Business Capability, Entrepreneurial Culture Toward Entrepreneurship Attitude on Small Scale Enterprises in South Sulawesi

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Abstract—This study aims to explain how the influence of business capability and entrepreneurial culture towards entrepreneurship attitude on small scale Enterprises in South Sulawesi.

The object of this research is 200 owners of small scale Enterprises by survey with purposive sampling. The method of analysis used analysis instrument was the multiple regression analysis. The validity and reliability testing is done to determine whether the data is valid and reliable. The dependent variable in this research is entrepreneurship attitude (Y), and the independent variable is business ability (X1) and Entrepreneurial culture (X2).

The results of this study reveal that the partial, Business Ability Influential positively significant toward Entrepreneurship Attitude, Entrepreneurial Cultural significant positively toward on entrepreneurship Attitude. Business Capability and Entrepreneurial Culture trying to simultaneously having a significant positively toward Entrepreneurship Attitude, with multiple regression models as follows: \[ Y = 1.051 + 0.681 X_1 + 0.28 X_2 \]

Keywords—Business Capability, Entrepreneurial Culture, Entrepreneurship Attitude.

I. INTRODUCTION

The contribution of small businesses in the national economy is increasing. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (2013) that the number of Micro, Small and Medium Enterprises (MSMEs) is 57,895,721 million business units or growing by 99.99 percent. This amount gets the attention of the government and those who have concern for small businesses in terms of coaching and development, especially in institutions, management, capital and marketing [2, 28, 29 and 1].

In South Sulawesi, up to 2016, the number of Small Businesses that were the object of assistance by the South Sulawesi Province Cooperatives and SMEs Office was 68,183 business units. The number is spread in four sectors. The dominant spread in the regions of Makassar, Gowa, Sidrap, Luwu, Toraja, and Pare-Pare. The rest are located in the districts around the largest distribution area. Of course the small and medium business development program conducted by the government is expected to improve the performance of these small and medium enterprises [12].

However, improving the performance of small businesses basically needs to support the mental capacity of the managers. Business capability according to [37] is the ability to create competitive advantage, even [26] see ability as the ability to attract and organize all resources. The ability to attract and allocate resources to [10] is the strategy of retaining customers, and strengthening the workforce.

Small-scale business development in South Sulawesi is not only seen from the ability of its managers, but is supported by a cultural pattern of togetherness and concern from community organizations. The culture prevailing in South Sulawesi is generally the same among several ethnic groups, namely Bugis, Makassar, Toraja and Mandar.

Community culture is a consideration for measuring the performance of small business management. Study of [24] revealed that so far Bugis entrepreneurs have been more successful in identifying business opportunities and establishing companies than managing and consolidating established companies. These weaknesses in management and consolidation stem from traditional social values and structures that still control the way that Bugis entrepreneurs run companies. Furthermore, [42] states that the cultural value of society can strengthen business performance if it is able to maintain that culture in society, which is in accordance with life experience, and the belief system and social environment.

The success of a small business is also determined by the spirit and entrepreneurial spirit. The statement in line with the results of [43] study that the success of MSMEs is synonymous with entrepreneurship, because small business actors have a higher entrepreneurial spirit and attitude. According to [43] states that the entrepreneurial spirit can be seen from innovative abilities, responsibilities, risk taking, beliefs for success, responsiveness, and future views. Furthermore, it is also said that entrepreneurship can be strengthened from the influence of cultural traditions, maintaining the survival and stability of its business. Therefore, strengthening the existing culture in South Sulawesi can be used as a basis for increasing entrepreneurial spirit.
Based on the description, it is necessary to study the influence of business capabilities and entrepreneurial culture on entrepreneurial attitudes, with the main research problems as follows:

1. Does the business capability partially affect the entrepreneurial attitude of small business actors?
2. Does the entrepreneurial culture partially affect the entrepreneurship attitude of small business people?
3. Whether the business capability and culture entrepreneurial simultaneously affect the entrepreneurship attitude of small business actors?

II. LITERATURE REVIEW

A. Understanding Business Capability

Business capability is the potential possessed by someone consisting of practical abilities, creativity, motivation, innovative, spiritual, and social skills [39]. [11] define business capability as a process of integration and depiction of the benefits derived from the resources expended to create market opportunities. To develop business skills, everyone can do this through increased knowledge and skills. In addition to improved knowledge, learning from past experiences can also develop its capabilities where the entrepreneur can take lessons on failure or success in allocating resources to achieve better business performance.

Business capability according to [37] is the ability to create competitive advantage, even [27] see business ability as the ability to attract and organize all resources. The ability to attract and allocate resources referred to [10] is a strategy of retaining customers, strengthening the workforce. Business capability according to [40] is the ability to design products, the ability to imitate, and the ability to subcontract work with outsiders that can improve business performance. This means that the ability of business strives to create excellence by organizing and allocating resources between internal and external resources [14].

Furthermore, indicators of business capability can be seen from the opinions of several experts, including the indicator of business capability according to [27] is the ability to attract and organize all resources. Clarified by [10] as a strategy to retain customers and strengthen the workforce.

Another indicator according to [40] is the ability to design products, the ability to adapt, and the ability to do subcontracting (partnerships) with outsiders. Thus, the indicator of business capability consists of:

a. Maintain customers,

b. Strengthening workforce,

c. Ability to design product capabilities,

d. Ability to adapt, and

e. The ability to do partnerships.

B. Understanding Entrepreneurial Culture

Understanding culture can be understood through two approaches as described in [38] namely: first, the Anthropological study approach of the period 1900-1950 which found a process pattern approach, built by Franz Boas (1858 -1942) and also developed by Alfred Louis Kroebner (1876-1960). Second, a functional structural approach developed by Bronislaw Mali-Nowski (1884-1942) and Radcliffe-Brown. Both theories developed are basically included in the definition of culture in a broad sense that includes culture and or civilization. Departing from the assumption that culture generally includes a very complex device, then in general experts usually conduct cultural studies through various approaches.

Ethical behavior in local cultural norms will be a force that makes global entrepreneurs and local entrepreneurs able to unite to achieve the best performance. [24 and 31] said that the success of Bugis entrepreneurs is because they have the driving force and risk takers to characterize their entrepreneurial souls. Employers should always be able to demonstrate values and ethics in a style of interaction and action that harmonizes the life of local work behavior. The ability to work and contribute by paying attention to the dominant ethics and values of local life can be a bridge to produce the best performance and achievement. If an entrepreneur fails to identify the values of local work behavior, then distrust can make it difficult for him to share the best work values, in an effort to produce the best performance. The best entrepreneurs can certainly show strong ethical behavior, to influence the actions of others through quality organizational governance.

If what is meant by business culture is a trade culture, then this concept of thinking is not much different from the teachings of mercantilism that developed in the 16th century in England, France, Germany and other European countries. Hence the literal meaning of "business" in Webster Dictionary is defined as activity as a part of a commercial enterprise. Starting from the paradigm in question, the business culture can generate enthusiasm for trading. Because of the paradigmatic-empirical and conceptual weaknesses, it is difficult to define business culture to be generalized in theory. With reference to cultural theory, business culture in Indonesia is based on the principles of togetherness, mutual cooperation and unity that are in accordance with the cultural roots and experiences of the Indonesian empirical people. Although the business has been carried out with more modern management standards, it does not mean that the culture in trying has been forgotten. A global businessman should keep paying attention and adjusting behavior to be in accordance with local cultural norms, respecting and adjusting behavior to the wisdom and norms of life that apply locally.

Demographically and economically, in Indonesia, business cultures the majority of people are still dominated by agrarian society. According to [19] statements, the revolution in the agricultural sector is an absolute requirement for the success of efforts to take preconditions to take off, even though the share of the agricultural and rural sectors is smaller than the industrial sector, the agricultural community strengthens the spirit of achieving these performance, even the progress of this sector determine the overall economic performance, the agricultural business culture is still reflected in its business behavior. Culture in
that can be seen as an investment to get new resources. The external factors that influence the culture of society's entrepreneurial spirit through an approach to internal and character of entrepreneurship in society. Development of an coordination and cooperation for mutual benefits and virtues. social norms and beliefs that enable efficient and effective processes of human relations that are supported by networks, people born from group members and become group norms in social networks, norms, values and beliefs among relationships between individuals in a group and between potential of business culture in groups and the patterns of attitudes that show the integration of capital and effort. and participation and proactive members in a group community groups, the collective identity of a group and will shape the character of the social capital of a fishing community with outside the community. Internal and external factors can be summarized in the influence of religion, norms and values inherent in the community. While external a community that include local beliefs, patterns and systems of trade culture is in a position of modern and superior culture, each other. Nevertheless there is an anomalous phenomenon the agricultural sector is very close together, and support each other. Nevertheless there is an anomalous phenomenon about the conceptual framework of business culture as if the trade culture is in a position of modern and superior culture, so it implies that being a farmer, fisherman, manager and cooperative member are traditional and inferior economic actors.

Business culture in driving the economy of the community, such as maintaining trust from the customer community and building networks that strengthen business continuity. Business culture puts forward the cultural / moral values of business people so that they can overcome various problems in every economic performance. Business culture in each group has different variations, therefore strong will is needed that can form a force that can create forms of trust to realize economic efficiency in the business world. Entrepreneurs, who are able to have good culture / morals, can gain trust and community customers and then be able to preserve the trust of these customers

The strong business culture makes entrepreneurs become bigger and stronger in business. The trust that is built from culture starts from honest behavior until a big trust is formed. Honest and moral entrepreneur who are carried out by the community, have built the trust of customers towards entrepreneurs. Besides the trust gained from its customers, the business community can build a network of business networks managed by families. The family becomes a place of gathering and meeting that takes precedence. This relationship is very useful for business continuity. The high values of local ethnic business culture are caused more by demands to have the ability to make a living and social activities in society.

According to [16] defines business culture as a series of processes of human relations that are supported by networks, social norms and beliefs that enable efficient and effective coordination and cooperation for mutual benefits and virtues. [16] looks at cultural elements in trying as a hidden resource that can be seen as an investment to get new resources. The potential of business culture in groups and the patterns of relationships between individuals in a group and between groups in social networks, norms, values and beliefs among people born from group members and become group norms become a spirit in building a business [21, 16 and 17].

Socio-cultural character becomes a characteristic or character of entrepreneurship in society. Development of an entrepreneurial spirit through an approach to internal and external factors that influence the culture of society [18] Internal factors include: (a) Patterns of social organization in a community that include local beliefs, patterns and systems of production and reproduction and local politics; and (b) the norms and values inherent in the community. While external factors can be summarized in the influence of religion, education and systems and political relations and governance with outside the community. Internal and external factors will shape the character of the social capital of a fishing community. The characters formed consist of existing community groups, the collective identity of a group and between groups within a community, the level of participation and proactive members in a group

Business culture is related to indigenous culture [3, 4, 13 and 15] is a culture that evokes behavior [6] including attitudes that show the integration of capital and effort. and attitude to create and develop its business. Business development that is developed while maintaining the spirit of culture will support government programs as policy makers to strengthen business spirit and business capabilities. The ability of a better individual business will be able to develop business and build partnerships with outside parties, especially capital owners and technology owners. This is in accordance with cultural understanding according to [9] namely culture is a value that can arouse entrepreneurial spirit. The indicator of business culture according to [16] is togetherness, and then [18] saw an indicator of the level of participation and proactive members in a group. While [9] see honesty. Thus the indicator of business culture is:

a. Togetherness,
b. Participation,
c. Interaction, and
d. Honesty

There are several results of previous research that are used to strengthen the proposed research model. Summary of research results can be seen as follows:

C. Understanding Entrepreneurship Attitude

[8] distinguishes entrepreneurial behavior based on factors that stimulate it internally and externally. Externally stimulated entrepreneurship explains that to start a business begins with an understanding of opportunities. While entrepreneurial behavior patterns that are stimulated internally are when individuals are involved in the problem solving and needs assessment process before deciding to start a business. Based on [8] found behavioral patterns regarding the element of understanding of fundamental opportunities, including the process of establishing a company, starting a new, major part of the business, and obtaining any new type of business.

Entrepreneurship is a mental and mental attitude that is always active or creative empowered, created, intentions in order to increase income. Individuals who have entrepreneurial spirit and attitude are always dissatisfied with what they have achieved, always looking for opportunities to improve their business and life, always creating and innovating so that all opportunities can be obtained. [43] said that entrepreneurship is the attitude, soul and ability to create something new that is very valuable and useful for him and others, while entrepreneurs are people who are skilled at taking advantage of opportunities in developing their business with the aim of improving their lives. So entrepreneurship is a creative and skilled attitude to take advantage of opportunities in developing their business.

According to[20], as theory, if someone finds an advantage in him, he will look for it. Entrepreneurship in this view that entrepreneurship is not the main source planned but is a change in the face of market uncertainty. Kirzner's theory of interpreting entrepreneurship is the implication of an activity that is equilibrating the market. This view is also in line with the Problem Theory by Lachmannian [22] that the market is a prolonged process, which has equilibrating power. So entrepreneurship is a change in character in conditions of uncertainty to balance the market.
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[8] defines entrepreneurship as a step towards creating new organizations to seize opportunities, while entrepreneurship by [8] is a person who is able to create a new business, including buying an existing business entity. [41] says that entrepreneurial character is seen as a risk taker, innovative, and proactive. So the most important element in entrepreneurship that determines the success of business management is the ability to create and take risks, as outlined in the formulation of its strategy.

One indicator of entrepreneurship is the desire for achievement (need for achievement), where the attitude of an entrepreneur always wants to realize what is planned. [26] saw the need for achieving very high satisfaction for everyone. Research conducted by [30, 23 and 25] empirically prove the existence of a relationship between entrepreneurship and the need for achievement. The same research was also carried out by [7] that there is a positive relationship between the need for ignition and business performance, then [36] asserts that as a business owner the level of achievement needs is higher than that of managers. Thus, entrepreneurship as a mental attitude needs to be fostered and can be applied to the development of small businesses so as to spur the development of its performance.

[34] said that entrepreneurship is an attitude, soul and ability to create something new that is very valuable and useful for himself and others. Entrepreneurship is a mental and mental attitude that is always active or creative with creativity, intent on increasing income. Individuals who have entrepreneurial spirit and attitude are always dissatisfied with what they have achieved, always looking for opportunities to improve their business and life, and always create and innovate so that all opportunities can be obtained. Entrepreneurship is the attitude of people who are skilled at taking advantage of opportunities in developing their business with the aim of improving their lives. [8] defines entrepreneurship as a step towards creating new organizations to seize opportunities. So an entrepreneur is seen as someone who is able to create value through several steps such as buying a business entity, developing a business, making acquisitions, growing markets, and expanding distribution networks.

[41] claims that entrepreneurs who have a high entrepreneurial spirit are seen as risk takers, innovative, and proactive. [26] also said that high entrepreneurship is characterized by a very high need for achievement. [30, 23 and 25] empirically prove the existence of a relationship between and the need for achievement as an indicator of high performance entrepreneurship for an entrepreneur. [7] that there is a positive relationship between the need for ignition and business performance, then [36] asserts that as a business owner the level of achievement needs is higher than that of managers. Thus, entrepreneurship as a mental attitude needs to be fostered and can be applied to the development of SMEs in order to spur the development of their performance.

The higher the level of someone in the organization, the tendency to take risks is also higher. In decision making, the entrepreneurial attitude of a person as a risk taker determines his success. [33] suggested that entrepreneurs often take risky decisions to improve their performance compared to a manager. The magnitude of the risk of a decision for a business owner also determines the amount of responsibility taken. [32] saw a positive relationship between risk taking and business performance growth. Furthermore, [9] explained that successful entrepreneurs are related to controlling their risks. [35] added that the tendency to take risks for entrepreneurs is higher than that of a manager, because the risk that a manager carries is smaller. Based on the description, the business development requires an attitude that is willing to take risks, with careful consideration despite uncertain conditions.

Entrepreneurial indicators according to [41] that entrepreneurs who have a high entrepreneurial spirit are seen as risk takers, innovative, while [26] also says that high entrepreneurship is characterized by very high achievement needs. [24] claims that the success of Bugis entrepreneurs because they have the driving force and risk takers as a hallmark of their entrepreneurial spirit. Thus the entrepreneurial indicators are:

a. Risk takers,
b. Innovative, and
c. Achievement of abilities

Based on the theoretical studies presented, the research hypothesis is structured as follows:

1. \( H1 = \text{The businesses capability to partially influence entrepreneurship attitudes} \)
2. \( H2 = \text{The entrepreneurial culture to partially influence entrepreneurial attitudes} \)
3. \( H3 = \text{Business capabilities and business culture simultaneously influence entrepreneurial attitudes} \)

III. RESEARCH METHOD

A. Research Design

Based on the purpose of the study, the design of this study was included in explanatory research, namely trying to explain the causality relationship between determinant variables, namely business capability (X1), entrepreneurial culture (X2), and entrepreneurship attitudes (Y)

B. Research Location and Research Time

The object of this study will be carried out in the area of South Sulawesi Province by taking ethnic Bugis, Makassar and Toraja people. The Bugis ethnic group was represented from the Bulukumba district, Makassar ethnic from Selayar island and Toraja ethnic in the Tana Toraja district.

C. Population and Sample

The population in this study was sall the small-scale business actors in South Sulawesi as many as 4,208 units. While the sample used is 200 small businesses. The sample selection was done using a random method with the multi stage cluster sampling procedure. Based on this method, the sample is distributed in three districts; that is, Bulukumba Regency as many as 85 samples; Toraja and North Toraja Regencies were 63 samples; and Selayar Islands Regency with 52 samples.
D. Source and Data Collection Techniques

Research data is primary data or data obtained directly from samples used through filling out questionnaires. The statements in the questionnaire were made using a Likert scale with five levels of choice as follows:

- 5 = strongly agree
- 4 = agree
- 3 = neutral
- 2 = disagree
- 1 = strongly disagree

E. Data Analysis

Data is calculated using multiple regression, with the following formula:

\[ Y = a + b_1X_1 + b_2X_2 \]

Where:
- \( Y \) = Entrepreneurship attitude
- \( a \) = constant
- \( b \) = regression coefficient
- \( X_1 \) = Business Capability
- \( X_2 \) = Entrepreneurial Culture

The operational definition of variables in this study is as follow:

1. Business Capability (X1), the indicator is as follows:
   - a. \( X_{1.1} \) = Maintaining customers is increasing the number of customers from one period to another.
   - b. \( X_{1.2} \) = The ability to design products is the number of frequency changes in product models.
   - c. \( X_{1.3} \) = Adaptability is the number of changes in methods and products produced by absorbing / adjusting to changes that occur in the internal environment and
   - d. \( X_{1.4} \) = The ability to do partnerships (subcontracting) is the increase in the number of partners and suppliers of small business products.
   - e. \( X_{1.5} \) = The ability to strengthen labor is the ability to increase the number and improve the quality of the workforce.

2. Entrepreneurial Culture (X2) the indicators is as follow:
   - a. \( X_{2.1} \) = Togetherness is the number of seated events conducted to solve problems related to products traded from inside and outside the object of research.
   - b. \( X_{2.2} \) = Participation is the number of activities that involve the community, government, and the private sector in developing small businesses.
   - c. \( X_{2.3} \) = Interaction is the amount of advice originating from small business actors in the preparation of regional regulations related to economic problems.
   - d. \( X_{2.4} \) = Honesty is a reduced conflict between accounts payable and business fraud among small entrepreneurs or between small businesses and banks.

3. Entrepreneurship attitude (Y), the indicators is as follow:
   - a. \( Y_1 \) = Risk taker is the amount of investment that is not based on work planning.
   - b. \( Y_2 \) = Innovative is the amount of change that is obtained from creating a method of production and marketing of its products derived from the results of one's own thinking.
   - c. \( Y_3 \) = The ability to achieve results is the number of work targets that are achieved starting from product creation, partnership, funding, and marketing

IV. RESULTS

A. Validity and Realibility Test

The results of the data show the value of the loading factor on the five indicators of business capability is 0.5; which shows that all indicators are valid and can be used to measure business capabilities. Then construct reliability for the business capability variable of 0.932 above the limit value used to assess the reliability level of 0.50. Thus all indicators of business capability variables are significantly reliable and can be analyzed further.

On the other hand, loading factors on the four indicators of cultural endeavor are above 0.5; while construct reliability is 0.617 above the limit value of 0.50. Thus all indicators of cultural variables try to be reliably significant and can be further analyzed.

Furthermore, the loading factor of entrepreneurial attitudes is also greater than 0.5; while construct reliability entrepreneurial attitudes 0.730; indicates that all indicators used in the variable are valid; and reliable

B. The Results of Testing the Hypothesis

The results of this study reveal that:

Based on the results of testing hypothesis 1, the results obtained are: \( t > t_{table} = 11.887 > 1.97208 \), so H1 is accepted, in other words there is an influence of business capability on entrepreneurial attitudes.

Hypothesis 2 testing results obtained \( t > t_{table} = 3.670 > 1.97208 \), thus H2 is accepted or in other words there is an influence between entrepreneurial culture of entrepreneurship attitude.

Furthermore, in the testing of Hypothesis 3, the results of \( F > F_{table} = 93.223 > 3.04 \) with \( F = (\alpha = 0.05) \) were obtained, so that H3 was accepted, thus simultaneously there was an effect of business ability and culture on entrepreneurial attitudes

with multiple regression models as follows:

\[ Y = 1.051 + 0.681 X_{1} +0.28 X_{2} \]

C. Discussion

1. Small entrepreneurs need to continue to improve business capabilities through the ability to retain customers, establish partnerships, and improve the quality of the workforce, able to design products and
adapt to change. In addition, it is necessary to continue to have strong motivation to achieve the goals set, trying to maximize marketing capabilities and efforts to improve the production system to produce products that are more in line with customer desires.

2. Small businesses need to continue to preserve the culture of business which is based on honesty values in interacting, togetherness and participation that can support the improvement of entrepreneurial attitudes. But it must be noted that considering that from the side of the small-scale workforce comes from family members and is generally not educated because it is influenced by the culture of the Bugis-Makassar businessmen who tend to use / involve family members in running the business, it needs an effort towards increasing knowledge and skills and the use of technology through education and training. Thus, entrepreneurship is expected as well as the power of innovation will also be better so that it can retain customers.

3. The spirit and entrepreneurial spirit that already exists, continues to be improved by developing cultural values that are in accordance with the culture of business that supports the improvement of entrepreneurial spirit and spirit, for example by continuing to maintain the value of honesty, creating good interaction with fellow entrepreneurs, customers, the government and other stakeholders, increasing the spirit of togetherness and participation in developing small businesses.

4. For the government and other stakeholders, it should provide overall guidance patterns both long-term and short-term programs, other technical assistance by considering the local wisdom, including the characteristics of community culture that are in line with the socio-cultural environment of small businesses so that they can be more meaningful for business people.

V. CONCLUSION

1. Business capability influences the entrepreneurship attitude which means that the more able a small business in maintaining customers, doing partnerships, and strengthening the workforce will further improve the ability of small entrepreneurs in developing their entrepreneurship (innovation, willingness to take risks and achieve results).

2. Entrepreneurial Culture influences the Entrepreneurial attitudes, meaning that the stronger the values of entrepreneurial culture such as honesty, interaction, the spirit of togetherness and participation will further enhance the ability of small entrepreneurs in developing their entrepreneurship (innovation, willingness to take risks and achieve results).

3. Business capability and business culture simultaneously influence the entrepreneurial attitude, thus, all the independent variables included in the model together influence the entrepreneurial attitude.

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