Analysis of Business Success: Effects of Business Competency

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Abstract. Business success is the basic key in running a business, if it is not maintained properly it will end in business closure. The problem of business success is still a major topic in research because it can affect the productivity of a business, Photocopy on Jl. Dipatiukur Bandung City is one type of MSMEs from the service sector experiencing business success problems . This study aims to determine the effect of entrepreneurial competence on business success. The method used is quantitative, data collection uses data distributed online through the Google Forms application to a sample of 23 business actor . The data analysis technique used is path analysis using SPSS 26.0 for windows . The findings show that entrepreneurial competence influences business success. Based on the results of this study, it is suggested to Photocopy MSME actors on Jl. Dipatiukur City of Bandung to improve competence to manage human resources in the aspect of entrepreneurial competence.

Keywords: Entrepreneurial competence, business success.

1   Introduction

Entrepreneurship is the main key to the development and growth of human resources , so people are required to be active and creative to participate in the world of entrepreneurship or known as MSMEs[1]. MSMEs are the foundation for economic development, both in terms of quantity and quality of MSMEs in order to achieve business success [2].

Business success is the basic goal expected by every entrepreneur to create value in an item or service [3]. The success of a successful business is carried out if it can achieve company goals that have been targeted in the previous planning process [4].

Research on business success has been carried out, including the traditional food industry [5], the Bandung Jelekong painting industry [6], the clothing and leather in Wirobrajan District, Yogyakarta City [7], Maluku Typical Food Industry [8]. From each of these studies it is explained that there are still many MSMEs that experience problems with business success, so it is important to pay attention to the sustainability of a business.

Business success has become an important topic in recent years because business success is the basic key and general objective in running a business, if it is not maintained

properly it will end in business closure [9]. Photocopy on Jl. Dipatiukur Bandung City is one type of MSMEs from the service sector which is experiencing the problem of low business success, it can be seen from the business success data for 23 MSMEs in the last three years which tend to decline.

Considering that the problem of business success is very important to be considered by MSMEs, this problem can be overcome with an Entrepreneurship approach in which according to Simpeh's theory [10] state that disciplines in entrepreneurship studies are classified into six theoretical categories. entrepreneurship namely: economic entrepreneurship theory, psychology entrepreneurship theory, sociological entrepreneurship theory, anthropological entrepreneurship theory, opportunity-based entrepreneurship theory, and resource-based entrepreneurship theory . According to Suryana [11] business success is the success of a business in achieving its goals. Meanwhile, business success is essentially the success of a business in achieving its goals [12].

Entrepreneurial competence has an important role in the success of entrepreneurs to run their business. Based on research by Brophy and Kiely [13], entrepreneurial competence plays a major role in business success. According to Benjamin and Rebecca[12], entrepreneurial competence is seen as very important for the growth of business success and an understanding of competencies that are useful for practice. Business success is the main goal of a company, where all the activities in it are aimed at achieving success. The formulation of the problem in this study is to find out how big the level of influence of entrepreneurial competence is to business success. The purpose of the research is to get findings regarding: (1) How is the description competency to manage business ; (2) How to describe competencies for managing human resources (3) How to describe competencies for managing sales (4) How to describe competencies for making business records (5) How to describe competencies for managing finances . Based on the variables that will be examined in this study. A research paradigm is compiled which is described in Figure 1 as follows.
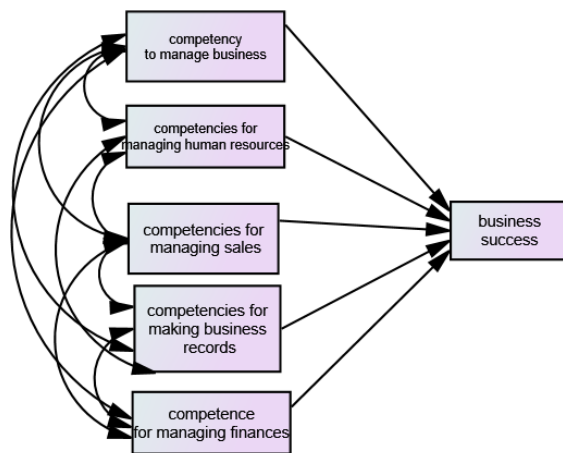

Figure 1. Research Paradigm

2   METHODS

This research was conducted to determine the effect of entrepreneurial competence on business success. The independent variables in this study are entrepreneurial competence with the dimensions of competence for managing business , competence for managing human resources , competence for managing sales , competence for keeping business records and competence for managing finances.

The object of this study is the Photocopy UMKM on Jl. The Dipatiukur City of Bandung which is used as the unit of analysis is all MSMEs on Jl. Dipatiukur City of Bandung amounted to 23 SMEs using quantitative methods. Data analysis was carried out descriptively and verifikatively using path analysis through the program SPSS 26.0 for windows

3   RESULTS AND DISCUSSION

To measure the size and how the influence of entrepreneurial competence on the success of the Photocopy MSME business on Jl. Dipatiukur City of Bandung, the verification test is carried out as follows .

3.1   Path Analysis Assumption Testing

The normality test was carried out to find out whether the data obtained from the results of the field research were normally distributed or not, so that the data could be used or not in the path analysis model . The way to find out this can be done through statistical test analysis. Kolmogrov Smirnov test results can be seen as follows
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Table 1. Normality test (One-Sample Kolmogorov-Smirnov Test)

Unstandardized Residuals		
N		23
Normal Parameters a,b	Means	0.0000000
	std. Deviation	13.98341385
Most Extreme Differences	absolute	0.156
	Positive	0.156
	Negative	-0.085
Test Statistics		0.156
asymp. Sig. (2-tailed)		. 154

Based on Table 1, it can be seen that the significance value for the normality test of research data is 0.154. This value is > 0.05 so that the research variable data is declared

to have a normal distribution of data. all indicators of each Dimension of entrepreneurial competency and business success have the loading factor is above 0.5 so that it is known that all indicators are declared valid as indicators to measure their respective constructs/variables.

3.2   Testing the Path Coefficient and Correlation Coefficient

This test aims to determine the entrepreneurial competency sub-variables on business success Which shows that the greatest correlation occurs in each variable itself. Based on Table 2, it is known that each variable shows a greater correlation with its own variable than other variables.

To obtain the path coefficient, the inverse correlation matrix is associated with the correlation between the independent sub variables (X) and the dependent variable t (Y).

Table 2. Path Coefficient and Correlation

Variable	X_1	X_2	X_3	X_4	X_5	Y
X_1	1	0.795	0.689	0.665	0.806	0.840
X_2	0.795	1	0.631	0.651	0.705	0.735
X_3	0.689	0.631	1	0.341	0.584	0.733
X_4	0.665	0.651	0.341	1	0.579	0.613
X_5	0.806	0.705	0.584	0.579	1	0.743
Y	0.840	0.735	0.733	0.613	0.734	1

The following is Figure 2 will present a chart of path coefficients and correlation coefficients.
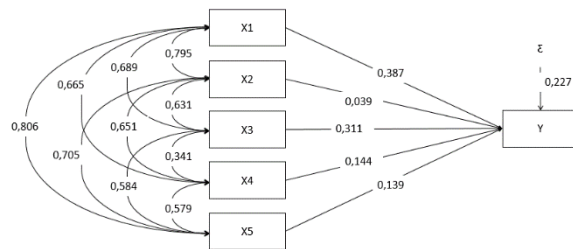

Fig. 1. Path Diagram

3.3   Total Determination Coefficient (R^2)

The total coefficient of determination (R^2) can be calculated manually using the path coefficient matrices X_1, X_2, X_3, X_4, and X_5 and then multiplied by the Y column matrix. Meanwhile That, If use SPSS For know it can seen on column R Square as in Table 3 following.

Table 3. Coefficient of Determination

Model	R	R Square	Adjusted Square	R	std. Error of the Estimate
1	.879 a	0.773	0.706		7,482

Based on Table 3 it is known that the magnitude of the total determination coefficient or the influence of the endogenous variables as a whole is 0.773 or 77.3%, meaning that it is in the strong category while the rest is influenced by other variables not examined .

3.4   Direct and Indirect Influence

To find out the results of the direct and indirect influence of the entrepreneurial sub-variables on business success can be seen in table 4 below.

Table 4. Direct and Indirect Effects of X on Y

Variation Abel	Coefficient Betas	Influence Direct	Indirect Influence						Total Influence
			X_1	X_2	X_3	X_4	X_5	Total	
X1	0.387	0.150		0.012	0.083	0.037	0.043	0.175	0.325
X2	0.039	0.002	0.012		0.008	0.004	0.004	0.027	0.029
X3	0.311	0.097	0.083	0.008		0.015	0.025	0.131	0.228
X4	0.144	0.021	0.037	0.004	0.015		0.012	0.068	0.088
X5	0.319	0.019	0.043	0.004	0.025	0.012		0.084	0.103
Total Influence									0.773

Based on Table 4, it can be seen that the most dominant direct effect is from X1 on Y with an acquisition value of 0.150. Meanwhile, the dimension of direct influence that is the least dominant is X2 to Y with a score of 0.002. Obtaining the most dominant indirect effect data is X1 X3, namely X1 to Y through X3 or vice versa with a value of 0.083. While the indirect effect that is not dominant is X2, X4 and X5, namely X2 to Y through X4 or vice versa and X2 to Y through X5 or vice versa with the same value of 0.004.

3.5   Path Coefficient of Other Variables (Epsilon)

other variables outside the model can be sought after knowing the total coefficient of determination (R2) can use the following formula:

$$\rho_{Y\varepsilon} = \sqrt{1 - R^2Y(X_1. X_2. X_3 X_4 X_5.)}$$

$$\rho_{Y\varepsilon} = \sqrt{1 - 0{,}773}$$

$$\rho_{Y\varepsilon} = \sqrt{0{,}227} = 0{,}227$$

Based on these calculations, a result of 0.227 or $(0.227)2 = 0.227 \times 100\% = 22.7$ % is obtained. This illustrates that the Business Success of Photocopy Entrepreneurs on Jl. Dipaiukur Bandung City is influenced by other variables not examined by 22.7 % .

3.6 Simultaneous Testing

This test is conducted to determine the significance of the influence of entrepreneurial competence on business success. The hypothesis of this test is the entrepreneurial competency sub-variable on business success

Table 5. Simultaneous Hypothesis Test

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	3244,673	5	648,935	11,591	.000b
	residual	951,761	17	55,986		
	Total	4196,435	22			

The results of the overall (simultaneous) hypothesis test can be seen in Table 6 below

Table 6. Simultaneous Hypothesis Test Results

hypothesis Alternative	F count	F table	Sig.	Decision	Conclusion
X1 , X2 , X3 , X 4 , X 5 , Influential positive against Y	11,591	2,810	0.000	H 0 is rejected	Significant influence

The table above shows that the test for the F test is taken from the results of the ANOVA test with a significance level of 5%, an ANOVA value of 11.591 is obtained, meaning that the decision is Ho rejected, because 11.591 > 2.810 means that simultaneously or jointly there is an influence positive relationship between Entrepreneurial Competence on Business Success for Photocopy Entrepreneurs on Jl. Dipatiukur City of Bandung

3.7 Partial Testing

The test results as a whole give significant results, so to find out each dimension/sub-variable has an influence or not on business success can be tested partially The following shows the partial test results in Table 7

Table 7. Partial Hypothesis Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	std. Error	Betas		
1	(Constant)	4,462	5,961		,749	,464
	X1	1.165	,779	,387	4,225	,000
	X2	,131	,699	.039	, 187	,854
	X3	1,727	,940	,311	3,927	,000
	X4	,613	,716	,144	,855	,071
	X5	,475	,681	,139	,698	,098

Based on Table 7 above, X1 has a $t_{count} > t_{table}$ at 4.225 > 2.110 with a sig value of 0.000 < 0.05 . So it can be stated that X1 has a positive and significant effect on variable Y. Furthermore, X2 has a $t_{count} < t_{table}$ at 0.187 < 2.110 with a sig value of 0.854 > 0.05. Then it can be stated that X2 has no effect on variable Y. Furthermore, X3 has a $t_{count} > t_{table}$ at 3.927 > 2.110 with a sig value of 0.000 <0.05. So it can be stated that X3 has a positive and significant effect on variable Y. Furthermore, X4 has a $t_{count} < t_{table}$ at 0.855 < 2.110 with a sig value of 0.071 > 0.05 . Then it can be stated that X4 has no effect on variable Y. And X5 has a value of $t_{count} < t_{table}$ at 0.698 < 2.110 with a sig value of 0.098 > 0.05. Then it can be stated that X5 has no effect on the variable Y.

CONCLUSIONS

Has been carried out using verification analysis, it can be concluded that entrepreneurial competence influences business success showing an influence of 77.3 %. This shows that the greater the competency of an entrepreneur, the more successful the business will be .

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