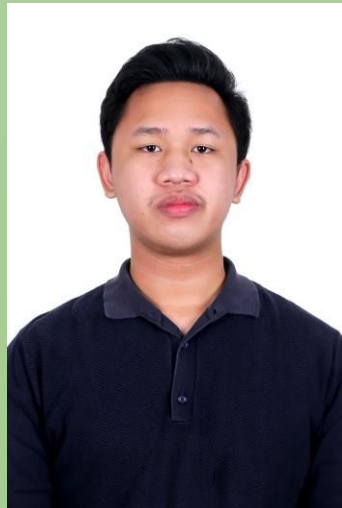


RESEARCH METHODOLOGY BRS 20103 / BRS 20503

**THE INFLUENCE OF CHARACTERISTICS OF BUSINESS
ACTIVITIES AND GOVERNMENT POLICIES ON MSME
BUSINESS SUCCESS IN BEKASI DURING THE COVID-19
PANDEMIC**



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CHAPTER 1 INTRODUCTION

1.1 Chapter Introduction

This chapter describes the reasons for conducting the research and it deals with several points: background of the research, problem statement, research question, research objectives, the significance of the research, scope of the research, limitations of the research, key terms, the structure of the proposal, and also the chapter conclusion.

1.2 Background of the Research

Small and medium-sized enterprises (MSMEs) or small and medium-sized businesses (SMBs) are businesses whose personnel numbers fall below certain limits. The abbreviation "MSME" is used by international organizations such as the World Bank, the European Union, the United Nations and the World Trade Organization (WTO). MSMEs are important for economic and social reasons, given the sectors role in employment. Due to their sizes, MSME are heavily influenced by their Chief Executive Officer, a.k.a. CEOs. The CEOs of MSMEs often are the founders, owners, and manager of the MSMEs. The duties of the CEO in MSME are difficult, and mirror those of the CEO of a large company: the CEO needs to strategically allocate her/his time, energy, and assets to direct the MSMEs. Typically, the CEO is the strategist, champion and leader for developing the MSME or the prime reason for the business failing.

A government policy is a rule or principle that hopefully better guides decisions, resulting in positive outcomes that enhance the community or unit. Government policies contain the reasons things are to be done in a certain way and why. This leads to the development of procedures and protocols to see that policies are conducted in an appropriate manner. Procedures and protocols dictate the "how," "where," and "when" of how policies will be executed.



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Based on the preliminary description above, in this case. The author would like to identify several problems. Looking for how MSMEs can survive the current pandemic and find out what policies the government has issued to maintain the existence of MSMEs in Bekasi during the COVID-19 pandemic. This research is expected to be useful for MSMEs so that their business can survive during the pandemic.

1.3 Problem Statement

Covid-19 is a virus that originated in China and spread throughout the world quickly. As a result of the spread of the virus has a big impact on the whole world. In Indonesia, the impact of COVID-19 has affected several sectors, ranging from health, economy, education and many other sectors that have been affected by the Covid-19 outbreak. According to Febrantara (2020) and OECD (2020), the impact of the COVID-19 pandemic on MSMEs can be seen from the supply side and the demand side. From the supply side, with the Covid-19 pandemic, many MSMEs are experiencing a shortage of workers.

This happened for reasons of maintaining the health of workers and the implementation of social restrictions (social distancing). Both of these reasons lead to people's reluctance to work while the COVID-19 pandemic is still ongoing. On the demand side, reduced demand for goods and services has an impact on MSMEs not being able to function optimally which leads to reduced company liquidity. This causes people to lose their income, because MSMEs are unable to pay workers' wages. In the worst conditions, termination of employment occurs unilaterally, in (Sugiri, 2020). The impact of the COVID-19 pandemic has also been felt in the economy of the Micro, Small and Medium Enterprises (MSME) sector. Currently, MSMEs in Indonesia are experiencing a recession due to the weakening economy.

1.4 Research Question

This study only focuses on the success of MSMEs and the Indonesian government's policies to find out how MSMEs can survive in the midst of the



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Covid- 19 pandemic and the policies that the government has issued to maintain the existence of MSMEs in Bekasi during the Covid-19 pandemic. Based on the explanation above, the researcher started to raise the problem as follows:

- a. How can MSMEs survive during the Covid-19 pandemic?
- b. What is the government's policy to maintain the existence of MSMEs in Bekasi during the Covid-19 pandemic?

In general, this research is to find out what influences and what government policies can maintain the existence of MSMEs in Bekasi during the COVID-19 pandemic.

1.5 Research Objectives

This study has two specific objectives:

- a. To find out what the MSME actors do to maintain their existence.
- b. To find out whether the policies issued by the government can maintain the existence of MSMEs in the midst of the COVID-19 pandemic.

1.6 Significance of the Research

This research is expected to be useful for MSME actors who are especially affected during the COVID-19 pandemic so that they can help overcome problems that exist in business activities and can be resolved properly with this research.

1.7 Scope of the Research

This research is focused on describing how government policies can affect the success of MSMEs during the COVID-19 pandemic.

1.8 Limitation of the Research

Obviously, research will have some limitations, and that's normal. However, it is important to try limits throughout the research process. Also, I'll admit the limitations of my research, to be honest. This study may have many limitations, but only these limitations are directly related to the problem of this study.



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1.9 Key terms

To clarify the key terms used in this study, some definitions are put forward:

- a. Government Policy
Is a decision made by state government officials on behalf of the agency they lead? The government's policy covers almost all aspects of social life.
- b. Business success theory
Business success is a condition in which the business increased from the previous results. Business success is the main goal of a company, where everything the activities in it are aimed at achieving a success. Business success according to Suyatno and Purnama, (2010) influenced by several factors. One of the goals of each entrepreneur is the company's business performance.
- c. MSME
MSME stands for Micro, Small and Medium Enterprises. This business group is the group with the largest number in Bekasi. The ability of MSMEs to survive crises and respond to economic challenges in Bekasi has made them a sector that is highly relied upon by Indonesia government.

1.10 Structure of the Proposal

In the meantime, the organization of the thesis has been shown in this section. There are three chapters in this research. Chapter one discusses issues related to the topic starting with the introduction to the chapter followed by the research background, problem formulation, research objectives, research questions, the significance of the study, the scope of the study, the research boundaries, key terms, and the chapter conclusions.

Chapter two reviews the literature related to the topic: Introduction to the chapter and review of previous studies on the dependent variable, the underlying theory, the research framework, and the hypotheses and conclusions of this chapter.



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1.11 Chapter Conclusion

As a whole, this chapter discusses the beginning of the study, which includes the introduction and background of the problem to be studied. Explain the formulation of a clearly explained problem to facilitate the research process, explain the object of astudy, and know the purpose of the research in the future.





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APPENDIX

5.1 Duration of Research Time Frame

This research carried out the preparation of proposal data preparation which means chapter 1, chapter 2, chapter 3, and conclusion also thesis guidance.

Table 5.1 Activity Description

No.	Activity Description	November				December			
		1	2	3	4	1	2	3	4
1.	Chapter 1								
2.	Chapter 2								
3.	Chapter 3								
4.	Anticipate Conclusion								
5.	Reference								
7.	Thesis Guidance								
8.	Submit Final Project								

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5.2 Questionnaire

The Influence of Characteristic of Business Activities and Government Policies on MSME Business Success in Bekasi During the COVID-19 Pandemic

Respondent Identity Name:

Age:

Gender: Female / Male Education:

- a. High school
- b. D3 (Associate Degree)
- c. S1 (Bachelor Degree)
- d. S2 (Under Graduate)
- e. S3 (Graduate)

Questionnaire filling Instructions

Fill in the answers to the following statements according to your opinion with put a checkmark (√) in the available column:

Strongly Agree (SA) = 5 Agree (A) = 4

Neutral (N) = 3 Disagree (DA) = 2

Strongly Disagree (SD) = 1

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No	Statement	Answer				
		SD	D	N	A	SA
	Characteristic of businessactivities					
1	I understand my own strengths and weaknesses in business					
2	When turnover drops/decrease I am more challenged to move forward					
3	I invite employees to discuss in running a business					
4	I innovate regularly					
5	I already have a clear plan for my business for the next 5 years					

No	Statement	Answer				
		SD	D	N	A	SA
	Government policies					
1	Integrated implementation, planning, implementation and control					
2	Growing and developing the ability of MSMEs to become a strong and independent business.					
3	Increasing the role of MSMEs in regional development and job creation					
4	Postponed of installments for People's Business Credit/Kredit Usaha Rakyat (KUR)					
5	Relaxation of KUR provisions by providing an extension of the time period and additional					



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No	Statement	Answer				
		SD	D	N	A	SA
	MSME Business Success					
1	My business has experienced a 25% increase in turnover over the last 3 years					
2	Consumers are not only from Indonesia but also from abroad.					
3	I have never applied for credit to a bank or other financial institution					
4	I do marketing activities both domestically and abroad					
5	There is an increase in the number of consumers every month					

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**PERAN USAHA MIKRO KECIL DAN MENENGAH (UMKM)
DALAM KEBIJAKAN PENANGGULANGAN
KEMISKINAN DAN PENGANGGURAN**

P. Eko Prasetyo^{)}*

Abstrak

Tujuan utama setiap kebijakan negara yang sedang membangun termasuk di Indonesia adalah diarahkan untuk menghilangkan masalah-masalah pokok yang kini masih fundamental di negara Indonesia yakni: masalah kemiskinan, pengangguran, ketimpangan distribusi pendapatan dan arus urbanisasi berlebih di kota-kota besar seperti Jakarta. Karena itu, tema pembangunan nasional yang ditetapkan dalam RPJM 2004-2009 adalah "Percepatan pertumbuhan ekonomi untuk mengurangi kemiskinan dan pengangguran". Salah satu upaya yang dapat dijadikan solusi ke arah pengurangan masalah tersebut adalah pembangunan ekonomi rakyat dan pembangunan sumber daya manusia melalui ilmu pengetahuan dan teknologi. Dalam upaya pembangunan ekonomi rakyat, Usaha Mikro Kecil dan Menengah (UMKM) termasuk koperasi pada saat ini telah dijadikan sebagai sarana kebijakan pembangunan nasional. Hal ini dilakukan karena, banyak peran penting yang dapat diberikan oleh keberadaan UMKM di Indonesia khususnya dalam menyediakan lapangan kerja, mengurangi kemiskinan, pengangguran, ketimpangan distribusi pendapatan dan arus urbanisasi berlebih.

Kata kunci: Peran UMKM, kemiskinan, dan pengangguran.

Pendahuluan

Sejak Februari 2005 Presiden Susilo Bambang Yudhoyono telah mencanakan kebijakan program aksi penanggulangan kemiskinan dan pengangguran melalui pemberdayaan UMKM. Berdasarkan dengan kebijakan program tersebut, tahun 2005 dicanangkan sebagai Tahun Keuangan Mikro Indonesia (TKMI). Dalam Rencana Pembangunan Jangka Menengah (RPJM) tekad tersebut telah dijadikan sebagai tema sentral pembangunan nasional Indonesia. Tujuan mendasar dari program kebijakan tersebut adalah untuk menurunkan angka pengangguran dari 9-10 persen jumlah penduduk menjadi kurang dari 6 persen serta mengurangi jumlah orang miskin dari 15,97 persen menjadi 8,2 persen dalam waktu lima tahun pemerintahannya.

Kebijakan penurunan jumlah orang miskin telah menjadi komitmen dalam tujuan pembangunan milenium atau *Millennium Development Goals* (MDGs), yang telah dideklarasikan dan ditandatangani oleh 189 negara termasuk Indonesia sejak 10 September tahun 2000. Salah satu tujuan utamanya dari delapan program yang dideklarasikan tersebut adalah tekad dan komitmen untuk mengurangi jumlah penduduk

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European SMEs amidst the COVID-19 crisis: assessing impact and policy responses

Jill Juergensen¹ · José Guimón² · Rajneesh Narula¹

Received: 30 May 2020 / Revised: 29 June 2020 / Accepted: 2 July 2020 / Published online: 11 July 2020
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Abstract

We consider how the COVID-19 pandemic has challenged European small- and medium-sized enterprises (SMEs) in the manufacturing sector, and draw suggests policy implications. The sudden onslaught of the pandemic has acted as an economic shock, and we consider how it is likely to affect different types of manufacturing SMEs. We distinguish between immediate effects, a result of the almost-simultaneous lockdowns across Europe and its major trading partners, and longer-term implications for both SMEs and the global value chains where they are inserted. In the shorter run, most SMEs have faced logistical challenges in addition to demand disruptions, although the severity has differed across firms and industries. We argue that in the longer-term, there will be different challenges and opportunities depending on the type of SME. Policy interventions will also need to be sensitive to the different types of SMEs, rather than adopting a one-size-fits-all approach. The policy mix will need to shift from its initial focus on the survival of European SMEs in the short term, towards a more structural and longer-term approach based on promoting their renewal and growth through innovation, internationalization and networking.

Keywords European SMEs · Innovation · COVID-19 · Economic impact · Policy responses

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PERANAN KEBIJAKAN PEMERINTAH DAERAH
DALAM PENGEMBANGAN USAHA MIKRO, KECIL, DAN MENENGAH
DI PROVINSI DAERAH ISTIMEWA YOGYAKARTA

(The Role of Local Governments in Development Policy Micro Small and Medium Enterprises in the Province of Yogyakarta)

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Hiima Meilani²

Naskah diterima 8 Maret 2013
Naskah diterbitkan: 27 Juni 2013

Abstract

The Micro, Small, And Medium Enterprises in Indonesia play an important role in improving the nation's economy and help the government program because they are labor-intensive effort that require a lot of labor. The Province of Yogyakarta, which has the potential of human resources both in terms of academic and non academic background, is a source of young entrepreneur candidates who are creative and innovative. But with less support and encouragement from the local government, the potential will be a constraint. Several problems are still being faced by Micro, Small, And Medium Enterprises in Yogyakarta, include (1) marketing, (2) the capital and funding, (3) innovation and utilization of information technology, (4) availability of raw materials, (5) production equipment, (6) absorption and empowerment of labor, (7) the business development plan, and (8) readiness against external environment. There are still overlapping in term of policies between regions, and between the central and local governments. It is therefore, the local government needs to create a conducive environment for the Micro, Small, And Medium Enterprises so that they can produce export-quality products.

Key word: *entrepreneur, Micro, Small, and Medium Enterprises, policy, local government*

Abstrak

Keberadaan UMKM di Indonesia berperan penting dalam meningkatkan perekonomian bangsa dan membantu program pemerintah karena merupakan usaha padat karya yang membutuhkan banyak tenaga kerja. Provinsi Daerah Istimewa Yogyakarta mempunyai sumber daya manusia yang potensial dari segi akademis, merupakan sumber calon-calon *entrepreneur* muda yang kreatif dan inovatif. Namun tanpa dukungan dan dorongan yang maksimal dari pemerintah daerah, hal tersebut akan menjadi kendala. Adapun beberapa kendala yang masih dihadapi oleh UMKM di Provinsi Daerah Istimewa Yogyakarta, adalah (1) pemasaran, (2) modal atau pendanaan, (3) inovasi dan pemanfaatan teknologi informasi, (4) ketersediaan bahan baku, (5) peralatan produksi, (6) penyerapan dan pemberdayaan tenaga kerja, (7) rencana pengembangan usaha, dan (8) kesiapan menghadapi tantangan eksternal. Masih adanya tumpang tindih kebijakan antar daerah, juga antar daerah dan pusat, sehingga pemerintah daerah perlu menciptakan lingkungan yang kondusif bagi UMKM untuk menghasilkan produk berkualitas ekspor.

Kata Kunci: UMKM, kebijakan, pemerintah daerah

I. PENDAHULUAN

A. Latar Belakang

Salah satu penyebab tingginya sektor informal di Indonesia adalah beratnya beban yang harus ditanggung oleh pengusaha akibat kebijakan yang berlaku. Bahkan hampir 30 persen dari perusahaan-perusahaan di Indonesia memulai kegiatan usahanya tanpa mendaftarkan diri secara formal.¹ Semakin meningkatnya daya saing ekonomi tiap daerah di Indonesia diharapkan dapat mendorong perkembangan usaha dalam negeri yang berskala mikro, kecil dan menengah.

Pemerintah Indonesia telah banyak mengeluarkan berbagai macam kebijakan yang mengatur kegiatan usaha. Dari peraturan-peraturan yang ada tentunya ada yang memudahkan dan ada

pula yang menghambat. Keberadaan usaha kecil merupakan konsekuensi logis upaya transformasi sosial, ekonomi dan politik dari sistem perekonomian yang mengandalkan pada sektor pertanian menuju pada basis ekonomi nonpertanian. Perubahan tersebut terjadi karena semakin bertambahnya kebutuhan masyarakat akan barang dan jasa, kesempatan kerja, dan penghasilan yang lebih baik serta semakin meningkatnya modal.²

Doing Business di Indonesia tahun 2012 menemukan bahwa 14 kota yaitu Balikpapan, Banda Aceh, Bandung, Denpasar, Jakarta, Makassar, Manado, Palangka Raya, Palembang, Pekanbaru, Semarang, Surabaya, Surakarta, Yogyakarta yang telah disurvei telah memperbaiki proses pendaftaran usaha mereka dalam periode dua tahun terakhir. Laporan

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³ "DB2012 Report", (http://www.kppod.org/datapdf/laporan/DB2012Report_Ind.pdf, diakses 3 Maret 2013).

⁴ Sjaifudlan, Hetifah, *Strategi dan Agenda Pengembangan Usaha Kecil*, (Penerbit: Yayasan Akatiga, Bandung, 1995), hal. 1.



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Analysis of the success factors for MSME succession in Surabaya: A principal component analysis

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ARTICLE INFO

Article history:
Received 30 September 2018
Revised 16 October 2018
Accepted 16 November 2018

JEL Classification:
J-54

Key words:
Principal Component Analysis, Succession, Family Business, and MSME.

DOI:
10.14414/jebao.v2i12.1381

ABSTRACT

This study aims to find success factors for succession in family-based MSMEs in MSMEs in Surabaya, Indonesia, where Surabaya is a metropolitan city that allows entrepreneurs to develop and be sustainable for the next generation of family businesses. The research method used is factor analysis which is an analysis technique that forms the latent variables that have not been determined in the analysis, the results of analysis will find any factors that influence the success of succession in MSMEs. Sample in this study amounted to 100 MSMEs of family businesses that could be met in Surabaya or incidental sampling, while respondents in this study were second generation family business owners. The method of data collection is a survey with a questionnaire instrument that has been tested for validity and reliability. The data analysis technique used is the Principal Component Analysis Factor Analysis with SPSS software. The results of this study found that six factors that determine the success of succession in MSMEs in the city of Surabaya are succession preparation procedures, successor characteristics, readiness of previous generations, communication in the succession process, relationships between family members, and introduction to the business environment. This research is expected to provide references on the sustainability of family business to the next generation in the city of Surabaya, East Java, Indonesia.

ABSTRAK

Penelitian ini bertujuan untuk mencari faktor-faktor kesuksesan suksesi pada UMKM yang berbasis usaha keluarga pada UMKM di kota Surabaya, Indonesia, dimana kota Surabaya merupakan kota metropolitan yang sangat memungkinkan wirausaha bisa berkembang dan sustainable untuk generasi penerus usaha keluarga. Metode penelitian yang digunakan adalah analisis faktor yaitu suatu teknik analisis yang akan menentukan variabel laten yang belum ditentukan sebelum dilakukan analisis, hasil analisis akan mendapatkan faktor apa saja yang mempengaruhi kesuksesan suksesi pada UMKM. Sampel dalam penelitian ini berjumlah 100 UMKM bisnis keluarga yang dapat di temui di kota Surabaya atau insidental sampling, sedangkan responden dalam penelitian ini adalah pemilik bisnis keluarga generasi kedua. Metode pengumpulan data adalah survei dengan instrumen kuisioner yang telah di uji validitas dan reliabilitasnya. Teknik analisis data yang digunakan adalah Analisis Faktor Principal Component Analysis dengan software SPSS. Hasil penelitian ini menemukan enam faktor yang menentukan kesuksesan suksesi pada UMKM di kota Surabaya yaitu prosedur periyapan suksesi, karakteristik suksesor, kesiapan generasi sebelumnya, komunikasi dalam proses suksesi, hubungan antar anggota keluarga, dan pengenalan lingkungan bisnis. Penelitian ini diharapkan dapat memberikan referensi tentang keberlanjutan bisnis keluarga sampai generasi penerus di kota Surabaya, Jawa Timur, Indonesia.

1. INTRODUCTION

It has been known that Micro, Small, and Medium Enterprises (MSMEs) have a significant role in the economy in Indonesia because they can overcome

unemployment and encourage the stability of sustainable business. According to the data from BPS (Central Bureau Statistics) economic census (BPS, 2016), the growth of the number of large and medi-

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THE EFFECT OF FIRM CHARACTERISTICS AND ENTREPRENEUR CHARACTERISTICS ON THE SUCCESS OF MSME BUSINESS IN CENTRAL JAVA PROVINCE

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ABSTRACT

The objective of the article is to examine the effect of Firm Characteristics and Entrepreneur Characteristics on the success of MSME businesses in several cities/districts in Central Java Province. This research design is quantitative research. The population of MSMEs in Central Java Province was 147,220 MSMEs. The sample in this study was 100 MSMEs, determined by the simple random sampling method. The sample consisted of MSMEs that were scattering in Tegal, Pekalongan, Semarang, Kudus, Jepara, and solo areas. The research data has obtained by distributing questionnaires to business managers. Hypothesis testing uses multiple linear regression test. The results of the study that entrepreneur characteristics have a positive and significant effect on the success of MSME businesses, meanwhile firm characteristics do not have a significant effect on the success of MSME businesses. The results of the analysis related to demographic variables, only entrepreneurs who have longer business experience can get business success compared to entrepreneurs who have shorter business experience. Besides, gender is also a determining factor in the success of MSME businesses. The implication of this research is that success in business is determined by the character of the entrepreneur. Business experience and the gender of the entrepreneur will support the achievement of business success. The results of this study provide benefits for entrepreneurs to be successful and useful for policy makers related to the development of micro, small and medium enterprises. The results of this study contribute to the development of science, especially related to the theory of the development of micro, small and medium enterprises

Keywords: *Business success, Firm Characteristics, Entrepreneur Characteristics*

Introduction

Research on MSME is interesting to do. The unique characteristics of MSMEs, and are sturdy in the wave of economic crisis, make MSMEs play a significant role in a country's economy. MSMEs are proven to contribute greatly to the country's economic growth. The realization of the contribution of MSMEs to GDP in 2018 was 61.07%. This figure shows the importance of a role in the development of a country. In addition to contributing to GDP, MSMEs are also able to provide employment. Until 2018, MSMEs can absorb 97% of the workforce, while large businesses can only absorb 3% of the workforce. However,

when viewed from non-oil exports in 2018, MSMEs are still far behind compared to large businesses. In the case of non-oil exports of MSMEs, only able to export by 14.37%, it was compared to large businesses, which amounted to 85.63% (Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, 2018). It shows that MSMEs have the potential to increase, and focus more on the development of their businesses by providing solutions to the problems they face.

Until 2018, the number of MSMEs spread in Indonesia was 58.9 million units. The increase in the number of MSMEs reflects the potential for economic growth with the



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FACTORS INFLUENCING PERFORMANCE OF YOUTH OWNED MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) IN KENYA

Anne Awino Odhiambo

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CITATION: Odhiambo, A. A. (2013). Factors influencing performance of youth owned micro, small and medium enterprises (MSME) in Kenya, *International Journal of Social Sciences and Entrepreneurship*, 1 (3), 263-272

ABSTRACT

The study purposed to investigate the factors that affect the performance of youth owned micro, small and medium enterprises (MSMEs) in Kenya. MSMEs owned by youths in Kajiado North Constituency was chosen as a case study. The study sought to inquire illustrate if the following independent variables had on the performance of youth owned MSMEs: entrepreneurship training, leadership style used, use of social networks and the business owner or leader's managerial skills. The research used a descriptive survey, and primary data was obtained through questionnaires targeting 43 MSMEs owned by youths in the target area. The field investigation revealed that all these factors under study had an effect on the overall entrepreneurial venture at various degrees. However, managerial skills were realized to be the most significant variable in this study followed by networking, then entrepreneurial training and lastly leadership skills employed. Based on these results the study recommended that there is a need to develop more supportive systems and structures, including training programs to business entrepreneurial skills, programs to enhance leadership styles for greater performance and to enhance managerial skills for these youth owned enterprises in order to improve their performance. There is also need to put in place support systems that would allow youths to interact with fellow youths in business, business professionals as well as other key stakeholders who will aid them in achieving their



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Effect of Entrepreneur and Firm Characteristics on the Business Success of Small and Medium Enterprises (SMEs) in Bangladesh

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Abstract

This study examines the effect of characteristics of entrepreneur and characteristics of the firm on the business success of Small and Medium Enterprises in Bangladesh. The study is based on survey methodology through a questionnaire administered on the owners and employees of small firms. Data are analyzed using statistical package for social sciences (SPSS). Two hypotheses are proposed and tested. The characteristic of entrepreneur is found to be a significant factor for business success of SMEs in Bangladesh. However the firm characteristics are found not to be significant factor on the business success of SMEs in Bangladesh. The results of the analysis show that only one of the demographic factors which is duration of organization operated has significant effect toward business success of SMEs. SMEs that are operated longer period have been more successful in comparison to those who have been in operation for a shorter period. In addition to this, independent sample t-test shows that gender plays a significant role on business success of SMEs in Bangladesh. This study has implications for entrepreneurs and policy makers.

Keywords: Business Success, SMEs, Entrepreneur and firm characteristics, Bangladesh.

1. Introduction

Research into small and medium sized enterprises (SMEs) has grown during the last decade. A huge majority of firms worldwide are SMEs, and they play a significant role in the economy. Consequently, the performance of the SME sector is closely associated with the performance of the nation. In Bangladesh, SMEs account for a large proportion of the total establishments in various sectors. The secret of firm success has long fascinated people, but most of the studies have focused on large companies. However, as we know, some firms succeed and others fail. In Bangladesh, despite the fact that some SMEs have been growing and are successful, some of others have been decline or stagnant. What factors affect business success among SMEs? This study aims to find out whether firms' characteristic and entrepreneurs' characteristic affect the business success of SMEs in Bangladesh.

Previous studies dealing with the conditions of successful business have focused on large companies rather than SMEs. However, changes in the environment cause more uncertainty in SMEs than in large companies. Their



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**SUMBER DAYA MANUSIA, OPERASIONAL, PEMASARAN,
DAN KEBIJAKAN PEMERINTAH TERHADAP KINERJA
UMKM DI KOTA SURABAYA**

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UNIVERSITAS NEGERI SURABAYA

Abstract.

The research aims to determine the effect of financial literacy, financial behavior, human resources, operations, marketing, and government policies on the performance of MSMEs in the city of Surabaya.

Measurement of variables using a Likert scale with forty-three statements and for financial literacy variables also uses the Guttman scale with five questions. The sample used in this study were 108 MSME respondents, registered as assisted by the Surabaya Office of Cooperatives and Micro Business in 2018. Data is collected using questionnaires. The data analysis technique uses multiple regression analysis with the SPSS application.

The results of the analysis showed that the financial behavior of business owners and marketing had an effect on the performance of MSMEs in Surabaya, meaning that the better financial behavior of business owners and the better marketing can improve business performance.

Keywords: Financial Literacy, Financial Behavior, Government Policy, Internal Factor, MSME Performance

Abstrak.

Penelitian ini bertujuan untuk mengetahui pengaruh literasi keuangan, perilaku keuangan, sumber daya manusia, operasional, pemasaran, dan kebijakan pemerintah terhadap kinerja UMKM di Kota Surabaya.

Pengukuran variabel dilakukan dengan menggunakan skala likert dengan jumlah keseluruhan pernyataan sebanyak empat puluh tiga dan untuk variabel literasi keuangan juga menggunakan skala guttman dengan jumlah keseluruhan pertanyaan sebanyak lima. Sampel yang digunakan dalam penelitian ini adalah 108 responden UMKM, UMKM tersebut merupakan UMKM yang terdaftar sebagai binaan Dinas Koperasi dan Usaha Mikro Kota Surabaya tahun 2018. Data dikumpulkan dengan menggunakan kuisioner. Teknik analisis data menggunakan analisis regresi berganda dengan aplikasi SPSS.

Hasil analisis menunjukkan bahwa perilaku keuangan dari pemilik usaha dan pemasaran berpengaruh terhadap kinerja UMKM di



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The Role of Government Expenditure and Investment for MSME Growth: Empirical Study in Indonesia

P. Eko PRASETYO¹

Received: April 27, 2020 Revised: August 23, 2020 Accepted: August 28, 2020

Abstract

In Indonesia, micro-, small- and medium-sized enterprises (MSMEs) are introduced to increase income by providing many easier jobs to improve economic growth. They have also been reported to be generally supportive of the local industry. The government policies on investment and expenditure have the ability to promote MSMEs and economic growth. Therefore, this research was conducted to analyze the theoretical background and empirical study to investigate government's role to promote MSMEs growth in Indonesia. The secondary data after the 2008 global financial crisis recorded quarterly from 2009 to 2019 Q3 were analyzed using the Ordinary Least Square (OLS) regression model. The results showed government expenditure has a positive and significant contribution to small- and medium-sized enterprises, but the effect was not significant for micro-businesses. Meanwhile, the investment sector was discovered to have a positive and significant effect on MSMEs. The policy implications of the Indonesian government are expected to focus on its expenditure's role as the most important factor for "social-economic protection of the community" through micro-enterprises, which are numerous and more attached to the real community economic-social life. Therefore, the existence of micro-businesses is very helpful for the lower classes despite their high vulnerability to crisis.

Keywords: Government Expenditure, Investment, Economics, MSME growth, Indonesia

JEL Classification Code: H53, H54, R42

1. Introduction

The impact of the Covid-19 pandemic is multidimensional – psychologically, materially and recessionary, so that, in this status of "new normal", additional government spending is needed to overcome these challenges. Theoretically and empirically, increased government spending is often used to restore economic growth due to the crisis, and economically and politically its use must also be efficient and effective. Therefore, hard and smart work is needed with the status of "new norms" so that government expenditure policies

remain optimal, efficient and effective and able to carry out economic recovery well. At this time, a policy program to strengthen the quality of the institutional structure and social security and economic culture of the community through MSMEs and social entrepreneurship is urgently needed to become one of the on-track efforts in the status of "new normal" (Prasetyo et al., 2020c; 2020d; ASEAN, 2020). Because the existence of the MSME sector is able to become a supply chain of social investment and an important driver: equality, employment opportunities, sustainable economic growth, and poverty reduction, (Prasetyo, 2008; Prasetyo & Dzaki, 2020c; Tambunan, 2019).

In Indonesia, micro-, small- and medium-sized enterprises (MSMEs) are introduced to increase income by providing many easier jobs to improve economic growth. They have also been reported to be generally supporting the local industry (Srinivas, 2013; Mujahid, & Begam, 2019). Moreover, the economic growth of developed countries such as Japan, Korea, Taiwan, and several others was significantly generated by SMEs activities (Katua, 2014). However, several MSMEs in developing countries like Indonesia are facing severe challenges and weaknesses requiring

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Australian Journal of Basic and Applied Sciences, 5(6): 1563-1571, 2011
ISSN 1991-8178

The Role of Government Policy and the Growth of Entrepreneurship in the Micro, Small (&) Medium-sized Enterprises in India: an Overview

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Abstract: Micro, Small and medium enterprises (MSMEs) as the most common form of enterprises in many countries are very significant for the development of their market economies. They are the main creators of the new working places and they present a vital core of the market economy. The experiences of well-developed countries show that the sector of Micro, small and medium enterprises is a basic link to the growth and development of their public economy. Policymaking in the entrepreneurship field is complex and messy. Many areas of Government policy affect levels of entrepreneurial activity. The mix of policy options will depend on a number of factors, including the prevailing attitudes of the population towards entrepreneurship, the structure of the labor force, the size and role of Government, the prevalence of existing level of entrepreneurial activity and the existing MSMEs. It is commonplace for Governments to have policies to encourage the growth of local Micro, small and medium enterprises (MSMEs) as they can help to directly alleviate poverty by increasing income levels and creating jobs. This paper evaluates the government policies with respect to the MSMEs and the performance of these enterprises in relation to these policies and assistance. In particular, the article concentrates on the growth of entrepreneurship within the Micro, Small and Medium-sized enterprises (MSMEs) in India. In addition, it also considers the contribution of MSMEs towards country's employment generation. The global market has changed considerably as also the activities of Micro, Small and medium enterprises. Today, for businesses to survive, dynamism and entrepreneurship must exist in its fullest degree. We found in the past record of MSME development that, those countries have succeeded in achieving higher growth of MSME, who have given much more emphases on Entrepreneurship Development Program.

Key words: Entrepreneurship, micro, small and medium enterprises, Government policy, employment, India.

INTRODUCTION

Micro, Small- and medium-sized enterprises are a vibrant and growing sector in most economies round the world. (Levy *et al.*, 2005) Audretsch *et al.* (2006) explains that creating supportive environments for entrepreneurship and MSME development has become a top policy priority in almost every country around the world. (Audretsch *et al.* 2006) Lester *et al.* (2007) claims that There is broad agreement on the merits of devising policies to enhance the contribution of MSMEs to global trading, since it is widely recognized that MSMEs are under-represented in the global economy. For example MSMEs typically contribute some 50 per cent of GDP in the developed economies and some 60 per cent of total employment, yet MSMEs contribute only around 30 per cent of exports and even less in terms of flows of international investment.

In India also, the role of micro, small and medium enterprises (MSMEs) in the economic and social development is well established. (Report of the Task Force on MSME, 2010) especially since the commencement of planning for economic growth, adequate emphasis has been given on the development of MSMEs by policy makers, politicians and the intelligentsia alike. The multi pronged objectives of increased

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