The Influence of Microfinance, Interest in Entrepreneurship and Business Location on the Development of Micro, Small and Medium Enterprises

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ABSTRACT

This study aims to determine microfinance, the location of the business interest in entrepreneurship affects the development of MSMEs in Palopo City. The method used in this study is quantitative; data collection was carried out using a questionnaire with 200 customers of microfinance Bank Syariah Mandiri Sub-Branch Office Palopo City. Samples were taken using the Slovin formula with 66.66 rounded up to 67 people. The data analysis technique used is multiple linear regression. The results show that: 1) Islamic bank microfinance variable (X1) partially affects the development of MSMEs. 2) The variable of interest in entrepreneurship (X2) has no partial effect on the development of MSMEs. 3) The business location variable (X3) partially affects the development of MSMEs. 4) Variables of microfinance (X1), interest in entrepreneurship (X2), and business location (X3) simultaneously affect the development of MSMEs. The results of the partial research / T-test, the variable of Islamic bank microfinance (X1) Tcount > T table, ie 2,296 > 1,998 with a significant level of 0.025 < 0.05. The results of the partial test / T-test of the entrepreneurial interest variable (X2) Thitunng < T table, namely -0.712 < 1.998 with a significance level of 0.479 > 0.05. The results of the partial test / T-test of the business location variable (X3) Tcount > T table ie 3,627 > 1,998 with a significant level of 0.001 < 0.05. Simultaneous test (F test) obtained variable results (X1), (X2), and (X3) have a simultaneous effect on the MSME development variable (Y) because Fcount > Ftable is obtained, which is 10.548 > 2.76 with a significance value of 0.000 < 0.05. The implications of the results of this study suggest that BSM KCP Palopo City further improves services to customers accompanied by the provision of technical assistance and open access to microfinance for MSME actors down to the smallest sector to achieve more equitable welfare. As well as increasing socialization about Islamic banks, especially about Islamic microfinance. The implications of the results of this study suggest that BSM KCP Palopo City further improves services to customers accompanied by the provision of technical assistance and open access to microfinance for MSME actors down to the smallest sector to achieve more equitable welfare. As well as increasing socialization about Islamic banks, especially about Islamic microfinance. The implications of the results of this study suggest that BSM KCP Palopo City further improves services to customers accompanied by the provision of technical assistance and open access to microfinance for MSME actors down to the smallest sector to achieve more equitable welfare. As well as increasing socialization about Islamic banks, especially about Islamic microfinance.

Keywords: Mandiri Syariah Bank Microfinance; Interest in Entrepreneurship, Business Location, MSME Development

INTRODUCTION

In the current era of globalization, good economic growth is an assessment of the government's success in carry ing out development activities(Ma'ruf & Wihastuti, 2008). The

economic aspect is no exception. The government makes and supports programs with the concept of a people's economy. Micro, Small, and Medium Enterprises or can also be abbreviated as MSMEs, are the basis of the people's economy(Ahmadun, 2015; Sulistyo, 2010). Fitriati (2015) explains that MSMEs are sectors that have an important position in driving the national economy. The advantages of SMEs as a domestic sector that can drive the national economy are their dependence on local content(Trihudiyatmanto, 2019). In addition, the production results of MSMEs are more likely to meet the needs of the domestic market share. So that in carrying out their activities, MSMEs also do not depend on economic conditions in other countries. However, in addition to the large potential of MSMEs, there are still obstacles faced by MSMEs in running their business. The obstacle is lack of capital.

Teuku Syarif believes that most Indonesian people, especially the MSME group, are very difficult to get assistance(Afifah & Setiawan, 2012; Kishan & Opiela, 2006; Santos & Winton, 2019) or capital loans from commercial banks. This is because there are structural obstacles in the form of requirements that the debtor must meet. Meanwhile, Bank Syariah Mandiri (BSM) Palopo City Sub-Branch Office (KCP) is one of the Islamic banks appointed to distribute People's Business Credit (KUR) funds. In addition to KUR funds, BSM KCP Palopo City also has a business capital financing program for MSME actors called the Micro Warung financing program.

In addition to these problems, there are other obstacles faced by MSME actors in developing their business. The problem in question is the lack of knowledge of MSME actors about the importance of entrepreneurship in starting or running a business. In fact, until now, there are still MSME actors who, in carrying out their business, are not based on the intention and desire to open a type of business with product innovation that is different from the others, but because it is only limited to wanting to try MSME actors to undergo a business. The business carried out by other MSME actors hopes that they can get the same benefits as those obtained by other MSME actors. So that if the desired goal has been obtained, then the occupied business will just be stopped.

METHOD

The type of research used in this research is quantitative research using a descriptive approach(Anggraini, 2013; Rukajat, 2018). This research is located at Bank Syariah Mandiri Sub-Branch Office of Palopo City, located on Jl. DR. Ratulangi No. 62 AB, Palopo City, and the respondent's place of business, respectively. The data used in this study is data taken using a questionnaire or questionnaire and using primary data and secondary data as data sources. The population in this study is the microfinance customers of Bank Syariah Mandiri Sub-Branch Office Palopo, as many as 200 people. This study uses the type of sampling probability sampling(Acharya et al., 2013; Ethics & Bala, 2017), namely providing equal opportunities for each respondent. The sampling technique used is simple random sampling by determining the number of samples from the general population using the Slovin formula.

RESULT AND DISCUSSION

Multiple Linear Regression Test

Table 1
Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig.
	B	Std. Error	Beta		
(Constant)	8,488	2,988		2,840	,006
Micro Financing Islamic Bank	,388	,169	,256	2,296	0.025
Interest in Entrepreneurship	-091	,128	-074	-,712	,479
Business Location	,386	,106	,406	3,627	,001

a. Dependent Variable: MSME Development

From table 1, the results obtained are entered in the following equation:
$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$
$Y = 8.488 + 0.388X_1 - 0.091X_2 + 0.386X_3 + e$
From the equation in Table 1, several things can be interpreted as follows:
1. A constant of 8.488 means that if the variable of Islamic bank micro-financing (X1), interest in entrepreneurship (X2), and business location (X3) are 0 (constant), then the MSME development score is 8.488.
2. The regression coefficient of the Islamic bank micro-financing variable (X1) is 0.388, which means that for each increase in the score of the Islamic bank micro-financing variable individually, assuming other variables are held constant, the score for the MSME development variable will increase by 0.388.
3. The regression coefficient for the business location variable (X3) is 0.386, which means that for every one-unit increase in the score for the business location variable, assuming other variables are held constant, the score for the MSME development variable will increase by 0.386.

Partial Test (T-Test)
This test was conducted to determine whether the independent variables (Islamic bank micro-financing, interest in entrepreneurship, and business location) affect the dependent variable (MSME development) individually. The basis for making decisions is the significance value (a) If sig. <0.05, the independent variable significantly affects the dependent variable. (b) If sig. > 0.05, then the independent variable has no significant effect on the dependent variable.

Table 2
Partial Test Results (T)

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig.
	B	Std. Error	Beta		
(Constant)	8,488	2,988		2,840	,006
Micro Financing Islamic Bank	,388	,169	,256	2,296	0.025
Interest in Entrepreneurship	-091	,128	-074	-,712	,479
Business Location	,386	,106	,406	3,627	,001

a. Dependent Variable: MSME Development

Based on the T-test results above, the Islamic bank microfinance variable (X1) has a value of t = 2.296. The t-table ($\alpha/2$; nk-1), the t-table was 1.998. So it can be concluded that t-count > t table (2.296 > 1.998) or a significance value of 0.025 < 0.05. Thus, H01 is rejected, and Ha1 is accepted, which means that the Islamic bank micro-financing variable (X1) partially affects the development of MSMEs in Palopo City.

The variable interest in entrepreneurship (X2) has a value of t-count = -0.712. The t-table ($\alpha/2$; nk-1), the t-table is 1.998. Then it can be concluded that t-count < t-table (-0.712 <1.998) or a significance value of 0.479> 0.05. It means that Ha2 is rejected and H02 is accepted, or the variable interest in entrepreneurship (X2) partially has no effect on the development of MSMEs in Palopo City.

The business location variable (X3) has a value of t-count = 3.627. Looking at the t-table ($\alpha/2$; nk-1), it is found that the t-table is 1.998. Then it can be concluded that t-count > t table (3.627>1.998) or a significance value of 0.001 <0.05. It means that Ha3 is accepted and H03 is rejected, or the business location variable (X3) partially affects the development of MSMEs in Palopo City.

The F test is used to determine whether the independent variables (micro-financing of Islamic banks, interest in entrepreneurship, and business location) simultaneously affect the dependent variable (MSME development). According to the table, the degree of confidence used is 0.05 if the calculated F value is greater than the F value, then the alternative hypothesis states that all independent variables simultaneously affect the dependent variable.

Table 3
Simultaneous Test Results

ANOVAª					
Model	Sum of Squares	df	Mean Square	F	Sig.
Residual Regression	34,293	3	11,431	10,548	,000b
	68,274	63	1.084		
Total	102.567	63			

a. Dependent Variable: MSME Development
b. Predicors: (Constant), Business Location, Interest in Entrepreneurship, Sharia Bank Microfinance

Based on the F test above, it shows that from the Anova test results, it is known that the F-count value is 10.548 with a Degree of freedom (df) regression of 3, and the df value of the residual is 63. So it can be seen that the value of F-table at a significance level of 5% ($\alpha = 0.05$), which is 2.76 (seen from table F) because Fcount>Ftable (10.548>2.76) or a significance value of 0.000<0.05 then H04 is rejected and Ha4 is accepted. Thus, statistically, it can be concluded that the variables of Islamic Bank Microfinance, Entrepreneurial Interest, and Business Location have a simultaneous effect on the development of MSMEs in Palopo City (Y) coefficient of determination ($R2$)

The coefficient of determination is a model used to test how much the ability of the independent variable (free) to explain the variation in the dependent variable (bound)(Santoso, 2015; Sugiarti & Megawarni, 2012). The value of the coefficient of determination uses Adjusted R Square.

Table 4
Result of Coefficient of Determination(R2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	,764	,583	,554	,588

a. Predictors: (Constant), Business Location, Interest in Entrepreneurship, Sharia Bank Microfinance

b. Dependent Variable: MSME Development

Based on the data in table 4, the coefficient of determination (Adjusted R Square) is 0.554 or (55.4%). It shows that 55.4% of MSME development (Y) can be explained by the variables of Islamic Bank Micro Financing (X1), Entrepreneurial Interest (X2), and Business Location (X3). In contrast, the remaining 44.6% of MSME development (Y) is explained by variables not mentioned in this study or other reasons outside the model.

Discussion

Microfinance of Islamic banks influences the development of MSMEs in Palopo City. It can be seen from the results of the partial test, where the t-count value (2.296) > t-table value (1.998) with a significant level of 0.025 <0.05. The study results show that the micro-financing of Islamic banks influences the development of MSMEs in Palopo City. The existence of Islamic microfinance as one of the products offered by Islamic banks to customers has succeeded in helping MSME actors overcome the problem of lack of capital, which is an obstacle for MSME actors to develop their business.

The obstacle related to the lack of working capital in question is the difficulty of MSME actors in receiving capital loan assistance from conventional banks because of certain requirements which are generally difficult to fulfill by MSME actors. Ease of access and procedures to meet financing requirements, flexible payment system(Brilliant, 2013), and the ease of obtaining information on the required financing products are factors considered by MSME actors to cooperate with Islamic banks in advancing developing the business occupied

by MSME actors. Interest in entrepreneurship does not affect the development of MSMEs in Palopo City. It can be seen from the results of partial tests carried out in this study. Where the value of t-count (-0.712) < t-table value (1.998) with a significance level of 0.479>0.05.

Based on the research results, it can be seen that the interest in entrepreneurship does not affect the development of MSMEs. Instead, it shows the lack of knowledge and awareness of the role of MSME actors on the importance of being interested in entrepreneurship in carrying out or starting a business(Fuadi & Mangoting, 2013; Tambunan, 2012). Not confidence in running a business, the inability to create innovative and different products from other products, the inability to take advantage of existing business opportunities, and not daring to take risks, are factors that cause a business not to run and develop properly. Even worse, it makes the business that runs cannot survive and instead has to be stopped.

Business location affects the development of MSMEs in Palopo City. It can be seen from the results of the partial tests that have been carried out. Where the value of t-count (3.627) > t-table value (1.998) with a significance level of 0.001 <0.05. The results of this study indicate that the location of the business affects the development of MSMEs, which means that MSME actors have understood and considered well what things need to be considered in choosing the right location for their business. So, because it makes the business that is run gets a good response from consumers and can survive and experience development by what is expected by MSME actors.

CONCLUSION

Based on the results of the statistical analysis that has been carried out regarding the influence of Islamic bank micro-financing, entrepreneurial interest, and business location on the development of MSMEs. It can be concluded that: 1) The results of the partial test / T-test, it is known that the variable of Islamic bank micro-financing (X1) partial effect on the uneven development of SMEs (Y). This is because the value of T-count > T table is 2.296 > 1.998 with a significant level of 0.025 < 0.05. 2) The results of the partial test/T-test, it is known that the variable interest in entrepreneurship (X2) does not partially affect the development of MSMEs (Y). This is because the value of Thitunng < T table is -0.712 < 1.998 with a significance level of 0.479 > 0.05. 3) The results of the partial test / T-test, It is known that the business location variable (X3) has a partial effect on the MSME development variable (Y) because the value of T-count > T table is 3.627 > 1.998 with a significant level of 0.001 < 0.05. 4) Based on the simultaneous test (F test), the results show that the variables of Islamic bank microfinance (X1), interest in entrepreneurship (X2), and business location (X3) have a simultaneous effect on the development variable of MSMEs (Y). This is because the value of F-count > Ftable is 10,548 > 2.76 with a significance value of 0.000 < 0.05. 5) The coefficient of determination (R2), the value of the coefficient of determination (Adjusted R Square), is 0.554 or 55.4%. It means that all independent variables, namely Islamic bank microfinance (X1), interest in entrepreneurship (X2), and business location (X3), have a joint contribution of 55, 4% of the dependent variable, namely the development of SMEs (Y). In contrast, the remaining 44.6% is influenced by other variables not included in this study.

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