.

The results of testing personality and governance mechanisms had a significantly positive relationship with business performance in SMEs. That is, if the personality of entrepreneurs followed by the ability of a good governance can affect the improvement of business performance, and vice versa. However, after the monitoring and evaluation of sometime later, there was no progress on aid efforts that have been granted. In fact, not infrequently the relief goods sold, as have thought would get help back in the future.

5. Conclusion and Managerial Implications

Our study found positive results for all the relationships hypothesized in our model. Personality traits as well as governance mechanisms had a significantly positive relationship with business performance in SMEs. In addition, our findings indicate that it is beneficial for SMEs to nurture innovative personality traits by instituting mechanisms and

structures which foster new ideas and ways of thinking and operating as this is likely to improve business performance. Our conclusions emphasize that the extraversion, agreeableness, openness to experience, conscientiousness, and emotional stability can be facilitated in the SMEs with mechanism good governance to encourage and foster a personality traits.

This study allows us to make important managerial recommendations for improving business performance of SMEs. Managers can harness the positive impacts of the relationship we concluded exists between personality traits and governance mechanisms. Managers work hard to increase business performance of SMEs of all types and at various levels in their organizations. We can now say that the business performance can be impacted by fostering the right personality traits and governance mechanisms. Results from the survey used in our study indicate it is possible to install a personality traits and governance mechanisms with active encouragement and support from managers. A personality traits and governance mechanisms is open to the risks and opportunities of innovations and new ideas. An organization which recognizes and nurtures the uniqueness of its employees and empowers the managers to follow their vision will have personality traits. The existence of such personality traits and governance mechanisms will motivate and support business performance of SMEs.

There are several practical implications that can be derived from our findings. First, increasing personality traits is an effective way to business performance. Managers SMEs, especially those who are facing fierce competition and who are eager for innovation, should enhance employees' perception of the value of their work, affirm their working capacity, define well the scope of their own decisions and emphasize their effect on the work. These strategies can enhance personality traits to the tasks, active promotion of inter-personal solidarity and innovation and in turn lead to organizational effectiveness and business performance.

Second, although managers should create personality traits for both internal and externals, greater perception of personality traits should be created especially for internals, because the contextual performances of internals are more sensitive to personality traits affects. Third, by creating higher levels of governance mechanisms, personality traits can have a more positive, albeit indirect, effect on business performance. Furthermore, if the level of employees' personality traits is hard to be changed in a short time, the supervisors can consider other ways to change employees' personality traits and governance mechanisms for higher business performance.

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