

# Strengthening Business Success using Entrepreneurial Personal Independence and Entrepreneurial Competence

**Muhammad Iffan<sup>1</sup>, Rizal Firmansyah<sup>2</sup>, Windi Novianti<sup>3</sup>**

<sup>1,2</sup>Department of Marketing Management, Universitas Komputer Indonesia, Indonesia

<sup>3</sup>Department of Finance and Banking, Universitas Komputer Indonesia, Indonesia

**Abstract.** The purpose of this study was to find out the responses of respondents regarding Entrepreneurial Personal Independence, Entrepreneurial Competence, and Business Success, and to determine the effect of Entrepreneurial Personal Independence and Entrepreneurial Competence on Business Success at Distro in The Hallway Space, either partially or simultaneously. This study uses descriptive and verification methods with a quantitative approach, including validity tests, reliability tests, multiple linear regression analysis, correlation coefficient analysis, coefficient of determination analysis, and hypothesis testing using the t-test and F-test. The sample in the study was 40 business owners. Data collection techniques by distributing questionnaires and conducting interviews with business owners. The results of the study show that Entrepreneurial Personal Independence, Entrepreneurial Competence, and Business Success at Distro the Hallway Space Bandung City are generally included in the fair category. The results of hypothesis testing show that Entrepreneurial Personal Independence and Entrepreneurial Competence have a positive and significant effect on Business Success either partially or simultaneously. This research is expected to be a reference for business owners to be able to increase Business Success by considering Entrepreneurial Personal Independence and Entrepreneurial Competence as determinant factors.

## 1. Introduction

At the moment, business development and economic growth in Indonesia are accelerating, as is the rate of economic growth, as well as changes in technology and the flow of information [1]. This is one of the driving factors behind the emergence of intense competition in the business world. In order to retain customers in an increasingly dynamic market, entrepreneurs must constantly improve and innovate [2]. Business is a means of profiting from existing and available markets. The existence of consumer wants and needs expands the business and causes an increasing number of companies to appear to compete with existing companies [3]. Bandung is one of the major cities that is still expanding.

Bandung is one of the cities in Indonesia with the best entrepreneurial environment. Every year, thousands of young businessmen arrive in this city, with the majority of them starting out in the fashion and culinary industries. The increase in the number of students from various regions of Indonesia in the city of Bandung, as well as the very high acculturation, make creativity one of the city's characteristics. Distros is the most developed creative industry in Bandung. A distro is a type of store that sells or distributes products such as accessories and clothing that are either self-produced or produced by third parties [4]. Products marketed by distros are typically products with local brands that are the result of business actors in Bandung creating and producing them. The distro business is becoming increasingly popular; there are distros with various brands and themes in almost every corner of Bandung [5]. However, many distributors are closing their business. Various indicators of the factors causing distro bankruptcy also emerged. Among these factors are the inability to compete with other distro, the lack of

a clear system, and a lack of competence. The Hallway Space is one of the locations occupied by business owners involved in clothing or distro. The Hallway Space has recently emerged and demonstrated that they are capable of competing with other competitors that have long been known to the public.

To achieve business success in the face of increasingly intense competition, every business owner must be creative [6]. Business success is defined as an increase in revenue over previous results. A business's main goal is to achieve success, and all of its activities are focused toward that end. Business success in maintaining product sales continuity is dependent on the ability of business owner to develop innovative and customer-centric mindsets [7]. To be successful in business, an entrepreneur must have faith in himself. Personal independence of the entrepreneur is one factor in increasing business success. Entrepreneurial personal independence is defined as the ability to conduct a business properly and correctly in accordance with the business owner's existing capacity [8]. Personal independence of an entrepreneur is the ability to rely on oneself in order to create new jobs without relying on others, from coming up with ideas to setting goals and achieving satisfaction. The attitude of personal independence that exists in a business owner will undoubtedly make the business that will be run not rely on other people, so the business will be able to survive from all kinds of factors that can affect business continuity. In addition to entrepreneurial personal independence, other factors, such as entrepreneurial competence, can increase business success [9]. To be a successful entrepreneur, they must first have basic capital in the form of a clear idea or vision, strong ability and commitment, adequate capital in the form of both money and time, and adequate energy and thought. These capitals are actually insufficient if they are not accompanied by competence or expertise. Entrepreneurial competence is required by business owners, and if this is not done or implemented, it is believed that the company will face a variety of problems that will have an impact on the success of the business being carried out.

## **2. Method**

The method used in this research is descriptive and verification method. The descriptive method is a research method used to describe variables independently, without making comparisons with other variables [10]. The descriptive method research results are ranked based on the weight and frequency of each item in the questionnaire statement in the research variables. While the verification method is a research method that aims to test the hypothesis that has been assigned to a certain population or sample [10]. In the verification analysis, several tests were carried out including validity tests to measure correctly what the researcher wanted to measure; reliability tests to determine the extent to which measurement results remained consistent when repeated measurements were made of the same group of subjects; multiple linear regression analysis to analyse the effect of independent variables on the dependent variable; analysis of the correlation coefficient to measure the strength of the relationship between the independent variables and the dependent variable; analysis of the coefficient of determination to determine the magnitude of the influence that the independent variable has on the dependent variable; and hypothesis testing using the t-test and F-test to determine the level of significance influence of the variable independent on the dependent variable [11]. The population was used as the sample in this study, which employed a saturated sampling technique [12]. In this study, 40 business owners were sampled, namely all distro business owners in The Hallway Space. The hypothesis proposed in this study are as follows:

- H1: Entrepreneurial Personal Independence has a significant effect on Business Success
- H2: Entrepreneurial Competence has a significant effect on Business Success
- H3: Entrepreneurial Personal Independence and Entrepreneurial Competence have significant effect on Business Success

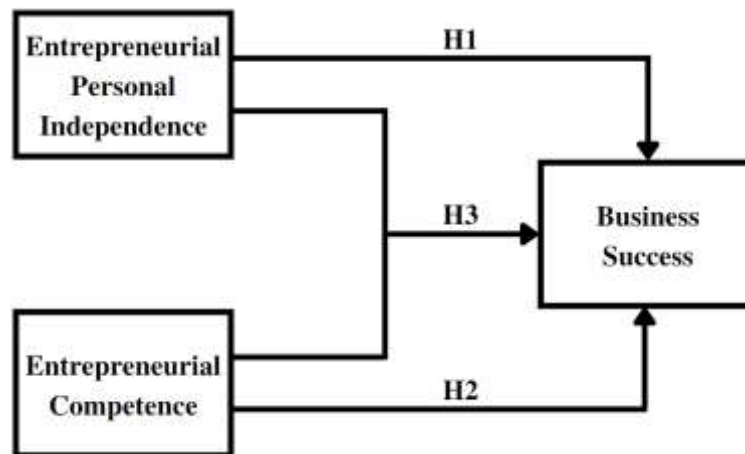


Figure 1. Conceptual Model

### 3. Results and Discussion

To determine the overall category of Entrepreneurial Personal Independence, Entrepreneurial Competence, and Business Success, a descriptive analysis was carried out. Table 1 below presents the results of the descriptive analysis.

Table 1. Descriptive Analysis

| Variables                                    | Indicators                | Item | Actual Score | Ideal Score | %      | Category |
|--|---------------------------|------|--------------|-------------|--------|----------|
| <b>Entrepreneurial Personal Independence</b> | Self-confident            | 1    | 122          | 200         | 61.00% | Fair     |
|  | Able to Work Alone        | 2    | 235          | 400         | 58.75% | Fair     |
|  | Appreciate Time           | 1    | 134          | 200         | 67.00% | Fair     |
|  | Responsible               | 1    | 115          | 200         | 57.50% | Fair     |
|  | Have a Desire to Progress | 2    | 228          | 400         | 57.00% | Fair     |
| <b>Entrepreneurial Competence</b>            | Entrepreneurial Knowledge | 1    | 128          | 200         | 64.00% | Fair     |
|  | Skills                    | 2    | 222          | 400         | 55.50% | Fair     |
|  | Attitude                  | 1    | 121          | 200         | 60.50% | Fair     |
| <b>Business Success</b>                      | Increased Revenue         | 1    | 126          | 200         | 63.00% | Fair     |
|  | Labour Effectiveness      | 1    | 114          | 200         | 57.00% | Fair     |
|  | Sales Increase            | 1    | 121          | 200         | 60.50% | Fair     |
|  | Customers Increase        | 1    | 116          | 200         | 58.00% | Fair     |
|  | More Branches             | 1    | 103          | 200         | 51.50% | Poor     |
| <b>Total</b>                                 |                           | 16   | 1885         | 3200        | 58.91% | Fair     |

Based on the results of the descriptive analysis in Table 1 above, it is known that overall Entrepreneurial Personal Independence, Entrepreneurial Competence, and Business Success acquire a percentage of 58.91%, which implies that Entrepreneurial Personal Independence, Entrepreneurial Competence, and Business Success are in fair category. The next step is to carry out a verification analysis. The first stage carried out in the verification analysis is the validity test. Table 2 below shows the results of the validity test.

**Table 2.** Validity Test Results

| Variables                                    | # Item | r-value | r-table | Decision |
|--|--------|---------|---------|----------|
| <b>Entrepreneurial Personal Independence</b> | 1      | .656    | .312    | Valid    |
|  | 2      | .570    | .312    | Valid    |
|  | 3      | .774    | .312    | Valid    |
|  | 4      | .507    | .312    | Valid    |
|  | 5      | .655    | .312    | Valid    |
|  | 6      | .767    | .312    | Valid    |
|  | 7      | .529    | .312    | Valid    |
| <b>Entrepreneurial Competence</b>            | 8      | .767    | .312    | Valid    |
|  | 9      | .779    | .312    | Valid    |
|  | 10     | .787    | .312    | Valid    |
|  | 11     | .790    | .312    | Valid    |
| <b>Business Success</b>                      | 12     | .616    | .312    | Valid    |
|  | 13     | .505    | .312    | Valid    |
|  | 14     | .659    | .312    | Valid    |
|  | 15     | .866    | .312    | Valid    |
|  | 16     | .788    | .312    | Valid    |

Based on the validity test results in the table 2 above, it can be determined that all statement items are declared valid because r-value is greater than r-table, and the test can proceed to the reliability test. The reliability test results are shown in Table 3 below.

**Table 3.** Reliability Test Results

| Variable                                     | Cronbach's Alpha | Lower Limit | Decision |
|--|------------------|-------------|----------|
| <b>Entrepreneurial Personal Independence</b> | .763             | .600        | Reliable |
| <b>Entrepreneurial Competence</b>            | .784             | .600        | Reliable |
| <b>Business Success</b>                      | .718             | .600        | Reliable |

The reliability test results in table 3 above show that Cronbach's Alpha is greater than the lower limit value, indicating that all research variables are reliable and the research can proceed to the next test, namely multiple linear regression analysis. The results of multiple linear regression analysis are shown in Table 4 below.

**Table 4.** The Result of Multiple Regression Analysis

| Model    |  | Unstandardized Coefficients |            |
|----------|--|-----------------------------|------------|
|          |  | B                           | Std. Error |
| <b>1</b> | <b>(Constant)</b>                            | 1.714                       | 1.415      |
|          | <b>Entrepreneurial Personal Independence</b> | .526                        | .079       |
|          | <b>Entrepreneurial Competence</b>            | .271                        | .112       |

a. Dependent Variable: Business Success

$$Y = 1.714 + 0.526 X_1 + 0.271 X_2 \quad (1)$$

- The constant value is 1.714, meaning that Business Success will have a constant value if it is not influenced by Entrepreneurial Personal Independence and Entrepreneurial Competence.



- The coefficient value of Entrepreneurial Personal Independence is 0.526, meaning that if Entrepreneurial Personal Independence increases, then Business Success will also increase.
- The Entrepreneurial Competence coefficient value is 0.271, meaning that if Entrepreneurial Competence increases, then Business Success will also increase.

The correlation and determination coefficient analysis are the next stage of research after multiple regression analysis. The correlation and determination coefficient analysis results are shown in Table 5 below.

**Table 5.** The Results of Correlation and Determination Coefficient Analysis

| Model | R    | R Square |
|-------|------|----------|
| 1     | .846 | .716     |

According to the results of the correlation coefficient analysis in table 5 above, the correlation value between Entrepreneurial Personal Independence, Entrepreneurial Competence, and Business Success is 0.846. Because it falls between 0.800 and 1.000, this value fits into the category of a very strong relationship. Meanwhile, the determination coefficient analysis yielded a value of 0.716, indicating that Entrepreneurial Personal Independence and Entrepreneurial Competence influenced Business Success by 71.6%. Furthermore, to determine the significance level of Entrepreneurial Personal Independence and Entrepreneurial Competence on Business Success partially, a t-test is performed. Table 6 below presents the results of the t-test.

**Table 6.** The Results of t-test

| Model |                                       | t     | Sig. |
|-------|---------------------------------------|-------|------|
| 1     | (Constant)                            | 1.212 | .233 |
|       | Entrepreneurial Personal Independence | 6.644 | .000 |
|       | Entrepreneurial Competence            | 2.420 | .021 |

a. Dependent Variable: Business Success

Based on the results of the t-test in table 6 above, it was found that the t-value of Entrepreneurial Personal Independence was 6.644. This value will be compared with the t-table of 2.024. From the values above, it can be seen that the t-value is greater than the t-table. This is in line with the significance value of 0.000 which is smaller than 0.05. In accordance with the hypothesis testing criteria, it can be concluded that hypothesis H1 is accepted, meaning that partially Entrepreneurial Personal Independence has a significant and positive effect on Business Success at Distros in The Hallway Space.

The t-value of Entrepreneurial Competence was discovered to be 2.420. This result will be compared to the t-table of 2.024. The t-value is greater than the t-table, based on the values above. This corresponds to a significance value of 0.021, which is less than 0.05. According to the hypothesis testing criteria, hypothesis H2 is accepted, which means that partially Entrepreneurial Competence has a significant and positive impact on Business Success at Distros in The Hallway Space. After testing the hypothesis with the t-test, the level of significance of the influence of Entrepreneurial Personal Independence and Entrepreneurial Competence on Business Success simultaneously was determined using the F-test. The F-test results are shown in Table 7 below.

**Table 7.** The Result of F-test

| Model    |                   | Sum of Squares | df | Mean Square | F      | Sig.              |
|----------|-------------------|----------------|----|-------------|--------|-------------------|
| <b>1</b> | <b>Regression</b> | 298.901        | 2  | 149.450     | 46.671 | .000 <sup>b</sup> |
|          | <b>Residual</b>   | 118.482        | 37 | 3.202       |        |                   |
|          | <b>Total</b>      | 417.382        | 39 |             |        |                   |

a. Dependent Variable: Business Success

b. Predictors: (Constant), Entrepreneurial Competence, Entrepreneurial Personal Independence

From the results of testing the hypothesis using the F-test in table 7 above, an F-value of 46.671 is obtained and using a significant level of 5%, an F-table is 3.252. Because the F-value is greater than the F-table and the significance value of 0.000 is less than 0.05, the H3 hypothesis is accepted, so it can be concluded that simultaneously Entrepreneurial Personal Independence and Entrepreneurial Competence have a significant effect on Business Success at Distros in The Hallway Space.

#### 4. Conclusion

Entrepreneurial Personal Independence is an important factor affecting Business Success, because having an independent personality helps business owners to make decisions and stick to principles. An independent entrepreneur has the ability to think and act independently, so that he can make the right business decisions and be responsible for the results of those decisions. Entrepreneurial Personal Independence also helps entrepreneurs to overcome the pressures and challenges faced in running a business, such as dealing with financial problems or managing staff. Entrepreneurial Personal Independence also creates self-confidence, which is the basis for an entrepreneur to promote and introduce business to potential customers. Without self-confidence, an entrepreneur may be less successful in marketing their product or service. However, Entrepreneurial Personal Independence is not enough to ensure Business Success. Entrepreneurs must also have Entrepreneurial Competence. Entrepreneurial Competence also plays an important role in Business Success. Competence is the ability or expertise that a person has in a field, and Entrepreneurial Competence includes the skills and knowledge needed to run a business successfully. By having good Entrepreneurial Competence, an entrepreneur can make the right business decisions, manage the business efficiently, promote products or services effectively, and overcome the challenges faced in running a business. The better the Entrepreneurial Competence, the more likely the business will be successful and grow.

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