

ABSTRACT

This research is designed by using the combination of a descriptive research and an explanatory research. A descriptive research is used to describe the entrepreneur characteristic, entrepreneurship, leadership, business ability, and business performance. The variables are as follows:

1. Entrepreneur characteristic comprises five indicators, those are: **education**, gender, training, experience, and age.
2. Entrepreneurship consists of nine indicators, those are: vision, planning, motivation, innovation, opportunity, self-recognition, risk, ethics, and adaptation.
3. **Leadership** style covers dictator, participation, delegation, and **consideration**
4. **Business** ability covers the following indicators production ability, marketing ability, and finance ability.
5. **Business** performance consists of three indicators, those are: sales **growth**, investgrowth, and personnel growth and learning.

Explanatory research is used to explain the influence of entrepreneur characteristic, entrepreneurship, and leadership on business performance through business ability.

The analysis used in this research is Structural Equation Modeling analysis. The analysis result indicates that:

1. **Leadership** has non-significant influence on business performance both **direct** and indirect effect through business ability.
2. **Characteristic** and entrepreneurship have significant influence on **business** ability, but having non-significant influence directly on **business** performance.
3. **Business** ability has significant influence on business performance.
4. **Entrepreneurship** has more influence on business ability than those on **characteristic** effects.

Key words: Entrepreneurship
Leadership
Business ability
Business performance