

Conference Paper

Analysis of the Influence of Internal and External Factors on the Entrepreneurial Behavior of UMKM in Northern Kalimantan Province

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Abstract.

Increasing entrepreneurial behavior to improve the national economy is of great importance. Approximately 99.9% of the national economy is contributed by the UMKM sector, which also creates job opportunities. Moreover, UMKM contributes 60.34% to the GDP, and there is a potential for further growth as long as the number of entrepreneurs increases. However, the internal aspects of entrepreneurship still lack competence, particularly in entrepreneurial competence and social competence. Entrepreneurial competence encompasses various components rooted in an entrepreneurial background, such as traits, characters, attitudes, social roles, and self-image. External factors, such as training, education, and work experience, also contribute to the development of entrepreneurial skills. Entrepreneurial behavior is the core of entrepreneurship, and entrepreneurial value is a prerequisite factor that shapes such behavior.

The research method used in this study was qualitative with an associative approach. The study was conducted through a survey, and data analysis employed a descriptive approach. Quantitative analysis included multiple linear regression analysis and an individual parameter significance test (t-test). The study involved 67 young UMKM entrepreneurs in North Kalimantan Province. The results of this study indicate that entrepreneurial values significantly influence entrepreneurial behavior. Furthermore, entrepreneurial behavior has an impact on the continuity of UMKM businesses in North Kalimantan province.

Keywords: UMKM, influence, entrepreneurial values, entrepreneurial behavior

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1. Introduction

Entrepreneurship is one of the supporters that determines the back and forth in the economy, because in the field of entrepreneurship, it has the freedom to work and be independent. According to Mitton [1], entrepreneurs are individuals who have psychological characteristics, such as commitment to work, need full control, and like something uncertain. Entrepreneurship related to the idea of small business management is understandable, because most successful entrepreneurs started their businesses from small businesses. The concept of entrepreneurship also applies to the management

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of large businesses. Whether we realize this, the world of education has long instilled entrepreneurial values. As a business person, an entrepreneur must be aware of sales management, management styles, and functions. To succeed, he must be able to communicate and master several elements of managerial skills and know strategic selling techniques, ranging from knowledge of products, product characteristics, and product competitiveness against similar products [2]. Similarly, Rye [3] said that an entrepreneur organizes and directs new businesses. In addition to maintaining the stability of the nation's economy, entrepreneurs provide many jobs for the wider community. For this reason, it is necessary to socialize entrepreneurship in a wider community, which certainly provides its own benefits.

According to Alma [4], the benefits of several entrepreneurial businesses include: (a) increased work capacity to reduce unemployment and (b). As a generator of environmental development, production, distribution, environmental maintenance, c). Being an example of other community members, as a superior person who is exemplary because an entrepreneur is a commendable person, honest, does not harm others, d). They always comply with the applicable laws and regulations (e). Trying to provide assistance to others and social development according to their ability (d). Trying to educate their employees to become independent, disciplined, honest, and diligent in carrying out their work e). Setting an example of how we must work hard, but not forget religious commandments; f). Live efficiently, not waste, and not waste, g). Maintaining environmental harmony with nature and the surrounding community.

Furthermore, Ciputra [5] argues that entrepreneurship is the right solution to solve the problem of unemployment and poverty in Indonesia, because it is only armed with a diploma without entrepreneurship skills, preparing yourself to queue for work because currently the labor supply of college graduates is not comparable to the available job opportunities. Entrepreneurial interest is individuals' desire, interest, and willingness to work hard to meet their needs without fear of the risks that will occur in the interest set by Anggraeni and Harnanik [6]. According to Nurhotim [7], the factors that influence entrepreneurial interest are: 1) intrinsic factors that include the need for income, motives, self-esteem, feelings of pleasure, and attention. 2) Extrinsic factors include family environment, community environment, opportunities, and education. In this case, interest in entrepreneurship does not just grow, but there are several factors that influence a person's interest in becoming an entrepreneur, among which the supporting factors for someone to become an entrepreneur are family environment, community environment, and entrepreneurship education.

The family environment is the closest primary environment for individuals. The family environment consists of fathers, mothers, siblings, and other close relatives. In the family, one of them, father or mother will influence their children about their future, especially in choosing a job that will The high unemployment rate is the main basis for the growth of interest in entrepreneurship for the community, based on data from the Central Statistics Agency (BPS) on the Open Unemployment Rate (TPT) and the Labor Force Participation Rate (TPAK) by Regency / City in North Kalimantan Province, 2019-2021 has decreased every year, namely in 2020 by 4.97 million and in 2021 to 4.58 million Koe and Majid (2014) prove that entrepreneurial interest is influenced by personal, situational, and cultural factors through perception. Stewart et al [8] state that the growth of entrepreneurial interest is influenced by various factors, involving various internal factors, external factors and contextual factors. Internal factors that come from within the entrepreneur can be in the form of personal traits, attitudes, willingness, and individual abilities, which can give individuals the strength to become entrepreneurs.

External factors come from outside the entrepreneur who can be in the form of elements from the surrounding environment, such as the family environment, business environment, physical environment, and socio-economic environment. Suryana [9] also stated that factors originating from the environment include role models, opportunities, activities, competitors, resources, and government policies. Tjahjono and Ardi [10] also explain that, for many people, the decision to become an entrepreneur is an involved behavior that will involve: 1. internal factors (personality, perception, motivation, and learning (attitude) and 2. External factors (family environment, friends, and neighbors). David C. McLelland in Suryana [9] (2008) states that entrepreneurship is determined by achievement motives, optimism, value attitudes, and entrepreneurial status or success.

The current phenomenon in the people of North Kalimantan is that the facts arising from within the individual itself can hold training, direction, and motivation to refer to the individual's interest in entrepreneurship. External factors arise from outside the individual where the phenomenon in external factors occurs, namely the community environment and family environment that triggers the emergence of interests such as business from generation to generation of students who make students have enough interest in entrepreneurship. However, it does not have the opportunity to develop its business to widen its entrepreneurial market. Based on this phenomenon, researchers are interested in conducting research with the title "Analysis of the influence of internal and external factors on entrepreneurial behavior in North Kalimantan Province," a case study at the Office of Trade, Cooperatives, and UMKM of North Kalimantan Province using quantitative analysis research methods.

2. Literatur Review

According to Suryana [9], entrepreneurship is a creative and innovative ability used as the basis, tips, and resources to seek opportunities for success. Meanwhile, Drucker [11] refers to the ability to create something new and different through creative thinking and innovative actions to create opportunities. Zimmer [12] argues that entrepreneurship is the result of discipline, a systematic process of applying creativity and innovation to meet market needs and opportunities. In the past, entrepreneurship was considered to be accomplished only through direct experience in the field and is a talent brought from birth, so entrepreneurship cannot be learned and taught. Entrepreneurship is not just a field matter, but a discipline that can be learned and taught. This means that entrepreneurship is not only an innate talent from birth or a matter of field experience but can also be learned and taught.

A person with entrepreneurial talent can develop talent through education. Scarborough and Zimmer [12] proposed the following eight characteristics of entrepreneurship as follows: a). Desire for responsibility, namely, having a sense of responsibility for the efforts he makes. Someone with a sense of responsibility will always be introspective. b). Preference for moderate risk, which prefers moderate risk, meaning that it always avoids risk, both too low and too high, c). Confidence in their ability to succeed, namely, having the confidence to achieve success. d). Desire for immediate feedback, which always requires immediate feedback e) High level of energy, which involves enthusiasm and hard work to realize their desires for a better future f). Future orientation, which is oriented and has a perspective and insight into the future. g). Skill organizing, namely, having skills in organizing resources to create added value; h). Value of achievement over money, which values achievement over money.

Creativity is the ability to develop new ideas and ways to solve problems and find new opportunities. Innovation is the ability to apply creativity to solve problems and find opportunities [9]. Creativity is the generation of ideas that results in improvements in the effectiveness and efficiency of a system. Internal Factors: Every business activity carried out by the company is always faced with changing situations and conditions. These situations and conditions cannot be implemented without an adjustment process to existing external and internal conditions. Thus, the internal environment is a reflection of the strengths or weaknesses of a company organization and can reflect the management's ability to manage the company. This can show the strength of resources, including all material or non-material aspects owned by the company, in carrying out its business activities and functions to produce commercially [13].

The internal factors that affect the performance of UMKM are as follows [14]: (a). Human resource factors (b). Financial factors (c). Production factors (d). Marketing factors. External Factors: The external environment is beyond control that affects the company regarding direction and action, which in turn also affects the organizational structure and internal processes [15]. The external environment is a condition outside the company that can affect the life of the company [13] and external factors come from outside UMKM. These factors can hinder the development of the UMKM. In the next few years, various external dynamics will affect the development of the UMKM [16]. These external factors include the following [14]: 1. Government policy aspects in the MSME sector 2. Social, cultural, and economic aspects 3. Aspects of the role of institutions.

3. Method

Qualitative and descriptive research methods were used. This study was conducted through a survey. Kerlinger [17] says that survey research is carried out on large and small populations, but the data studied is data from samples taken from the population to find events, both relative, distribution and relationships between sociological and psychological variables. Then, using questionnaires and interviews, as well as supporting data such as MSME statistical data, the data are processed and analyzed to test the validity and reliability of obtaining accurate information. This research was conducted in North Kalimantan Province, and the sample informants were active MSME sector entrepreneurs. All data or answers from respondents to questions asked in interviews, both verbally and through questionnaires, will be studied and formulated to formulate hypotheses.

Data collection was carried out through a survey by making systemic observations and recording the phenomena being investigated directly to the object of research. Furthermore, providing and distributing a list of questions/statements to respondents who are considered capable of providing information in the hope that they will respond to these questions. Finally, interviews were conducted with UMKM entrepreneurial actors in North Kalimantan Province.

Data analysis was performed using quantitative methods with a descriptive approach. To discuss and explain the results of research on entrepreneurial behavior in the SME sector, multiple linear regression analysis was used to determine the effect of independent variables on the dependent variable, where the variables of this study are entrepreneurial spirit, entrepreneurial values, and entrepreneurial behavior. The Individual Parameter Significance Test (t-test) was used to test the variables that influence

the independent variable, namely external factors on the dependent variable, namely internal factors that affect the entrepreneurial behavior of UMKM in North Kalimantan.

The hypotheses tested with a real level $\alpha = 5\%$ are $H_0: \beta_1 = \beta_2 = 0$, and there is no significant effect of the independent variable on the dependent variable. $H_a: \beta_1 \neq \beta_2 \neq 0$; the independent variable has a significant effect on the dependent variable. The basis for decision making is as follows: If the significant probability value is greater than 0.05 (confidence level $\alpha = 5\%$), then H_0 is accepted. b. If the significant probability value is smaller than 0.05 (confidence level $\alpha = 5\%$), then H_0 is rejected. 2. Simultaneous Significance Test (F Test) The simultaneous significance test was used to test whether the independent variables jointly affect entrepreneurial behavior.

The hypotheses tested with a real level $\alpha = 5\%$ were as follows: a. $H_0: \beta_1 = \beta_2 = 0$, and independent variables have no significant effect on the dependent variable. b. $H_a: \beta_1 \neq \beta_2 \neq 0$, and the independent variables have a significant effect on the dependent variable. The basis for decision-making is: 1. If the significance probability value is greater than 0.05 (confidence level $\alpha = 5\%$), H_0 is not rejected, meaning that there is no influence between the independent variables on the dependent variable. 2. If the significance probability value is smaller than 0.05, (confidence level $\alpha = 5\%$), then H_0 is rejected, meaning that there is a joint influence between the independent variables on the dependent variable.

4. Results and Discussion

Partial test results (t test) of the Entrepreneurial Spirit Variable and Entrepreneurial Values on Entrepreneurial Behavior

TABLE 1: Partial Test of Entrepreneurial Behavior and Entrepreneurial Value Variables on Entrepreneurial Behavior.

	U Model	Stand B	ardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
	(Constant)		3.814 .500		7.627	.000
1	Entrepreneurial Spirit		.343 .102	.376	3.370	.001
	Value of Entrepreneurship		-.211 .092	-.256	-2.294	.025

The entrepreneurship variable obtained a significance value of 0.001 < 0.05, so it was stated that there was a significant influence of the variable on the entrepreneurial behavior of entrepreneurs in the MSME sector of North Kalimantan Province. The results

of this study provide empirical evidence that entrepreneurial spirit has a positive and significant effect on entrepreneurial behavior. This condition shows that the entrepreneurial spirit possessed by small business actors can increase the formation of entrepreneurial behavior and encourage and foster enthusiasm for small business actors to carry out business activities.

The results of this study support the research of Husaini [18], who states that entrepreneurial spirit has a positive and significant effect on entrepreneurial behavior. This means that small business actors are expected to prioritize the entrepreneurial spirit in every start-up business activity that they have as well as possible to form strong and resilient entrepreneurial behavior. The entrepreneurial value variable obtained a significance value of $0.025 < 0.05$; thus, it was stated that there was a significant effect of the entrepreneurial value variable on the entrepreneurial behavior of entrepreneurs in the UMKM sector in North Kalimantan Province. Entrepreneurial values developed by small business actors can empower business activities for continuity. The results of this study are in line with Sukirman's [19] research, which states that entrepreneurial values have a strong effect on entrepreneurial behavior.

TABLE 2: Simultaneous Test of Entrepreneurial Spirit Variables and Entrepreneurial Values on Entrepreneurial Behavior ANOVA^b.

		Model	Sum of	df	Mean	Square	F	Sig.	Squares
	Regression	7.021	2	3.510	7.858	.001 ^a			
1	Residual	29.038	65	.447					
	Total	36.059	67						

1. Predictors: (constant), Entrepreneurial Value, Entrepreneurial Spirit
Dependent Variable: Entrepreneurial Behavior

The entrepreneurial spirit and entrepreneurial value variables simultaneously obtained a significance value of $0.001 < 0.05$; thus, it was stated that there was a significant influence of the entrepreneurial spirit and entrepreneurial value variables on the entrepreneurial behavior of entrepreneurs in the MSME sector in North Kalimantan Province. This research also determines whether the entrepreneurial behavior variable has a significant effect on the sustainability of the UMKM sector in North Kalimantan Province.

1. Predictors: (Constant), Entrepreneurial Behavior
2. Dependent Variable: Business continuity

TABLE 3: Test Results of Entrepreneurial Behavior on Business Sustainability.

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	3.537	1	3.537	5.438	.023 ^a
1	Residual	42.933	66	.651		
	Total	46.471	67			

The entrepreneurial behavior variable had a significance value of 0.023 < 0.05, indicating that entrepreneurial behavior had a significant effect on the business continuity of young entrepreneurs in the West Jakarta UMKM sector. The results of this study are in accordance with Haryono and Khoiriyah [20], who state that entrepreneurial behavior has a positive and significant effect on the formation of business continuity. This means that if small business actors show strong entrepreneurial behavior, the formation of business continuity will be stronger.

5. Conclusion

Internal entrepreneurial factors have an impact on strengthening entrepreneurial behavior, and entrepreneurial values increase entrepreneurial behavior. Increasing the entrepreneurial spirit can increase the formation of business continuity, but it has not become meaningful, meaning that MSME actors who are able to improve the entrepreneurial spirit will not necessarily form business continuity. Strengthening entrepreneurial values can increase the formation of business independence, but it does not have a meaningful meaning, because the entrepreneurial spirit formed by small business actors is not yet a factor that allows it to form business continuity. Strengthening entrepreneurial behavior can create business continuity for UMKM actors in North Kalimantan Province.

Furthermore, if we look at the phenomenon of young entrepreneurs today, we can see that their creativity is not doubtful. The entrepreneurial spirit and value of starting an MSME business also show good results in the growth of this sector. However, what remains a problem is when this entrepreneurial behavior has not been able to create established business sustainability. We have seen many examples of UMKM that were so active at the beginning; they disappeared in a relatively short period of time. In the culinary field, for example, some time ago, the Ice Kepal phenomenon was extraordinary, but not long ago, this business seemed to disappear.

The results of this study suggest that the empowerment of UMKM through the management of entrepreneurial spirit is expected to create independent small business actors as well as resilience in the face of competition, especially from global

products that are currently flooding the domestic market. There is a change in the management of entrepreneurial values for small business actors who still use a family pattern, so the cooperative model is further developed in the hope that it will be more efficient, effective, and reduce habits that do not support the formation of business independence.

Furthermore, the current government has provided a platform to maximize UMKM and UKM in Indonesia through BEKRAF; however, from interviews conducted with respondents, it appears that they are not familiar with and fully utilize the existence of BEKRAF. It is therefore recommended that the agency socialize more about the programs it offers and that local government involvement is involved, especially in empowering the expertise of small business actors through training for products that require special skills, such as batik design, plantation processing, and handicrafts, so that they will produce high-quality products that are highly competitive.

The independence of small businesses requires the protection of business management so that they can easily run a business; therefore, it requires the participation of local governments, universities, and stakeholders to realize the existence of local regulations on small business management that can protect small business actors. Thus, it can increase productivity and impact synergistic business growth to ensure the survival of the company.

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