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ANALYSIS OF FACTORS AFFECTING BUSINESS SUCCESS OF MICRO AND SMALL ENTERPRISES: A STUDY OF FOOD AND BEVERAGE ENTERPRISES IN BANDA ACEH

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ABSTRACT

Business activities in the food and beverage sector have become one of the jobs for the community. This business has a good position in supporting the economy. But until now it has not developed optimally and various problems have hampered the pace of this business. The purpose of this study was to determine the factors affecting business success of micro and small food and beverage enterprises in Banda Aceh by using the Multiple Regression Analysis model. The results shown that the enterprises characteristics and managerial abilities influence enterprises success, while business location factors do not affect enterprises success.

KEY WORDS

Enterprises characteristics, managerial ability, business location, enterprises success.

Increasing population growth in each developing country was a major problem faced by every country, including Indonesia. Until now, every developing country still continues to make various ways and find solutions to utilize the advantages of untrained human resources for development, so as not to become a burden on the state but to become capital for development.

Given the increasingly limited absorption of labor and the availability lack of employment in Indonesia, the best way to reduce unemployment in Indonesia is to create self employment or entrepreneurship.

In recent years, the number of jobs available was less than the number of productive age. This causes young people to be required to create their own jobs by opening a business or becoming a business actor. One of them is to open a food and beverage business which is one of the Micro, Small and Medium Enterprises (MSME) sectors.

Business activities in the food and beverage sector have become one of the jobs for the community. Banda Aceh is a famous region for diverse culinary tastes, so it becomes one of the interest of Acehnese residents and tourists visit Banda Aceh. Seeing the many enthusiasts of culinary delights, encouraging businesses to start their businesses by opening a food and beverage business even though they are still classified as small businesses in the informal sector.

This business has a good position in the supporting economy. However, until now it has not developed optimally and various problems have hampered the pace of this business, including limited capital, weak enterprises behavioral characteristics, lack of managerial abilities, unavailability of decent business locations and business productivity. The purpose of this study was to determine factors affecting business success of micro and small food and beverage enterprises in Banda Aceh City.

METHODS OF RESEARCH

The location of study was carried out in Banda Aceh City, which is business activities of food and beverage enterprises were growing rapidly in Banda Aceh, which can be seen from

many food and beverage enterprises in Banda Aceh such as restaurants, coffee shops, shops cake shop and others.

The sample in this study was taken using the purposive sampling method. The number of samples to be studied is 30 respondents, which is the owners of food and beverage enterprises who directly sell their products to consumers, and considered successful in supporting family finances.

The analytical model used is multiple regression analysis. The forms of multiple linear regression equations used in this study are as follows:

$$Y = f(X_1, X_2, X_3) \quad (1)$$

Furthermore, it can be explicitly stated in the Non Linear function as follows:

$$Y = \beta_0 X_1^{\beta_1} X_2^{\beta_2} X_3^{\beta_3} + e \quad (2)$$

Based on this function, it is transformed into a linear form by using natural logarithms (Ln) into the model so that the following equations were obtained:

$$\ln Y = \ln \beta_0 + \beta_1 \ln X_1 + \beta_2 \ln X_2 + \beta_3 \ln X_3 \quad (3)$$

Where: Y = Enterprises success; X1 = Enterprises characteristics; X2 = Managerial ability; X3 = Business location; β_0 = Intercept or constant; $\beta_1 \beta_2 \beta_3$ = Coefficient of regression; e = Error term.

The F test was used to determine the magnitude of the effect of the independent variable (X) on the dependent variable (Y) simultaneously. With the criteria:

- Distribution t with degrees of freedom (n - k);
- If $F_{\text{search}} > F_{\text{table}}$, at the 0.05 level, then accept H_a and reject H_0 ;
- If $F_{\text{search}} < F_{\text{table}}$, at the 0.05 level, then accept H_0 and reject H_a .

The t test was used to determine the effect of the independent variable (X) on the dependent variable (Y) partially. With the criteria:

- Distribution t with degrees of freedom (n - k);
- If $t_{\text{search}} > t_{\text{table}}$ at the 0.05 level, then accept H_a and reject H_0 ;
- If $t_{\text{search}} < t_{\text{table}}$ at the 0.05 level, then accept H_0 and reject H_a .

RESULTS OF STUDY

Multiple Linear Regression Analysis. Based on the research data collected both for the dependent variable (Y) and the independent variable (X1, X2, X3) which is processed with the help of the SPSS v16 program, the results of multiple linear regression calculations were obtained as follows:

Table 1 – Results of Regression Calculation

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.815	.756		1.078	.291
LN_X1	.236	.214	.228	2.410	.018
LN_X2	.543	.223	.452	2.439	.022
LN_X3	.042	.175	.043	.240	.812

a. Dependent Variable: LN_Y.

Source: Output SPSS v.16 (processed), 2018.

From the table above, the regression equation can be seen as follows:

$$\ln Y = \ln \beta_0 + \beta_1 \ln X_1 + \beta_2 \ln X_2 + \beta_3 \ln X_3$$

$$\ln Y = \ln 0,815 + 0,236 \ln X_1 + 0,543 \ln X_2 + 0,42 \ln X_3$$

From the multiple regression equation mentioned above, it can be seen that all variable coefficients have a positive coefficient direction. Then an explanation can be given as follows:

β_0 = was a constant value and is positive, which means that if the three independent variables were constant, the value of enterprises success was 0.815. This means that if there was a change in the independent variables namely enterprises characteristics, managerial abilities and business location, the dependent variable will also change in the same direction.

β_1 = shown that enterprises characteristic variables have a positive effect on enterprises success. This was because that to build a business, entrepreneurs must have strong character.

β_2 = shown that managerial ability variables have a positive effect on enterprises success. Where a manager is required to have good managerial skills in terms of planning, organizing, implementing and controlling.

β_3 = shown that business location variables have a positive effect on enterprises success. This shown that the right and good business location, such as having easy location access, visibility or can be clearly seen, parking lots, having a large space, and a clean environment will have a role in helping entrepreneurs to introduce and attract consumers, and so the business they run will be visited.

The R² Test (Determination Coefficient). The results of the *R square* value of regression were used to find out how far the ability of enterprises success was influenced by the independent variables. The coefficient of determination can be seen in the following table:

Table 2 – Results of R² Test (Determination Coefficient)

Model	R	R Square	Adjusted R Square	Std. Error of them Estimate
1	.522 ^a	.273	.189	.13287

Predictors: (Constant), LN_X3, LN_X2, LN_X1

Source: Output SPSS v.16 (processed), 2018

The results of the analysis shown that the value of *R Square* is 0.273. So it can be concluded the ability of the independent variables of enterprises characteristics, managerial ability and business location affect the dependent variable of enterprises success is 27.3%, while the remaining 78.7% was influenced by other variables outside the regression model.

Simultaneous Test F. Simultaneous test or F test together to test the influence significance of enterprises characteristic variables (X1), managerial ability (X2) and business location (X3) together on the variable of enterprises success (Y).

Table 3 – Simultaneous Results of F Test

ANOVA^b

Model	Sum of Squares	DF	Mean Square	F	Sig.
1 Regression	.172	3	.057	3.253	.038 ^a
Residual	.459	26	.018		
Total	.631	29			

a. Predictors: (Constant), LN_X3, LN_X2, LN_X1

b. Dependent Variable: LN_Y

Source: Output SPSS v.16 (processed), 2018

Based on the results of the simultaneous test from the table above shown that F_{count} was 3.253 while the results of F_{table} in the distribution table with an error rate of 0.05 are 2.99. It means that $F_{count} > F_{table}$ ($3.253 > 2.99$), thus it can be concluded that the variables of enterprises characteristics, managerial ability and business location if tested together or simultaneously have a significant effect on enterprises success.

Partial Test (T Test). To test the research hypothesis tested by the t test was a test to determine the significance of the influence of independent variables partially or individually explaining the dependent variable.

Table 4 – Calculation Result Of T Test

Variable	T _{count}	T _{table}	Sig
Enterprises characteristics	2,410	2,056	.018
Managerial ability	2,439	2,056	.022
Business location	0,240	2,056	.812

Source: Primary data is processed, 2018.

Variable enterprises characteristics (X1). The t_{count} for this variable is $2.410 > t_{table}$ (2.056) and the significance value ($0.018 < 0.050$), so it can be concluded that H_1 was accepted which means that there was an influence of enterprises characteristics on the business success of micro and small in food and beverage enterprises. Hypothesis testing on this variable indicates a significant influence on business success.

Variable managerial ability (X2). The t_{count} for this variable is $2.439 > t_{table}$ (2.056) and the significance value ($0.022 < 0.050$), so it can be concluded that H_2 was accepted which means there was an influence of managerial ability on the business success of micro and small in food and beverage enterprises.

Business location variables (X3). The t_{count} for this variable is $0.240 < t_{table}$ (2.056) and the significance value ($0.812 > 0.050$), so it can be concluded that H_3 was rejected which means there was no influence of business location on the business success of micro and small in food and beverage enterprises. Tested the hypothesis on this variable indicates that the location of the business has not always determine the success or failure of a business.

CONCLUSION

Based on the results of research and discussion, conclusions can be drawn as follows:

From the regression calculation, the results of the simultaneous test or F test indicate that the hypothesis which states that the three independent variables namely enterprises characteristics, managerial abilities and business locations together have a significant effect on enterprises success. Based on the partial test or t test, the variables that influence enterprises success were enterprises characteristics and managerial abilities. It can be seen from the significance value obtained smaller than 0.05, which is 0.018 and 0.022 while the business location has not affect the business success because it has a significance value greater than 0.05, which is 0.812.

From the three independent variables studied (enterprises characteristics, managerial ability and business location), managerial ability was the most positive variable influencing the dependent variable (entrepreneurial success) as evidenced by the beta coefficient value of 0.452. While the other two variables have an influence with the beta coefficient, namely the enterprises characteristics variable of 0.228 and the business location 0.043.

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