FAILURE FACTORS ON ENTREPRENEURIAL RESILIENCE IN SMEs

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ABSTRACT
Small and medium enterprises (SMEs) play an important role in sustainable development. The sustainability of small and medium-sized businesses is critical to job creation, poverty, and sustainable economic growth. The failure of entrepreneurial resilience can indirectly provide a domino effect both from social, economic, and financial aspects, thus depressing the economy both in terms of demand and supply. Business performance has decreased a lot due to these conditions, resulting in slowing economic growth and national economic performance. The success of SME performance is inseparable from human resources that have an entrepreneurial mindset in addition to the relevance of their skills. The purpose of this research is to find out more about the failure factors that prevent SMEs from achieving excellence and their relationship to the resilience of their entrepreneurs. The results show that entrepreneurs associate the failure of their activities with external environmental factors such as economic crises and changes in state laws. Besides, there is a connection between the dimensions of resilience and the success of entrepreneurs as well as gender-specific differences. Women are more optimistic about success than men. This will have an impact on the success of his business.

Keywords: Entrepreneurship resilience, Small and medium enterprises (SMEs), failure, effort, performance.

INTRODUCTION
The sustainability of small and medium enterprises (SMEs) is the future sustainability of a country because SMEs become a driver in job creation and economic growth of a country. Along the way, it's important to understand how entrepreneurs survive in conditions of uncertainty and what drives entrepreneurship during difficult times. Resilience is the ability to adapt and stay firm in difficult situations. (Reivich, K & Shatte, A, 2002). Resilience means doing better than expected when facing a crisis redundant, as well as to the moral, social and political elements that are the culture in which a person has grown or a company has been built. Besides, some aspects support people's health and well-being (Panter-Brick,
2014). Entrepreneurial resilience can be described as the ability to withstand and how to overcome the difficulties that exist in entrepreneurial souls. The characteristics of resilience are illustrated after traumatic events, overcoming difficulties, and successfully managing challenges as a person's ability to bounce back after difficulties and overcome challenges to get positive results (Fatoki, 2018). Entrepreneurial resilience can be coupled with improving networks and establishing a network of professional coaches and mentors, accepting changes that are part of life, and avoiding seeing crises as insurmountable. It is important to understand how entrepreneurs survive during conditions of uncertainty and what drives employers during difficult times. Entrepreneurs are haunted by high stress, some obstacles, and a high level of uncertainty regarding the results of their business (Ligthelm, 2011).

The transformation attributed to the pandemic and forced the service provider to fully experience unprepared conditions, thus exacerbating the challenge of leading the service business and its employees (Silke Bartsch, 2020). Faced with a situation of failure, entrepreneurial resilience has been seen as an essential condition for survival, recovery, and success after a failure situation (Hayward, M.L., Foster, W.R., Sarasvathy, S.D. and Fredrickson, B.L., 2010). For example (Okpara, 2011) shows that to improve economic conditions and poverty problems in Africa, a business can play an important role because small and medium enterprises (SMEs) are generally regarded as the driving force of economic growth and reduce poverty. Sometimes after failure, entrepreneurs lose their motivation temporarily, whereas in some cases they grow stronger and learn to get the best way to behave for their business to grow again. The acceptance rate of failure is defined by the resilience of the entrepreneur, which is a person's positive tendency to cope or adapt to new situations and adverse situations (Corner, P. D., Pavlovich, K., & Singh, S, 2017).

This article can contribute to the field of SME research and entrepreneurship innovatively, because it is based on the failure factor of SMEs and entrepreneurial resilience. The question that then arises is how to build the meaning of an event based on its motives to find the cause and solution as well as knowledge of its business environment.

LITERATURE REVIEW

Small and medium enterprises (SMEs)

Small and medium enterprises (SMEs) are seen as the backbone of the economies of many countries around the world because they are incubators of employment, growth, and innovation. As the engine of the economy of micro, small and medium enterprises (SMEs) is an important source of work and creates a spirit of entrepreneurship and innovation to foster competitiveness and jobs (Izidin El Kalak, Robert Hudson, 2016) so that the existence of small and medium enterprises (SMEs) gives a strong influence on the economy in a country, especially developing countries (Al-Mahrouq, 2010). Besides, SMEs are more responsive to market demand and are considered an important means of job creation (Ahmad, 2009). While the success of a business describes the level of achievement and how many small businesses approach or stay away from their targets (Emmanuel Lubem Assange, 2018). Meanwhile, the contribution of small businesses to development is generally recognized, but entrepreneurs are faced with many obstacles that limit the growth and viability of their business (Okpara, 2011). Every organization needs talented employees to increase productivity and maximize performance and performance is important to always be evaluated. Some of the factors emphasized in measuring SME performance based on recent developments extend to several focuses: sustainability (Falle, 2016); (Yosoff, 2018); (Masocha & Fatoki, 2018); (Burlea-Schiopoiu & Mihai, 2019), innovation (Ruchkina, 2017); the natural environment (Thanki & Thakkar, 2020); involvement of financial institutions
Entrepreneurial Resilience

Resilience is derived from the Latin word resilience which means the bending of elastic quality of a material (Chen, 1998). Without resilience, individuals will be less able to engage in the entrepreneurial behavior necessary to start a business or pursue a new venture. Instead, they will take no action and place more emphasis on prudence and fear of a bad economic environment (Amanda Bullough, 2013).

Organizational resilience is a system quality, which conceptually is the ability of a complex system to return to stability after experiencing disruption (Juan-Carlos Ayala, Guadalupe Manzano, 2014). Entrepreneurial resilience can be described in an entrepreneur's ability to manage difficult personal and market conditions as well as debilitating, future-oriented events. Resilient entrepreneurs welcome rather than resist change, and work hard to achieve goals and manage challenges. Also, resilient entrepreneurs have a high tolerance for ambiguity. Entrepreneurial resilience characteristics include violence, resourcefulness, and optimism. Entrepreneurial resilience involves: (1) the ability of entrepreneurs to overcome instability and change in the business environment; (2) the ability of entrepreneurs to maintain health and energy despite constant business pressures; (3) the ability of entrepreneurs to bounce back from setbacks and personal and business difficulties; and (4) turn into a new way to manage a business if the previous way does not match (Juan-Carlos Ayala, 2013) The level of entrepreneurial resilience can not only depend on internal or personal characteristics, but also structural and external factors (Hedner, Thomas; Abouzeedan, Adli; Klofsten, Magnus, 2011).

METHODOLOGY

The purpose of this article is to identify diversity in academic thinking concerning to "resilience" as a concept and analyze the influence of failure factors on the resilience of small and medium enterprises (SMEs). Literature reviews are conducted to obtain a holistic view from a diverse and interdisciplinary point of view, this is a necessary step in putting together a field of research to be able to form an integrated part of research.

RESULT AND DISCUSSION

In terms of small companies, there is a link between the resilience of entrepreneurs and the growth of their companies. There are three dimensions of resilience (violence, reason, and optimism) that help in predicting entrepreneurial success. A key factor in predicting an entrepreneur's success is the reason. However, the ability to predict the entrepreneurial success of those with violence and optimism differs between men and women. The influence of optimism on women's business success is greater than that of men (Juan-Carlos Ayala,
Entrepreneurs who believe in their ability to cope with a stressful environment will be better able to build their resilience and will therefore be more likely to bounce back from adversity and become stronger (Amanda Bullough, 2013). The size of small and medium-sized businesses will affect the probability of bankruptcy. The classification consists of three size categories (micro, small, and medium) while modeling for bankruptcy prediction. Comparison of the default prediction model for SMEs is moderate and there is no material impact on the decision-making process by treating each of these groups separately. A wide variety of small and medium-sized businesses suggest that they need to be considered separately when modeling credit risk for them (Izidin El Kalak, Robert Hudson, 2016). Therefore it is important in identifying the cause of the problem, due to the high business failure rate with various negative implications for each country and for the individual entrepreneurs themselves. The macro business failure rate can greatly affect the national economy. It also has a huge effect on employment rates and national income. In some literature mentions various factors that affect the success or failure of organizations that can be classified into six dimensions, as proposed by (Pardo C and Alfonso, W, 2017) namely: finance, external environment, organization, operational/technical, marketing and human resources. In line with the statement, (Okpara, 2011) explains that management issues including accounting, finance, resources, and problem-solving are the main causes of business failure for small businesses. Lack of management experience often complicates the success of business owners. The cause of the formation of these factors may be internal and/or external.

Other recognized factors that negatively impact small business development include corruption, poor infrastructure, poor location, failure to market development, and economic conditions (Tushabomwe-Kazooba, 2006) The table below shows a summary of the factors influencing the failure of MSMEs from several kinds of literatures referring to previous authors (Mario Franco, Heiko Haase, Dalne Antonio, 2020). Another behavior that can be attributed to business failure is a lack of research before investing. Conducting research is very important to assist entrepreneurs in measuring market demand (Stokes, D., & Blackburn, R, 2002).

Table 1. Summary of MSMEs Failure Factors

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<tr>
<th>FAILURE FACTORS</th>
<th>AUTHORS</th>
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<td>Human Resources</td>
<td>(Carter, 2006), (Daou, A., Karuranga, E. and Su, Z, 2014),</td>
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CONCLUSION

Lenders should provide separate credit modeling assessments for SMEs because financial statements do not provide adequate information about their possible defaults. Learning from failure can make entrepreneurs more resilient a second time. Some of the articles described, it offers a bridge between theory and practice thus providing an opportunity to advance the understanding of entrepreneurial actions. The failure of new companies should not always be taken that economically inefficient, because it can improve social welfare and reduce costs. Besides, according to Knott and Posen (2005), not all business failures are caused by financial difficulties. Given this argument, previously analyzing the failure rate of a business, it is important to distinguish between a firm failure and a company's planned exit strategy in which the business is healthy enough to continue its operations. Business failure may be caused by the characteristics of the entrepreneur. Sometimes, an entrepreneur's short vision can harm an organization and raise the possibility of business failure. The failure of SMEs has an impact on the economic viability of the community. The breadth and consequences of bankruptcy show that understanding is important about the root cause and can provide useful information to improve the survival of business life. SME owners or entrepreneurs should be aware that problems related to the processing/availability of information, debt, and economic climate are believed to have been the most significant variables failing. Entrepreneurial success is an achievement gained in business not only at the organizational level but also at the individual level. Includes micro (individual) and macro indicators (organizations) that indicate recognition of the relationship between entrepreneurs and their businesses.

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