Determinants Of Satisfaction Of Micro And Small Entrepreneurs In Bandung

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Abstract
This research aims to determine the factors that influence the welfare of MSME (Micro, Small and Medium Enterprises) entrepreneurs in the city of Bandung. Entrepreneurs play a big role in improving the economy of developing countries, such as Indonesia. The research methodology used is a qualitative method where as with literature study, this paper is conceptual papers. Entrepreneurs is an important factor in the entrepreneurial process. Entrepreneurs who are prosperous tend to continue their business, whereas entrepreneurs who are not prosperous will abandon their business. This research will provide entrepreneurs and business owners with a better understanding of the factors that significantly influence performance and their impact on the welfare of entrepreneurs, as well as input to the government regarding the support needed by entrepreneurs in improving business performance and welfare of entrepreneurs.

Keywords: External Environment; Government support; MSME performance; Entrepreneurial Welfare.

1. INTRODUCTION
Entrepreneurs play a major role in economic development by creating innovation, employment and prosperity(Schumpeter, 1965). The business environment will encourage productive industrial growth. The more entrepreneurs a country has, the greater the country's financial development. According to Schumpeter there are five components of entrepreneurship, namely (1) introduction of new products or new quality products (2) creation of new production methods (3) opening of new markets (4) acquisition of new sources of supply from new materials or parts (5) formation of organizations new sector. The correlation between the innovation of entrepreneurs and the mix of resources is explained. This productive activity will encourage development production so that the country will compete as a growth accelerator to produce new entrepreneurs. Entrepreneurship can improve the community's economy. This is because of their potential contribution to reducing unemployment, creating new jobs, improving income distribution, reducing poverty, increasing exports of production products, fisheries and agricultural products. There are three basic principles to support the view that MSEs can operate as motors of productivity in developing countries(Bank Indonesia & LPPI, 2015). First, MSEs increase competitiveness and entrepreneurial spirit and therefore have external benefits on economic efficiency, innovation and aggregate economic growth.

Second, MSEs can develop or be as productive as large corporations(Tambunan, 2009). From their study of the complexity of small and medium enterprises in Indonesia, it shows that statically, micro, small and medium enterprises, on average, achieve good levels of productivity, especially capital, and all factors combined and dynamically, have significant growth potential. However, failures in financial markets and
other institutions as well as an unfavorable macroeconomic environment hamper the development of MSEs. Third, the growth of micro, small and medium enterprises increases employment more than the growth of large enterprises because SMEs are more labor intensive. In other words, the World Bank claims that SMEs in these countries can increase economic growth and progress. MSEs have previously been major players in national economic operations in Indonesia, especially as providers of very large employment opportunities, and thus a source of electricity for many homes as a primary or secondary source of income.

Overall, factors such as limited access to funding, limited market access, limited innovation, difficulty in obtaining high quality raw materials at competitive prices, complicated and difficult bureaucracy, taxes, limited resources, weak managerial skills, and low quality human resources and mastery of technology is seen as a driving factor for small business development (Iskamto, 2020; Pangestu, 2014). The success of MSE entrepreneurs in Indonesia is poor in some situations and even fails due to a number of challenges faced such as lack of competence and experience (Hani et al., 2012). Entrepreneurs are not prosperous because their business performance is low which causes low income (Carter, 2011). This lack of performance is the main cause of dissatisfaction among entrepreneurs (Carree & Verheul, 2012). Company performance has a positive effect on entrepreneurial welfare (Fatoki, 2016; Iskamto, 2021).

The environment surrounding entrepreneurship impacts performance (Omerzel Gomezelj & Kušce, 2013). Several experts found that SMEs in Indonesia lack internal and external environmental support (Hati & Irawati, 2017; Rahmanto et al., 2018; Rosyafah, 2017; Sumantri et al., 2013) lack of business capital support (Abbas, 2018; Ardiana, et al., 2010; Pramaishella, 2018). This research helps SME entrepreneurs understand the factors that contribute to their prosperity. Entrepreneurial welfare is an important factor in the entrepreneurial process, but unfortunately there is still very little research that specializes in entrepreneurial welfare in Indonesia. From this research, it will be revealed what factors cause an entrepreneur to feel satisfied, so that these dissatisfaction factors can be anticipated early on. Satisfied entrepreneurs tend to continue their business, whereas dissatisfied entrepreneurs will abandon their business.

1.1 Problem Formulation
This study examines entrepreneurial welfare as a dependent variable which is rarely found in reviewed literature. According to the literature, the dependent variable used in entrepreneurship research is company performance (Adel et al., 2020). Research on entrepreneurial well-being as a dependent variable in entrepreneurship will produce more variation that reflects the diversity of entrepreneurs, providing research value and new perspectives into and theorizing about entrepreneurship. Specifically, this research examines the independent variables, namely: (i) government support, and (ii) entrepreneurial environment. In addition, this research uses company performance variables as mediators in the relationship between independent variables and entrepreneurial welfare variables.

1.2 Research aims and benefits
The aim of this research is to determine the influence of the external environment and government support on the performance of SMEs in Pekanbaru City during PPKM. It is hoped that this research will provide benefits at an academic and practical level. Apart from being useful for scientific development in the field of MSME Performance in particular and micro and small businesses in general, it is hoped that this research will be more applicable in providing suggestions for all stakeholders in making policies related to improving the performance of MSMEs in Pekanbaru City so that the welfare of entrepreneurs increases. This research will be carried out to save micro and small businesses from losses by defining the problems they face and suggesting appropriate solutions to the problems they experience. In this way, Micro and Small Businesses in Indonesia can develop effectively, help improve the economy, reduce unemployment and overcome poverty.
2. LITERATURE REVIEW

2.1 Definition of MSMEs

The largest number of business groups are Micro, Small and Medium Enterprises (MSMEs) in the Indonesian economy. Apart from that, this group has proven to be resistant to various kinds of economic crisis shocks. This then becomes necessary to strengthen the micro business group, which involves many groups on a small and medium scale (Abbas, 2018; Alkahtani et al., 2020; Cahya et al., 2021; Iskamto, 2021, 2022). Business criteria are regulated under a legal umbrella, including Micro, Small and Medium Enterprises. Based on Law No.20/2008 (State Law of the Republic of Indonesia, 2008), there are several criteria for Micro, Small and Medium Enterprises (MSMEs) that are used to define the meaning and criteria of Micro, Small and Medium Enterprises. The meaning of MSME is:

1. Micro businesses

The criteria for a micro business group are productive businesses of individuals and/or individual business entities that meet the criteria for Micro Business as regulated in the Law of the Republic of Indonesia.

2. Small Business

The criteria for a small business are an independent economically productive business, carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or in part, either directly or indirectly, of a medium or large business that meets the criteria for a small business.

3. Medium Business

The criteria for a medium-sized business is a productive economic business itself carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or part of, either directly or indirectly, a small business or large business, with the amount of net assets or annual sales as regulated in the Law. Criteria for Micro, Small and Medium Enterprises according to Law of the Republic of Indonesia Number 20 of 2008 are classified based on the amount of wealth and turnover owned by a company, as follows:

A.

2.2 MSME Business Environment

A internal business environment Environment is everything that is outside the organization (Abdullah & Mansor, 2018; Alfiyah, 2019). Meanwhile, according to (Abdullah & Mansor, 2018) Environmental definitions have intellectual problems, so researchers categorize them with different approaches. In the context of strategic management, the environment is defined based on how close and far the environment is from the organization or how directly and indirectly the environment influences the organization. Meanwhile, Nickels and McHugh (2009:12) define the business environment as the factors that exist around the business. These factors will be able to help or hinder the development of an existing business. Whereas (Banham, 2010) distinguish between the external environment and the internal environment. (Gathungu & Baariu, 2018) states that it is imperative for business people who want to be successful in such a complex business environment, that business people must work by utilizing knowledge and intuition which is used to predict what will happen in the future. This estimate must also be done clearly, eliminating the subjectivity that exists within the business person. This is because the business environment is a very dynamic factor and this dynamic changes very quickly. In addition, business strategies will be increasingly determined by environmental forces. According to (Haryani, 2017) Strategy formulation is used as a guide by executives in determining organizational policies to achieve final goals and the methods that will be used to achieve final goals. Effective and efficient strategy formulation is a formulation that combines a future-oriented perspective with the external business environment and the organization's internal environment.
The business environment or organizational environment can be divided into two parts, namely: the internal environment and the external environment (Adula & Kant, 2022; Banham, 2010; Gathungu & Baariu, 2018; Ratnamiasih & Setia, 2016).

2.3 Government Support
Micro, Small and Micro Enterprises (MSMEs) are an important sector and have a large contribution to realizing national economic development targets, such as economic growth, employment opportunities, increasing the country's foreign exchange and regional economic development. MSMEs are expected to have the ability to contribute to spurring national economic growth so that MSMEs need protection in the form of government policies such as laws and government regulations (Alhinity, 2016; Alkahtani et al., 2020; Anwar & Li, 2021). The existence of regulations, both in the form of laws and government regulations relating to MSMEs from the production side and banking side, will spur an increase in the role of MSMEs in the economy. As expressed by (Cancino et al., 2015) that "Regulation is a set of rules intended to provide protection and benefits to society in general or to a group of people".

Efforts to ensure the progress and development of MSMEs are also programmed by the Ministry of Finance through Minister of Finance Decree (Menkeu) No. 316/KMK.016/1994. The decree requires State-Owned Enterprises (BUMN) to set aside 1-5% of company profits for Small Business and Cooperative Development (PUKK). Djamhari (2004: 522), “In Indonesia, policies towards MSMEs are more often associated with government efforts to reduce unemployment, combat poverty and equalize income. Because of this, the development of MSMEs is often considered indirectly as a policy of creating job opportunities or a policy of income redistribution.” Based on several opinions and steps taken by the government to ensure the development of MSMEs, it can be concluded that in order to empower MSMEs that can be taken include:

1. Determination of a policy for empowering MSMEs in developing a business climate for small businesses at the national level which includes: Funding or providing sources of funds, procedures and conditions for meeting funding needs, Competition, Infrastructure, Information, Partnerships, Licensing.
2. Guidance and development of small businesses at the national level including: Product, Marketing, Human Resources, Technology.
3. Facilitate access to guarantees in providing financing for MSMEs at the national level including: banking credit; guarantees from non-bank institutions, loans from charity funds as BUMN profits, grants, other types of financing.

2.4 Understanding MSME Performance
MSME performance refers to the level of achievement or achievement of MSMEs in a certain time period. According to (Anwar & Li, 2021; Robson & Bennett, 2000) There are 2 types of approaches to measuring performance, namely: Objectively and subjectively. Objectively, this is a type of approach that uses data in the form of financial accounting data. Meanwhile, subjectively, the approach to measuring MSME performance is based on managers' perceptions of MSME performance.

But according to (Dhamayantie & Fauzan, 2017) There are obstacles/disadvantages of this type of objective approach, namely: (1) there tends to be manipulation of numbers on the part of management, (2) managers/owners object to providing information and financial data (this condition is commonly found in research on small MSMEs). For this reason, Beal (2000) and Covin (1991) stated that to anticipate the unavailability of objective MSME performance data in research, it is possible to use subjective performance measures based on managers' perceptions.

(Iskamto et al., 2021) stated that performance refers to the level of achievement of MSMEs in a certain time period. MSME performance is a very determining factor in the development of MSMEs. On the other hand, the performance of a business is the result of group work functions in an organization which is influenced by various factors to achieve organizational goals in a certain period. The Influence of Business Environment on Performance
Entrepreneurial Welfare
Entrepreneurial well-being refers to the overall state of health, happiness, and well-being of an entrepreneur. It covers various aspects of life, including physical, emotional, social, and psychological well-being (Agarwal, 2021; Andersson, 2008).

The well-being of entrepreneurs is very important for individuals and businesses. A physically and emotionally healthy entrepreneur is better equipped to handle the challenges and stress of running a business, make the right decisions, and maintain good relationships with employees, partners, and customers (Andersson, 2008; Iskamto & Ghazali, 2021).

4 Research Framework
This research proposes independent variables: Business Environment and Government Support, while the Dependent Variable is MSME Performance.

2.4 Hypothesis
The hypothesis in this research is
H1: It is suspected that the business environment influences the performance of MSMEs in Pekanbaru City
H2: It is suspected that government support has an influence on the performance of MSMEs in Pekanbaru City
H3: It is suspected that the business environment and government support influence the performance of MSMEs in Pekanbaru City.
H4: It is suspected that entrepreneurial performance has a significant impact on entrepreneurial welfare.

3. METHODS
3.1 Research objects and samples  
The object of this research is entrepreneurs in the city of Bandung. Because the number of MSMEs is not yet known, the sample was taken according to kreji and morga, namely the population is more incalculable (SPS OJK 2017) using the Slovin formula, a sample of 397 was obtained with a standard error of 5%.

\[ N = \frac{395.48}{0.05} \approx 396 \]

3.3 Data Types and Sources  
The data used in this research is primary data, namely data taken through a survey by distributing questionnaires.

3.5 Data Collection and Analysis Techniques  
In connection with the type of data required is secondary data, the data collection technique is carried out using library research, namely by collecting all the necessary data from books, magazines, reports, essays and written works in other forms, as well as accessing information from various sites that are considered relevant and accountable.

4. CONCLUSION  
The results of this research focus on the problems experienced by MSME entrepreneurs, namely the welfare of entrepreneurs. By achieving outcomes that meet the Technology Readiness Level (TKT) TRL 3. The promised results are: knowing the factors that influence the performance of MSMEs and their impact on the welfare of entrepreneurs, thereby providing entrepreneurs and business owners with a better understanding of the factors that significantly influences performance and its impact on the welfare of entrepreneurs, as well as input to the government regarding the support needed by entrepreneurs in improving business performance and welfare of entrepreneurs.

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