

How do Entrepreneurial Competence and Personal Independence affect Micro Business Success in Makassar City?

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ABSTRACT

This study aims to determine the effect of Entrepreneurial Competence and Personal Independence on Micro Business Success in Makassar City. The research is categorized as quantitative descriptive research with a population of 230 micro businesses located in Makassar City. Data collection in this study was carried out using observation, questionnaire, interview and documentation techniques. The analysis technique used is descriptive statistical analysis and inferential statistical analysis. The results of this study indicate that entrepreneurial competence and personal independence together have a positive and significant effect on the success of micro businesses in Makassar City. This can be seen from the data analysis obtained the amount of entrepreneurial competence and personal independence on business success, and hypothesis testing has been carried out (t test). The results of the analysis obtained that the variables of entrepreneurial competence (X1) and personal independence (X2) have a positive relationship to business success. So it can be said that there is a positive and significant influence between entrepreneurial competence and personal independence on the success of micro businesses in Makassar City.

Keywords: *entrepreneurial competence, personal independence, business success*

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1. INTRODUCTION

Along with economic development and globalization, microenterprises have become an important part of supporting local economic growth and creating jobs. However, the microenterprise sector is also faced with various challenges, including high levels of competition and rapid market changes. Therefore, it is important to understand the factors that influence the success of micro enterprises as they play an important and strategic role in national economic development. In addition to their role in economic growth and employment, micro enterprises also play a role in distributing development outcomes (Putra, 2016; Sukendar et al., 2020). Micro enterprises have also been proven to be unaffected by the crisis.

In this study, we will focus on two main factors that are believed to play an important role in the success of micro enterprises, namely entrepreneurial competence and personal independence of business owners. Entrepreneurial competencies include the managerial, financial, marketing and innovation skills needed to manage a business well (Sya'roni & Sudirham, 2012). Meanwhile, personal independence reflects the ability of business owners to take initiative, overcome challenges and take responsibility for their business decisions (Ramadhan & Destiani, 2022).

Indicators of the success of a business according to Hapsari et al. (2014) include: 1) profit which is the main goal of the business. Business profit is the difference between revenue and costs. 2) productivity which can determine the small productivity of a business will determine the size of production. This will affect the size of sales and ultimately determine the size of revenue, thus affecting the size of the profit earned. 3) competitiveness is the ability or toughness in competing

to win the attention and loyalty of consumers. A business can be said to be successful, if it can beat competitors or at least can still survive in the face of competitors. 4) The establishment of a good image of the company is divided into two, namely, internal trust and external trust. Internal trust is the trust or trust of all the people in the company. While external trust is the emergence of a sense of trust or trust from stakeholders, consumers, suppliers, government, and the wider community, as well as competitors.

Microenterprise success is not always guaranteed, and many factors can affect the performance and success of the business. Micro entrepreneurs should have entrepreneurial competencies and personal independence in order to achieve business success. Basically, competence is an ability to carry out or perform a job or task based on skills and knowledge and supported by the work attitude required by the job. Thus, competence shows the skills or knowledge characterized by professionalism in a particular field as something important, as superior in that field (Prawiyogi & Toyibah, 2020). Meanwhile, according to Aprilida (2012) competence refers to the behavioral dimensions of a role or behavior that a person needs to be able to carry out their work satisfactorily.

According to Hasan (2011), the indicators to measure entrepreneurial competence include: 1) self knowledge (having knowledge about the business), namely having the ability about the business he will do or pursue. 2) practical knowledge, namely having practical knowledge such as technical knowledge, design, processing, bookkeeping, administration, and marketing. 3) communication skill, which is the ability to communicate, get along, and relate to other people.

In addition to competence, personal independence is also one of the important factors of business success. Basically, independence comes from the root word self which gets the prefix ke and the suffix an which then forms a state word or noun. Because independence comes from the basic word self, the discussion of independence cannot be separated from the discussion of the self itself, which in Rogers' concept is called the term self, because the self is the core of independence (Asrori & Ali, 2011). Meanwhile, according to Riyanti (2003) Personal Independence is the ability to rely on oneself in an effort to create new jobs without having to depend on others and be able to face existing competition. Loyalty to the work he will face and his creativity to achieve opportunities and awareness of his profession, will lead him certainly to his freedom of thought in order to achieve success in the business he started. However, the demand for personal independence takes two forms: in thought and in duty. Being able to take responsibility for wanting to allocate one's own precious resources.

There are a number of factors that are often referred to as correlates for the development of independence, namely (Asrori & Ali, 2011): 1) Genes or parental heredity, Parents who have high independence traits often lower children who have independence as well. However, this hereditary factor is still a matter of debate because some argue that it is not the nature of independence that is passed on to their children but the nature of the parents who emerge based on how parents educate their children. 2) Parenting, How parents nurture or educate children will affect the development of children's personal independence, parents who create a safe atmosphere in their family interactions will be able to encourage the smooth development of children. However, parents who often issue the word "do not" without being accompanied by a rational explanation will hinder the development of children. 3) The education system at school, the educational process at school that does not develop democratization without argumentation and the pressure of punishment will hinder one's independence. On the contrary, appreciation of children's potential, rewarding and creating positive competition will facilitate the development of children's independence.

Makassar City has great potential for sustainable microenterprise growth. As one of the largest cities in Indonesia, Makassar offers a wide range of business opportunities and a vast market. However, the success of micro-enterprises is not always guaranteed, and many factors can affect the success of such businesses. As for the obstacles faced by micro-entrepreneurs in

Makassar City, traders admit that they do not have a special bookkeeping of financial transactions from sales and do not separate business books from family expenses, and there are still many traders who find it difficult to increase business capital and, there are traders who lack understanding in technology and managerial skills so that their business activities are not well planned and the sales proceeds from their business are always used to cover daily needs so that the goal of increasing capital is difficult to meet.

There is limited research on the relationship between entrepreneurial competencies, personal independence, and microenterprise success in Makassar City. Therefore, this study aims to fill this knowledge gap and provide deeper insights into the factors that influence microenterprise success in the city. The results of this study are expected to make a meaningful contribution to micro entrepreneurs, economic stakeholders, and the government in developing policies and programs that support the sustainable growth of the micro enterprise sector in Makassar City. In addition, this study is also expected to serve as a reference for researchers and academics in understanding the phenomenon of micro businesses in the local and global context.

The phenomenon that occurs in entrepreneurs in Makassar City is that traders tend to always feel pessimistic because they are worried if their merchandise does not sell or only sells a little, so that these entrepreneurs do not dare to take high risks to develop their business or merchandise. This condition results in micro businesses in the Makassar City area tending to be monotonous and difficult to develop due to a lack of entrepreneurial competence, personal independence, and has not instilled the entrepreneurial spirit that an entrepreneur should have. Microbusiness development is very helpful in overcoming the problem of unemployment given the current phenomenon of difficulty finding formal employment, so local residents prefer entrepreneurship as a livelihood (Isma, 2020). Therefore, researchers are interested in conducting research to find out how entrepreneurial competence and personal independence affect the success of micro businesses in Makassar City.

With a better understanding of the factors that influence microenterprise success in Makassar City, it is hoped that the results of this study can serve as a basis for developing more effective strategies and programs to support the growth of the microenterprise sector in the city. In addition, this research can also help fill the knowledge gap in entrepreneurship and micro business development literature at the local and regional level.

2. METHOD

The population in this study were all owners of daily necessities stalls or kiosks, cake business owners and owners of crackers or chips making businesses in the Makassar City area, totaling 230 businesses. So the total number of respondents in this study was 46. Samples were taken based on probability sampling techniques; simple random sampling, where researchers provide equal opportunities for each member of the population (trader) to be selected as a sample which is done randomly without regard to the strata in the population itself. Data collection techniques are questionnaires, observations, interviews, and documentation. The data analysis technique used in this study is multiple linear regression analysis. This analysis is used to test the effect of the independent variable on the dependent variable partially and simultaneously in this study. The regression equation can be formulated as follows:

$$Y = \alpha + b_1 X_1 + b_2 X_2 + e$$

Description:

Y = interest in entrepreneurship variable

a = constant (Intercept)

X1 = entrepreneurship learning variable

X2 = social environment variable

b1- b2 = Regression Coefficient

3. RESULTS AND DISCUSSION

3.1. Research Results

The test uses multiple regression analysis which aims to determine the effect of entrepreneurial competency variables (X1) and personal independence (X2) on micro business success (Y) in Makassar City. Based on the calculation of SPSS 21 for windows, it can be seen as follows:

Table 1. Multiple Regression Analysis Test Results

		Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients			
	Model	B	Std. Error	Beta	t	Sig.	
1	(Constant)	13.274	7.770		1.708	.095	
	Entrepreneurial Competencies	.462	.165	.359	2.793	.008	
	Personal Independence	.524	.174	.388	3.015	.004	

a. Dependent Variable: Business Success

Source: Data processing results, 2023

Based on the table above, the value of a (constant) is 13,274, the coefficient of X1 is 0.462 and X2 is 0.524 so that when entered into the regression equation, the following equation is obtained:

$$Y = 13,274 + 0,462X1 + 0,524 X2$$

Based on the above equation, it can be explained as follows:

- The regression equation above can be explained that the constant value of 13.274 means that if the variables of entrepreneurial competence and personal independence are equal to zero, business success will still have a value of 13.274. In other words, if there are no other variables that support, business success will still have a value of 13,274.
- The beta coefficient value on entrepreneurial competence is 0.462, a positive value indicates a positive relationship between the entrepreneurial competency variable and business success. The regression coefficient value of 0.462 means that for every increase in entrepreneurial competence by one unit, it will increase the effect of business success by 0.462.
- The beta coefficient value on personal independence is 0.524, a positive value indicates a positive relationship between the variable personal independence and business success. The regression coefficient value of 0.524 means that for every increase in personal independence by one unit, it will increase the effect of business success by 0.524.

As for the results of the coefficient of determination test, which in essence measures how far the model's ability to explain the variation in the dependent variable can be seen in the following table.

Table 2. Determination Coefficient Test Results

No	Model	Value
1	Correlation (R)	0,616
2	Coefficient of Determination (R Square)	0,380

Source: Data processing results, 2023

Based on table 33, we can see that the correlation value (R) of the entrepreneurial competency variable (X1) and personal independence (X2) is 0.616, this shows that there is a strong relationship between entrepreneurial competence and personal independence together on

business success of 0.616 or 61.6%. While the coefficient of determination (R Square) of 0.380 means that the effect of entrepreneurial competence variables and personal independence together on business success is 0.380 or 38%.

3.2. Pembahasan

3.2.1. The Effect of Entrepreneurial Competence on Business Success

The results of testing the first hypothesis using multiple regression analysis, it is known that entrepreneurial competence has a positive and significant effect on business success at Aeoropala Food Makassar City. The positive influence shown by entrepreneurial competence identifies that the higher the entrepreneurial competence of an entrepreneur, the higher the success of his business.

The results of the study are supported by previous research, stated by Rifa'i et al., (2019), that success in carrying out business activities carried out by small business actors is often faced with many problems faced. These obstacles often make it difficult for small business actors to develop. For this reason, success in entrepreneurship is largely determined by the entrepreneurial competence that a person has. In addition, the results of this study are also in accordance with research conducted by Octavia (2015) which suggests that a decrease in income and a decrease in the number of producers indicates a decrease in business success, there are many factors behind this, one of which is the competence of entrepreneurs who influence the sustainability and success of their business.

The test results also show that the results of this study are in accordance with the results of research conducted by Pamela et al (2016) and Nagel & Suhartatik (2022). The results of their research show that partially entrepreneurial competence has a positive and significant effect on business success. Entrepreneurial competencies include various skills, knowledge, and attitudes required by an entrepreneur in managing and developing his business. On the other hand, business success refers to the achievement of goals and positive results obtained by the business. Therefore, entrepreneurial competence plays an important role in determining business direction and performance, thus directly affecting business success. Entrepreneurs who have good competencies have a higher chance of achieving success in achieving business targets, expanding market share, increasing profitability, and creating a positive impact on society and the economy as a whole.

3.2.2. The Effect of Personal Independence on Business Success

The results of testing the second hypothesis using multiple regression analysis, it is known that personal independence has a positive and significant effect on business success at Aeoropala Food Makassar City. The results of this study are supported by previous theory put forward by Renaningtyas (2017), that personal independence reflects a person's ability to take initiative, overcome challenges, and be responsible for decisions and actions taken in managing their business. The results of this study are also in accordance with research conducted by Veron & Victor (2020) which suggests that someone who lives this life is never free from trials and challenges. Individuals who have high independence are relatively able to face all problems because independent individuals do not depend on others, always try to face and solve existing problems.

The test results show that the results of this study are in accordance with the results of research conducted by Firmansyah & Iffan (2015). The results of this study indicate that partially personal independence has a positive and significant effect on business success. Personal independence plays an important role in shaping mindsets and attitudes that support business success. Entrepreneurs who have high personal independence are more likely to achieve success in facing business challenges, take risks wisely, and take responsibility for every action taken in

managing their business. Personal independence also contributes to the positive attitude and perseverance needed to achieve business goals effectively and efficiently.

3.2.3. The Effect of Entrepreneurial Competence and Personal Independence Together on Business Success

The results of testing the third hypothesis using multiple linear regression analysis show that entrepreneurial competence and personal independence have a positive and significant effect on business success at Aeoropala Food Makassar City. The relationship between entrepreneurial competence and personal independence with business success is very important in a business context. Entrepreneurial competencies include the skills, knowledge, and attitudes needed to effectively manage and develop a business (Harianti et al., 2020). Meanwhile, personal independence reflects a person's ability to take initiative, overcome challenges, and take responsibility for decisions and actions taken in managing their business (Arpinal et al., 2023).

These two factors are closely linked in achieving business success. First, entrepreneurial competencies play an important role in optimizing business performance. An entrepreneur with good managerial, financial, marketing and innovation skills is better able to plan appropriate business strategies, identify market opportunities and manage resources efficiently. These capabilities are key to achieving competitive advantage and increasing business competitiveness in an increasingly tight market.

Personal independence also plays a significant role in business success. An independent entrepreneur has high initiative in seeking business opportunities and innovating (Widayati et al., 2019). They have perseverance and consistency in facing obstacles, so they do not give up easily when facing business challenges. Personal independence also helps entrepreneurs to take prudent risks and responsibility for the business decisions they make.

In addition, personal independence also contributes to the ability to adapt quickly to changes in the market and business environment (Asyhari, et al., 2018). In the fast-changing business world, adaptability and flexibility are key to staying relevant and competitive. An independent entrepreneur is able to face change with a positive attitude and find creative solutions to overcome challenges.

Overall, the positive relationship between entrepreneurial competence and personal independence with business success is a powerful combination in achieving business goals. Entrepreneurial competence provides a strong foundation for managing the business professionally and effectively, while personal independence provides the drive to take initiative, adapt quickly and face challenges with perseverance. These two factors complement each other and create an environment conducive to enterprise success in achieving growth, sustainability and positive impact on society and the economy as a whole.

4. CONCLUSIONS AND SUGGESTIONS

4.1. Conclusion

From the discussion in the previous chapter it can be concluded that: 1) entrepreneurial competence has a positive and significant effect on the success of microbusinesses in Makassar City seen from knowledge about business, practical knowledge and, communication skills. 2) personal independence has a positive and significant effect on the success of micro businesses in Makassar City seen from relying on their own abilities, relying on their own financial capabilities and, courage to face challenges. And 3) entrepreneurial competence and personal independence simultaneously have a positive and significant effect on the success of micro businesses in Makassar City.

4.2. Suggestion

Based on the research results obtained, several suggestions can be made to improve the success of micro businesses in Makassar City, as follows: 1) for micro entrepreneurs in Makassar City it is advisable to further improve entrepreneurial competence and personal independence because they have a significant effect on business success. 2) researchers / academics should use the results of this study as a reference in order to study relevant economic fields, especially those concerning entrepreneurial competence, personal independence and business success. 3) business success is influenced by several factors. In this study only examined the factors of entrepreneurial competence and personal independence. Future researchers are expected to be able to reveal other factors that influence business success.

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