This study examined the effect of the entrepreneur characteristics and creative economy on the dynamics of development and its impact on MSMEs sustainability. This paper applied a quantitative study using path analysis. The study engaged approximately 300 participants following accidental sampling, but only had about 258 respondents, which were used for further analysis. The findings showed that entrepreneur characteristics, development dynamics and creative economy positively affect MSMEs sustainability. In addition, entrepreneur characteristics and creative economy have an impact on development dynamics. Also, entrepreneur characteristics have a relationship with the creative economy entrepreneurship. Indirectly, entrepreneur characteristics, through development dynamics, have an insignificant impact on MSMEs sustainability. Indeed, the creative economy through development dynamics insignificantly affects MSMEs sustainability in Indonesia. Lastly, entrepreneur characteristics positively influence MSMEs sustainability through the creative economy.

**Keywords:** Entrepreneur Characteristics, Creative Economy, Development Dynamics, MSMEs Sustainability.
Introduction

Micro, small and medium businesses (MSMEs) are business people engaged in various fields that have invited the interests of the community (Gampala, 2018; Dewi et al., 2020). Both in developed and developing countries, such as Indonesia, MSMEs are considered as an effective way of poverty alleviation, job creation and community creativity in the creation of various products and services (Ab-Rahim & Mohamed, 2020; Austin, 2019; Manzoor et al., 2019). The development of MSMEs is inseparable from several problems associated with the percentage of failures, such as in several parts of the world that occurred in America with 17.34 percent of failure, Germany 10.14 percent, Britain 13.12 percent, Chekoslovakia 16.60 percent, India 20.14 percent, Thailand 18.90 percent and Indonesia 13.39 percent, respectively (Tekola & Gidey, 2019).

More specifically, the problems faced by MSMEs in Southeast Asia include the creation of a business climate that is not yet conducive and protection of the types of businesses that are insufficient. In addition, it also confronts several issues, such as partnership development and inadequate MSMEs training from the government (Tambunan, 2019). Meanwhile, MSMEs in Indonesia face several problems, such as business actors (40.28%), creative economy development (32.74%), dynamics of business competition (29.42%), and business sustainability (25%). (Bank Indonesia, 2015)

Dealing with these issues, several aspects need to be considered, such as improving the quality of human resources of business actors who are insufficient in entrepreneurial knowledge and competence. Second, MSMEs need to have a definite legal entity and increase product innovation in information and technology. Furthermore, there is a lack of access to capital and funding. The success of entrepreneur characteristics is determined by their level of education, mentality, skills, experience and attitude to work mastery (Rungani & Potgieter, 2018; Saptomo et al., 2019). The characteristics of these business actors must be encouraged to be in line with the dynamics of developing MSMEs to provide input, processes and output that are in accordance with the impact of the creation of profits, utilities, effectiveness, efficiency and productivity of business actors in the sustainability of MSMEs in improving the welfare of the community.

MSMEs needs to be developed in accordance with the creation of a creative economy. The core of the creative economy includes product creation, management improvement, marketing, technological innovation and implementing robust business strategies, all of which have an impact on profit, utility, effectiveness, efficiency and productivity (Yusoff et al., 2018). The impact of the dynamics of the development of MSMEs, which is similar to the characteristics of entrepreneurs and the creative economy, will be sustainable in improving the welfare of the community now and in the future.
Development of MSMEs is essentially a shared responsibility between the government and the community. The emergence of various problems that occur in MSMEs is closely related to the presence of facilitators or facilitators in assisting MSMEs that fail and run stagnant (Minai et al., 2018). Also, there needs to be an increase in competence and provision of capital incentives in building the creativity of business actors to be professional and independent in running businesses that they develop into productive and sustainable businesses (Fatoki, 2018; Suparno et al., 2019).

Through MSMEs, business sustainability and independence are created, there are changes in business dynamics, there is character building of entrepreneurs, entrepreneurship and the creation of productive, creative economic opportunities (Fung & Erni, 2013). This has an impact on the sustainability of MSMEs businesses in the development of microeconomics oriented towards crisis management and strengthening the accessibility of productive business capital (Karadag, 2015). The contribution of MSMEs as a strong buffer for the economic development of a country is vital (Neagu, 2016). MSMEs have created creative economy-based job creation for business sustainability in increasing income and community welfare (Radzi et al., 2017).

The essence of MSMEs fosters independence, entrepreneurship and creativity in productive ventures (Boccella & Salerno, 2016). The economic sustainability of a country is supported by economic strength based on community participation in doing business (Seo & Chae, 2016). MSMEs become supporters of competitive economic power (Marek, 2017). The sustainability of MSMEs is reflected in the sustainability of current and future businesses in ensuring the economic welfare of the community (Levushkina et al., 2016). Despite the increasing study on MSMEs, however, there is no previous studies that focuses on variable of business actor characteristics and the dynamics of business development. Therefore, this study is intended to examine the effect of entrepreneur characters and the creative economy on the dynamics of development and its impact on MSMEs sustainability.

**Literature Review**

**The Dynamics of MSMEs Development**

The dynamics of MSMEs development are closely related to the changes in entrepreneurs’ characteristic and the creative economy (Maryunani & Mirzanti, 2015). A MSMEs movements can be seen from three primary perspectives, including the dynamics of developing MSMEs, the dynamics of MSMEs that are stagnant, and the dynamics of MSMEs that reverse or fail. By understanding the dynamics of developing MSMEs, it can impact on business sustainability of MSMEs. Thus, to remain operational and advanced in their development, a policy strategy for developing MSMEs is needed (Lie & Kis, 2008).
There are several obstacles faced by MSMEs in Indonesia, including linkages with access to finance, bureaucratic service, infrastructure, institutions, human resources, production, marketing and intellectual capital. For these reasons, the characteristics of business behaviour and creative economy are very much needed to solve these obstacles and provide solutions (Wilantara & Susilawati, 2016).

The dynamics of developing MSMEs are also often confronted by problems and obstacles related to production and marketing in relation to standards, design and quality of products. MSMEs should be more competitive and able to be penetrated in the dynamics of strategic business developments following market segments, targeting and positioning that must be mastered.

Likewise, the problems and challenges faced by MSMEs in their development are also inseparable from intellectual capital. In the MSMEs’ operations, there are few people who have intellectual capital who are able to manage the business by getting people who are professional, able to empower, have potential, and make the MSMEs a professional business that provides benefits and advantages. Therefore, the development of MSMEs should prioritizes intellectual (Wilaranta, 2012; Anggraeni, 2013; Hutami & Kurniawan, 2020)

The dynamics of developing MSMEs in Indonesia are known by many to always face exposure to current global competition. It cannot be denied, sometimes causing MSMEs to be able to survive and be stable in developing their existence with increasingly fierce competition. On this basis, the dynamics of the development of MSMEs must use the philosophy of continuous self-improvement by empowerment to be competitive. Therefore, the dynamics of developing MSME are the most critical capital for MSMEs itself.

Based on these statements, the dynamics of the development of MSMEs become fundamental for the social community to build economic pillars in the context of empowerment and increase income to realise community welfare. The dynamics of its development very much determine the share of MSMEs, therefore, community participation is essential and necessary, especially for businesses to have superior business characteristics and be able to create a resilient, creative economy in business sustainability to improve the welfare of society.

The Characteristics of the Entrepreneur

The characteristics of business actors determine the dynamics of the development of MSMEs. This relates to people who have a significant role in business activities and in determining the dynamics of business development. Therefore, it requires the characteristics of business
actors who can create and deliver the dynamic model of the development of MSMEs. Pinho and de Sá (2014) stated that the characteristics of business actors play an essential role in developing businesses in the context of building the national economy. MSMEs are a tool in the national struggle to grow and develop the national economy by involving many potential business actors to have an interest in various efforts to advance the national economy (Sitharam & Hoque, 2016).

In relation to the importance of the characteristics of business actors as the most critical part of the dynamics of developing MSMEs, it is necessary to understand what is meant by the characteristics of business actors. Zimmerer and Scarborough (2005) mentioned that the word characteristic is defined as something unique or striking. Usually, what is striking in humans is nature, actions or a behaviour in running something. These characteristics are the appearance and values of a person who develop regularly so that behavior becomes consistent and easy to notice.

The characteristics of business actors related to the dynamics of MSME development are business actors with good personalities and having the competence to run their business properly. Wilantara and Susilawati (2016) revealed that the characteristics of businesspeople are always related to competence in business. Sexton and Bowman-Upton (1991) noted that there are five characteristics of business actors that colour or determine a person's competence in business, namely education, mentality, skills, experience and attitudes of mastery over the occupied field of work. These five characteristics are crucial in determining the dynamics of the change in MSMEs to realise business sustainability in realising community welfare.

Creative Economy

The primary core of the creative economy is the creative industry that carries out the process of creation through research and development (research and development). The strength of the creative industry lies in research and development to produce new goods and services that are commercial. Stock knowledge possessed by intellectuals gives birth to ideas or ideas, inspirations and dreams that are realized in the form of intellectual property such as design, trademark, patent, copyright and royalty (Suryana & Bayu, 2013).

Utami and Lantu (2014); Simatupang et al. (2012) mentioned that the development of the creative economy is highly dependent on the competitiveness of the creative industries. It is determined by the existence of supply chains, demand chains, the creative industry climate, the value chains of creative industries, according to value creation, the delivery of values and communication of values based on the direction of the idea of creation, production, distribution and marketing to grow supporting and related industries.
The creative economy plays a role in the economy of a nation, especially in income-generating, job creation and increasing export earnings, technological development and intellectual property. Therefore, the creative economy can be seen as driving the growth and economic development of a nation (Marco-Serrano et al., 2014). The role of creativity is being seen as a measure of social processes. Creativity can increase economic values such as income, employment opportunities and welfare, which in turn can reduce social problems such as poverty, unemployment, low education, health, inequality and other problems of social instability.

**Method**

The research applied a quantitative study using exploratory, ex-post facto, and causal studies approaches. The data of this study is divided into two, namely primary and secondary data. Primary data is data obtained from observations, questionnaires, interviews and documentation. The sample in this study was gathered using the Slovin’s formula by determining the degree of confidence of 10 percent of the total population, then obtaining a total sample of 100. The method of determining the sampling for each MSMEs unit is done purposively by taking a sample focusing on the creative industry business actors with each MSMEs unit having as many as three people. Therefore, the number of research samples is 300 respondents. The technique of distributing questionnaires is conducted using accidental sampling, and those returning/filling out the questionnaire, respondents in this study, were 258 people. The data analysis technique used is descriptive analysis and path analysis which aims to see the pathway of the variable characteristics of the actors, creative economy and development dynamics on the impact of the sustainability of the creative industries MSMEs.

**Results and Discussion**

The analysis shows that the validity and reliability testing of the questionnaire instruments was carried out to ensure that the research instruments used were accurate and reliable, and could be relied upon when used as a tool in data collection. Testing the validity of a questionnaire instrument can use the SPSS statistical method. With the results of data processing, the results obtained that in general the average questionnaire instrument is very valid. This is indicated by the value of $r$ Product Moment $r$ table greater than 0.170 (valid). Provisions on the validity of an instrument have met the minimum requirements of 0.170 as an instrument that is considered valid.

Testing reliability is done by using the Reliability Coefficient (Cronbach Alpha). The alpha value of the research instrument in each variable is higher than the required value, which is 0.60 or greater than 0.60. Thus, the overall questionnaire instrument in this study is reliable.
because it has met the minimum requirements. After the data is obtained, it is processed and examined through various required tests. The next step in testing the causality model is to conduct a path analysis of the characteristics of the actors, creative economy and the dynamics of the development of MSMEs towards increasing the impact of MSMEs members’ sustainability. Based on the causal model formed theoretically, a path analysis diagram will be obtained, and the calculation of the coefficient values of each path. In more detail, it is depicted in Figure 1.

Figure 1. The calculation of the coefficient values of variables

In addition, the recapitulation of the results of hypothesis testing provided in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Path Coefficient</th>
<th>T count</th>
<th>T table ((\alpha = 0.05))</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 → Y</td>
<td>(\rho_{y1} = 0.438)</td>
<td>3.455</td>
<td>1.65</td>
</tr>
<tr>
<td>X2 → Y</td>
<td>(\rho_{y2} = 0.322)</td>
<td>2.669</td>
<td>1.65</td>
</tr>
<tr>
<td>X3 → Y</td>
<td>(\rho_{y3} = 0.267)</td>
<td>1.978</td>
<td>1.65</td>
</tr>
<tr>
<td>X1 → X3</td>
<td>(\rho_{31} = 0.416)</td>
<td>5.966</td>
<td>1.65</td>
</tr>
<tr>
<td>X2 → X3</td>
<td>(\rho_{32} = 0.408)</td>
<td>5.184</td>
<td>1.65</td>
</tr>
<tr>
<td>X1 → X2</td>
<td>(\rho_{21} = 0.574)</td>
<td>9.322</td>
<td>1.65</td>
</tr>
</tbody>
</table>

Furthermore, to understand the indirect effect is done through the calculation of the Sobel test (computing Sobel Test of Mediation for Baron & Kenny Approach) with the results of the calculation as follows:

a. The characteristics of entrepreneurs indirectly through the development dynamics have a positive and not significant effect on the sustainability of MSMEs with the Sobel test results of 0.087 with p-value = 0.072 or greater than 0.05.
b. The characteristics of the actors indirectly through the creative economy have a positive and significant effect on the sustainability of MSMEs with Sobel test results of 0.159 with p-value = 0.014 or smaller than 0.05.

c. The creative economy indirectly through development dynamics has a positive and insignificant effect on the impact of MSMEs sustainability with the Sobel test result of 0.077 with p-value = 0.075 or higher than 0.05.

The effect of the entrepreneur characteristics on the impact of MSMEs sustainability is positive and significant. This proves that the characteristics of the entrepreneur characteristics very much determine the dynamics of developing MSMEs. A business actor is required to have education, mentality, skills, experience and attitudes of the occupied business that have a positive and significant impact on the sustainability of MSMEs currently and the future. This finding agrees with previous studies by Abdulwahab and Al-Damen (2015); Hosseinionia and Ramezani (2016), which remarked that entrepreneur characteristics are a considered factor in MSMEs sustainability.

The influence of the creative economy on the impact of MSMEs sustainability is directly positive and significant. Similarly, this finding supports the result of previous studies by Kuway (2019); Ananda and Susilowati (2017). The dynamics of the development of MSMEs must be in line with the creation of a creative economy following the creation of products, management, marketing, technology and business strategies that have a positive and significant impact on the sustainability of MSMEs. Also, the influence of development dynamics positively affects MSMEs sustainability. It implies that the sustainability of MSMEs is very much determined by the dynamics of MSMEs development that produces inputs, processes and outputs of the characteristics of business people and the creative economy that are actualised now and future (Prasanna et al., 2019; Schmitt, 2018).

Similarly, the characteristics of an entrepreneur have an impact on the dynamics of MSMEs development. An entrepreneur is required to have education, mentality, skills, experience and attitudes of the occupied business that have a positive and significant impact on the dynamics of developing MSMEs to gain benefits, utilities, effectiveness, efficiency and productivity (Ohanu & Ogbuanyu, 2018). The influence of the creative economy on the dynamics of MSMEs development is directly positive and significant. This proves that the dynamics of MSMEs development is determined by the creative economy according to the creation of products, management, marketing, technology and business strategies that have a positive and significant impact on the dynamics of developing MSMEs to gain profit, utility, effectiveness, efficiency and productivity.

The effect of the characteristics of actors on the MSMEs creative economy is directly positive and significant. The characteristics of the entrepreneur determine the creative economy. A
business actor is required to have education, mentality, skills, experience and attitudes of the occupied business that have a positive and significant impact on the creative economy in the creation of products, management, marketing, technology and business strategies.

The indirect effect of the characteristics of actors through the dynamics of the development of MSMEs on business sustainability, as well as the creative economy through the dynamics of developing MSMEs on business sustainability, shows a positive and insignificant influence. This means that the dynamics of developing MSMEs do not mediate in contributing to the sustainability of MSMEs. While the characteristics of the actors indirectly through the creative economy have a positive and significant effect on the sustainability of MSMEs. It implies that the creative economy is crucial as a mediation for the sustainability of MSMEs in Indonesia.

**Conclusion**

Based on the previous discussion, it can be concluded that first, entrepreneur characteristics, development dynamics and creative economy positively affect MSMEs sustainability. In addition, entrepreneur characteristics and creative economy have an impact on development dynamics. Also, entrepreneur characteristics have a relationship with the creative economy entrepreneurship. Indirectly, entrepreneur characteristics through development dynamics have an insignificant impact on MSMEs sustainability. Indeed, the creative economy through development dynamics insignificantly affects MSMEs sustainability in Indonesia. Lastly, entrepreneur characteristics positively influence MSMEs sustainability through the creative economy. These matters contribute to promoting sustainable MSMEs development in Indonesia.
REFERENCES


