

Determinants the Success of Small and Medium Culinary Enterprises in Mulyasari Tasikmalaya.

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ABSTRACT

Mulyasari is one of eight urban villages in Tamansari District, Tasikmalaya City, along with the increase in population, there is also an increase in the culinary productive economic business activities to meet the population's needs for processed food consumption carried out by Micro and Small Enterprises. This study aims to know the determinants of initial capital, business experience, number of workers, length of working hours, and large of business places on the business success of culinary MSEs in Mulyasari, business success in this case measured by profit. This research was conducted in May 2022 with 53 culinary MSEs as respondents, the analysis technique using multiple linear regression.

The results of data analysis: 1. Variables of initial capital, business experience, number of workers, length of working hours, and large of business places have a significant effect on the success of the culinary MSEs business in Mulyasari; 2. Partially the variables of initial capital, business experience, number of workers, and length of working hours have a significant positive effect on business success, while the variable large of business places has a significant negative effect on the business success of culinary MSEs in Mulyasari; 3. The variable length of working hours is the most dominant variable affecting business success.

The implication is that MSEs culinary entrepreneurs should need to increase capital, business experience, a number of workers, length of working hours through capital accumulation activities, money capital, social capital, improvement of skills and the number of workers, and working hours as the most influential variable it is necessary to increase working hours, while the large of business place variable needs to be adjusted to the capacity of products because the wider place of business it will increase the cost burden.

Keywords: Business Success, Profit, Small and Medium Enterprises, Culinary

1. Introduction

Economic development in Indonesia is generally based on the people's economy, this can be seen in the Micro, Small and Medium Enterprises (MSME) sector as a form of business run by business actors in Indonesia. Micro, Small and Medium Enterprises (MSMEs) as contributors to the National Gross Domestic Product (GDP) participate in Indonesia's economic recovery, MSMEs are supported by the government to survive, develop, and grow so that they are expected to achieve

success in the midst of the challenges of the pandemic and economic transformation. Indonesia in 2021 reach 64.2 million with a contribution to gross domestic product of 61.07 percent or Rp.8,573.89 trillion, and can collect up to 60.42 percent of total investment in Indonesia (Kemenkeu, 2021).

MSMEs are a people-based economy as one of the priorities in national economic development, national economic resilience and contribute to improving the regional economy (Yulianingsih, 2021). According to data from the BPS (2019), Indonesia has 3.9 million micro and small businesses in the food and beverage sector, and West Java is the province with the highest number of food and beverage MSEs, amounting to 791,435 business units.

One of the social problems that exist in West Java is poverty, based on data from BPS in 2021 there are 6.82 thousand residents of West Java living below the poverty line and the City of Tasikmalaya as the city with the highest percentage of poor people in West Java as much as 13.13%. The city of Tasikmalaya has good potential for MSMEs with a fairly large number of business units and has increased. One of the areas in the city of Tasikmalaya that is concern to the author is Mulyasari Urban Village because this area is one of eight sub-districts in Tamansari, Tasikmalaya with the largest population, there is a university that makes the village more crowded, the location is quite strategic and passed by several public transportation.

Business success is essentially the success of the business in achieving its goals. A business is said to be successful if it makes a profit, because profit is the goal of people doing business, profit is the calculation between revenue and costs (Noor, 2013). Business success can be influenced by capital factors, number of workers, education level, business experience, length of working hours, and age of business actors (Mashuri et al, 2019). According to Nugroho and Utami (2020) in addition to capital, the conditions of the place for trade can affect the entrepreneurial activities undertaken. From the explanation above, the researchers are interested in conducting a study on the factors that can affect business success in Culinary MSMEs with profit indicators.

2. Literature Review

2.1 Micro, Small and Medium Enterprises

According to Undang-Undang no 20 tahun 2008 concerning Micro, Small and Medium Enterprises, which are productive businesses owned by individuals and or business entities that meet the criteria for Micro Enterprises in accordance with the Law. Small Business as an individual economic business or business entity that is not a subsidiary or not a branch of a company that is a direct or indirect part of a Medium or Large Business.

2.2 Income Theory and Profit Concept

Income is the total income in the form of money or non-money earned by individuals or households in a certain period. The revenue obtained comes from the sale of goods and or services produced in business activities (Raharja and Manurung, 2010). According to Suhardi (2016) Income can be calculated by multiplying the amount of output to the output price. Profit can be calculated using the reduction between total revenue and total costs, if the result is positive then the producer gets a profit, and if it is negative then the producer suffers a loss (Suhardi, 2016).

2.3 Business Success

According to Noor (2013) business success is the success of the business in achieving its goals. A business is belong to success if it makes a profit, because profit is the goal of people doing business. Profit as the calculate between revenue and costs.

2.4 Business Success Factors

2.4.1 Initial Capital

The capital referred to in this study is the initial capital used to set up a business. Capital can be defined as the amount of money used in carrying out business activities (Kashmir, 2016).

2.4.2 Business Experience

The business experience referred to this study is the current culinary entrepreneurship experience and previous culinary business experience. Experience of past success or failure is very important knowledge to running a business.

2.4.3 Number of Workers

According to Mashuri et al (2019), labor as a factor that plays an important role in production or business activities, labor is anyone who can do work both outside and within the employment relationship to produce output to meet the needs of people's lives.

2.4.4 Working Hours

According to the BPS, the length of working hours is the length of time used to work from the entire work, not including official rest hours and working hours used for other things outside of work.

2.4.5 Large of Business Places

According to Pasal 5 ayat (1) PMK/35 of 2019 place of business is any type of place, facility, space or installation, including equipment or machinery used by private individuals or foreign entities in entrepreneurship.

3. Research Methodology

The study uses multiple linear regression analysis with the first hypothesis, namely to find out the effect of initial capital, business experience, number of workers, length of working hours and large of business places on business success, then the second hypothesis is to determine which of the most dominant variables affect business success by the number of a sample is 53 culinary business.

4. Result

4.1 Characteristics of Respondents

Based on the research that has been done using questionnaires, the respondents obtained as many as 53 micro, small and medium business actors in the culinary field with the following characteristics:

Table 1. Characteristics of Respondents

| No | Type of business | Number of Business | Percentage |
|--------|-------------------|--------------------|------------|
| 1 | Food | 25 | 47,16 |
| 2 | Drink | 9 | 17 |
| 3 | Snack | 19 | 35,84 |
| Amount | | 53 | 100,00 |
| No | Educational Stage | Number of Business | Percentage |
| 1 | SD | 12 | 22,64 |
| 2 | SMP | 15 | 28,30 |
| 3 | SMA | 23 | 43,39 |
| 4 | College | 3 | 5,67 |
| Amount | | 53 | 100,00 |
| No | Age | Number of Business | Percentage |
| 1 | 20-27 | 1 | 1,89 |
| 2 | 28-34 | 6 | 11,32 |
| 3 | 35-41 | 9 | 16,98 |
| 4 | 42-48 | 10 | 18,86 |
| 5 | 49-55 | 15 | 28,30 |
| 6 | 56-62 | 11 | 20,76 |
| 7 | 63-69 | 1 | 1,89 |
| Amount | | 53 | 100,00 |
| No | Gender | Number of Business | Percentase |
| 1 | Male | 31 | 58,49 |
| 2 | Female | 22 | 41,51 |
| Amount | | 53 | 100,00 |

Based on the data from Table 1.1 it is known that the Culinary MSMEs that dominate in Mulyasari Urban Village are the type of food business, the highest education level is SMA, the most age is in the range of 49 to 55 years, and the gender is male.

4.2 Data Analysis

4.2.1 Profit

In this research profit used as a quantitative indicator of the business success SMEs culinary in Mulyasari Village. Profit can be known by calculate the total revenue with the total cost, following profit data in this study:

Table 2. Average Culinary MSME Profit per Month (Rupiah)

| Description | Average |
|--------------------|----------------|
| Total Revenue | 5.188.208 |
| Total Cost | 3.110.506 |
| Profit | 2.077.702 |

Table 4.2 shows that the average profit earned each month is Rp. 5,188,208. The average profit obtained by the respondents is Rp. 2,077,702.

4.2.2 Multiple Linear Regression Analysis

Multiple linear regression analysis aims to determine the effect of the independent variable on the dependent variable, based on the test results obtained the following equation:

$$Y_i = -1110393,012 + 0,099X_{1i} + 244637,280X_{2i} + 633770,588X_{3i} + 244418,355X_{4i} - 232148,142X_{5i} \quad (1)$$

The independent variables in the study include initial capital (X1), business experience (X2), number of workers (X3), length of working hours (X4), and large of business places (X5) on the dependent variable, namely business success (Y).

4.2.3 Classical Assumption Test

4.2.3.1 Normality Test

A data is classified as normally distributed if the significance value is 0.05 based on the results of the normality test using the Kolmogorov-Smirnov, it is known that the significance value of this study is $0.200 > 0.05$ indicating that the residual value is normally distributed.

4.2.3.2 Multicollinearity Test

It is known that the VIF (Variance Inflation Factors) variable initial capital, business experience, number of workers, length of working hours, and large of business places is less than 10.00 with a tolerance value > 0.10 indicating that there is no multicollinearity.

4.2.3.3 Heteroscedasticity Test

Based on the test results, it is known that the significance value of the initial capital variable, business experience, number of workers, length of working hours, and large of business places is more than 0.05 indicating that there is no heteroscedasticity.

4.2.4 Hypothesis Test

4.2.4.1 Coefficient of Determination Analysis

The value of the coefficient determination in this study 0.929 indicates the contribution of the independent variables of initial capital, business experience, number of workers, length of working hours, and large of business places explaining the dependent variable of business success by 92.9% and the rest explained by other variables outside of this study.

4.2.4.2 F. Test

The calculated F value in this study was 137,416 with a significance value of 0.000. It is concluded that the calculated F value (137.416) $>$ F table (2.30) therefore it can be stated that the variables

of initial capital, business experience, number of workers, length of working hours and large of business places simultaneously affect business success.

4.2.4.3 t. Test

Based on the test results, the value of t-count variables for initial capital, business experience, number of workers, length of working hours, and large of business places is greater than the t-table value of 2.012 and has a significance value of <0.05 indicating the initial capital variable, business experience, number of workers, length of working hours, and large of business places partially have a significant influence on the dependent variable business success of culinary SMEs in Mulyasari Village.

4.2.4.4 Elasticity Test

The results of the calculation of the elasticity test are known that the largest value is owned by the variable length of working hours of 0.941110527 indicating the variable length of working hours as the most influential or dominant variable on the business success of culinary MSME actors in Mulyasari Village.

4.3 Study

4.3.1 Effect of Initial Capital on Business Success

The initial capital variable has a significant positive effect on business success. The business success rate of culinary SMEs in Mulyasari Urban Village will increase if the initial capital increases. The positive and significant influence of the initial capital variable on business success is in line with the results of research conducted by Indriyatni (2013), Apriliani and Widiyanto (2018) which states that capital has a positive and significant influence on the business success of market traders. Initial capital as funds used to set up a business is very important and needed as a condition for business continuity in order to start operating, the size of the capital will affect the achievement the level and development the business (Apriliani and Widiyanto 2018).

4.3.2 Effect of Business Experience on Business Success

Based on the test results indicate that the business experience variable has a significant influence on business success with a positive coefficient direction. The business success rate of culinary SMEs in Mulyasari Village will increase if their business experience increases. The results of this study are in line with previous research by Slamet and Bintoro (2019), Wahyuni et al (2015) which stated that business experience had a positive and significant influence on the level of business success. Experience in running a business is the best predictor of success, the longer you are in the business field, you can increase your experience (knowledge) about consumer tastes and behavior, business management skills, business relationships to successfully recruited customers (Wahyuni et al., 2015).

4.3.3 The Influence of the Number of Workers on Business Success

Based on the test results indicate that the number of workers has a positive and significant effect on the business success of micro, small and medium enterprises, it is known that the number of workers in culinary SMEs in Mulyasari Urban Village is still relatively small, only between 1 to 4 people with the majority of the workforce being members of their own families. Labor is a very important factor in business, because these workers who are allocate and utilize other factors to produce a useful output (Mashuri et al, 2019), then it can be stated that the number of workers can

have a positive impact on the business success of SMEs in the culinary field in Mulyasari Urban Village. The results of this study are in accordance with the results of research conducted by Apriliani and Widiyanto (2018) (2015) which states that the workforce has a positive and significant influence on the success of small and medium enterprises.

4.3.4 The Effect of Working Hours on Business Success

The test results show that there is a positive and significant effect of the variable length of working hours on business success. The level of business success of culinary MSME actors in Mulyasari Village will increase if the length of working hours increases. The length of working hours carried out by a business indicates the more productive the business is, the more hours the business actors work, the more productive they will be and have more opportunities to be visited by consumers. The positive and significant effect of working hours on business success is in line with the results of research conducted by Mashuri et al (2019) which states that long working hours have a positive and significant effect on the business success of market traders in Bengkalis.

4.3.5 The Effect of The Large of Business Places on Business Success

Based on the test results indicate that the size of the place of business has a negative and significant effect on business success. The area of business premises used by micro, small and medium businesses in the culinary field in Mulyasari Urban Village in selling is different, the larger area of business used can accommodate more buyers, but the larger place of business used also gives the impression to potential buyers that the prices of food and beverages sold are more expensive than other MSMEs that use smaller business premises.

4.3.6 The most influential variables include initial capital, business experience, number of workers, length of working hours and large of business places on business success

Based on the results of the elasticity test to determine which independent variable is the most dominant influencing the dependent variable, it is known that the variable length of working hours is the most influential variable or the most dominant influencing the business success of culinary MSME actors in Mulyasari Urban Village. The length of business hours in operation reflects the productivity of the business, the more hours of the business operating the more opportunities for buyers to visit that can increase profits from the business, the positive and significant effect of long working hours on the business success is in line with the results of research conducted by Mashuri et al (2019) which states that the length of working hours has a positive and significant effect on the business success.

5. Discussion

Based on the results of the study, it is known that initial capital, business experience, number of workers, length of working hours and large of business place affect business success, more attention is needed to these five factors in order to achieve business success, in this study the length of working hours as the most influential variable On the success of the business, the implications are that MSME actors are more productive in running their business which can be reflected in the length of working hours or the length of business activities operating, on the other hand the government should pay more attention to the welfare of micro and small business actors by providing capital assistance and training for business actors. SMEs in order to improve their ability in entrepreneurship. This research has been carried out by the author to the maximum extent possible, however, there are still some limitations in the study including only a few independent

variables used including initial capital, business experience, number of workers, length of working hours, and large of business places in further research. adding other variables that are considered to affect business success such as promotions and trading locations as well as expanding the scope of the research area and the population of respondents because in this study it is only limited to micro, small and medium business actors in the culinary field in Mulyasari Urban Villages.

6. Conclusion

The independent variables of initial capital, business experience, number of workers, length of working hours and large of business places affect the dependent variable of business success, partially initial capital, business experience, number of workers and length of working hours have a significant positive effect on business success while the variable large of business place has a significant negative effect on business success.

Based on the results of the elasticity test, it is known that the variable length of working hours is the most dominant or most influential variable compared to other variables in this study, namely initial capital, business experience, number of workers and large of business places on the business success of Culinary MSMEs in Mulyasari Urban Villages.

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