

The Role of Government Support and Networking on Business Success Among Beginner Entrepreneurs Fostered by Jakpreneur

by Nuringsih Kartika

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The Role of Government Support and Networking on Business Success Among Beginner Entrepreneurs Fostered by Jakpreneur

Yunardi Wijaya¹ Kartika Nuringsih^{1*}

¹Faculty of Economics & Business, Universitas Tarumanagara, West Jakarta - 11470, Indonesia

*Corresponding author. Email: kartikan@fe.untar.ac.id

ABSTRACT

To encourage the economic activity of a community, a mechanism is needed that is supported by the government and other relevant agencies so that it has a regulatory foundation and some facilities needed by new entrepreneurs. One of the programs is Jakpreneur, which is organized by the government of Jakarta Special Region to be a home for MSMEs in Jakarta and the surrounding. Related to this Jakpreneur, a study was conducted about the influence of government support, networking, and entrepreneurial knowledge on business success, among micro, small, and medium-scale businesses fostered by the program. The sampling technique was purposive sampling involving a total of 100 beginner entrepreneurs who are the members of Jakpreneur as respondents. Hypothesis testing used a structural regression approach with data processing using the software of Smart-PLS version 3.0. The result shows that government support and networking have a significant effect on business success at the 5% significance level, while entrepreneurial knowledge does not have a significant effect. The higher educational institutions can collaborate to provide an entrepreneurial ecosystem with the Jakpreneur through training and mentoring entrepreneurs so that they can sustainably manage their business.

Keywords: Government support, networking, entrepreneurial knowledge, business success, Jakpreneur

1. INTRODUCTION

Entrepreneurship is one among the implementations of economic development to encourage prosperity and create decent jobs for people. It requires creativity to accelerate the growth of innovation. The development of information technology provides convenience and opens up business opportunities to foster people in the entrepreneurial activities through various business scales such as micro, small, and medium enterprises, or commonly called as MSMEs. Community involvement in this job is a form of economic independence that contributes to regional economic growth. Even though, in the perspective of a global society, an entrepreneurial-development program is relevant to the sustainable development goals (SDGs). According to the United Nations, Department of Economic and Social Affairs, this development gives some impacts on SDGs [1]. Therefore, collaboration is needed in the development of entrepreneurship so that community independence in the economy is increasingly formed and supports the achievement of the SDGs agenda in 2030.

There is certainly a relationship between the entrepreneurial ecosystem and the development of entrepreneurship [2]. The effort to create an entrepreneurial ecosystem requires the collaboration and

regulation so that the mechanism can be more precisely realized through government support. Regional regulations can protect and provide some facilities for entrepreneurship. Theoretically, prior studies explained the benefit of this support such as Turker & Selcuk that explored through an entrepreneurial support model (ESM) in supporting nascent entrepreneurs in Turkey [3]. Moreover, Tambunan noted the role of government support in the development of SMEs in Indonesia [4]. Moreover, [5] used the term of structural support for representing the government support among Iranian entrepreneurial students. Such support is necessary for business innovation in Kazakhstan [6]. According to [7], government support is important for the growth of small businesses and fosters the optimism of business actors in USA. The study of [8] mentioned government support to build business sustainability for Korean start-ups. Then, [9] proved the impact of government support on innovation among SMEs in Surabaya. Regarding digital transformation, [10] also proved the role of government support in small service-businesses in Taipei. Those various backgrounds indicate that government support is needed in building an entrepreneurial ecosystem so that it can be a pillar for business sustainability.

Practically, government supports and facilitate new entrepreneurs in Jakarta through the Jakpreneur Program. As the capital city of Indonesia, Jakarta has millions of MSME players so that the presence of Jakpreneur is a home for MSMEs in Jakarta. At various levels, the existence of entrepreneurs contributes to the economy, provides people needs and employment opportunities, so this role needs to be accompanied by the government of Jakarta Special Region. This program is regulated through the Governor Regulation Number 102 year 2018 concerning integrated entrepreneurship development, wherein a year this program fosters more than 39.000 MSMEs with the majority of women and beginner entrepreneurs.

It is focused on providing a center for entrepreneurship development activities so that in 2019 as many as 111.108 MSMEs joined Jakpreneur. The support provided to entrepreneurs is in the form of business development facilities such as training, mentoring, facilitating, licensing, financial-reporting facilitation, and funding facilitation. To cover these facilities, this program was developed through a collaboration platform with various aspects of entrepreneurship and stakeholders so that through this model, the government can evaluate the success of MSMEs and follow-up on the Jakpreneur program in encouraging networking and knowledge.

Regarding this aspect, [11] stated the importance of networking in the success of ongoing stage in Jordanian companies. [12] noted that SMEs need networking achieve to business success, as well as [13] networking supports for small-business success in running the venture life-cycle. Moreover, [14] proved the effectiveness of social networking on business performance. Related to the cross-culture, the study [15] noted that the ability to build networking affects business success. [16] confirmed the need for networking for entrepreneurs related to the digital era or artificial intelligence. Related to the education, networking fosters interest among students to run entrepreneurial activity [17]. Networking encourages the entrepreneurs contribution in economic growth [18]. Conceptually, the results show the importance of networking for growing the ventures so that the same facilities are provided through an entrepreneurship program.

The next aspect is related to entrepreneurial knowledge. Conceptually, [19] explained entrepreneurial knowledge by referring to Honig with the explanation: "an individual's level of knowledge required to start and operate a business which subsumes the know how on entrepreneurial opportunity recognition and exploitation and know-how on the functional aspects of starting and running a business such as financial management, marketing, production, and human resource management". This knowledge is related to the aspects of business management in starting and running the business. It is also relevant to the ability to manage knowledge, which [20] defined: "as the process of creating, utilizing, sharing, storing, and managing knowledge and information within an organization to achieve its objectives". Related to this purpose, Malebana stated the presence of entrepreneurial

knowledge increases one's confidence, so one is interested in entrepreneurship [21]. A similar thing was noted by [22] that entrepreneurial knowledge affects building skills, competencies, and performance among micro-enterprises in Kelantan. However, knowledge can be obtained through formal or non-formal education as well as through mentoring or training in Jakpreneur. These facilities provide knowledge to improve skills and support business growth. It is in line with [23] stating that entrepreneurial skills can encourage business growth orientation. [24] proved that education gave an impact on the survival of MSMEs, as well as the research of [25] highlighting the formation of interest in entrepreneurial activity in Indonesia, while [26] conducted the research with the same results in Malaysia.

Diverse educational backgrounds cause the level of entrepreneurial knowledge capacity to tend to vary or even be self-taught, so learning is provided through Jakpreneur. To increase knowledge for business owners, the Jakpreneur program provides facilities such as training, mentoring, facilitating, and others. One of the realizations of the Jakpreneur program is through the MSME bazaar event on September 23th - 24th, 2021 so that entrepreneurs can expand networks, increase income, get business opportunities, and create new entrepreneurs through partnership patterns [27]. Further information, [28] explained that the bazaar was attended by 240 MSMEs assisted by a Jakpreneur with a sales value of IDR 167 million. Regarding the number of entrepreneurs, [29] mentioned that 260,000 MSMEs are members of Jakpreneur until July 2021. In this program, they received training & skill development, halal certification assistance, packaging design & intellectual property rights, licensing, marketing, financial reporting, and access to capital. In addition to increasing market access, business owners gain knowledge, skills, experience, business opportunities, build partnerships and resources to support business success.

This study investigated the effect of government support, networking, and entrepreneurial knowledge on business success among MSMEs fostered by Jakpreneur. In line with the studies by [6] - [10], government support has a positive influence on business success. According to the results of studies from various countries [11] - [16], networking has a significant effect on success. Besides, [22] and [23] ensured the linkage of entrepreneurial knowledge with business success. Therefore, the purpose of this initial study was to identify the level of the gap between the program and the perceptions perceived by business owners who are new entrepreneurs and young entrepreneurs. This study was conducted to ascertain which one among the government support, networking, and entrepreneurial knowledge variables, that have a significant influence on business success.

Lastly, the results of this study serve as information for higher educational institutions and the Jakpreneur Program in developing a collaborative ecosystem with stakeholders. Higher educational institutions, as one of the stakeholders, can take part in the Jakpreneur program through the training and mentoring programs for new owners. In

addition, through the program of Merdeka Belajar Kampus Merdeka (MBKM), students can take advantage of the Jakpreneur program for outside-campus learning or even join in building startups. The knowledge gained from campus is applied through Jakpreneur so that students can gain experience and learn through best practices carried out by entrepreneurs. Through this collaboration, Jakpreneur can increase the role in realizing entrepreneurial success in Jakarta and the involvement of universities in providing education related to business sustainability. This togetherness is part of the collaborative ecosystem in the Jakpreneur program so that Jakarta will contribute to the achievement of SDGs through economic growth, poverty reduction, gender equality, and good governance.

2. METHOD

The stages of this study are as follows: **First:** The population are MSME owners fostered by Jakpreneur program in the Pancoran sub-district, South Jakarta. The sampling technique was carried out by purposive sampling involving 100 respondents, which consists of 57% males and 43% female entrepreneurs. 36% of respondents aged 26-28 years, then 34% aged 23-25 years. Furthermore, 11% of respondents aged 20-22 years, while the rest were over 29 years old. This illustrates that most of the respondents are young entrepreneurs. Regarding the latest education, 37% graduated from high school, 32% from junior high school, 16% from elementary school background, and 15% from college. The types of business include food and beverages (33%), cosmetics (11%), garments (20%), frozen food (9%), souvenirs (8%), handicrafts (10%), and other services businesses.

Second: The model of this study places independent variables e.g., government support, networking, and entrepreneurial knowledge for predicting business success. The instrument of government support and networking were developed from [5], while entrepreneurial knowledge was developed from [2] and [19]. Business success was developed through [30] and [31], such as sales, number of customers, market share, and profit. The questionnaire uses an interval-scale ranging from 1 (strongly disagree) to

5 (strongly agree), and then was distributed via Google Forms in November 2020. The selection of scale of 1-5 makes it easier for respondents to choose their opinion.

Third: Validity and reliability testing is useful to ensure the quality of the instrument in measuring the four variables. The validity test uses the output of cross-loading, in which each indicator is compared to the value of other indicators, while the reliability test uses composite reliability.

Fourth: Data analysis uses the descriptive and quantitative approaches due to [17] processing in hypothesis testing with the formulation as follows:

H₁: Government support has a significant effect on business success

H₂: Networking support has a significant effect on business success

H₃: Entrepreneurial knowledge has a significant effect on business success

Hypothesis testing used a structural-regression approach with Smart-PLS version 3.0. The standard acceptance used a t-test with a significance level of 5%. These results serve as information for the Jakpreneur in encouraging the success of MSMEs and the involvement of universities in assisting these enterprises so that both parties contribute to the achievement of Jakpreneur and also play a role in achieving the SDGs for Jakarta and generally for Indonesia.

3. RESULT AND DISCUSSION

Table 1 shows the cross-loading value of each indicator in four constructs. It can be seen that indicators of a construct is higher than the value of other constructs, so it meets the validity criteria. Moreover, each indicator is greater than 0.70 so that it meets the criteria for validity. Related to the reliability testing, the result of composite reliability value are above 0.70, so it indicates the consistency and accuracy of the instrument in measuring government support, networking, entrepreneurial knowledge, and business success. The instrument was declared to have met the reliable criteria in measuring the construct.

Table 1 The Result of Validity and Reliability Testing

Construct		The Result of Cross-loading				Composite Reliability
		Government Support	Entrepreneurial Knowledge	Networking	Business Success	
Government Support	GS1	0.753	0.398	0.288	0.415	0.853
	GS2	0.744	0.588	0.319	0.353	
	GS3	0.759	0.372	0.321	0.490	
	GS4	0.818	0.416	0.277	0.448	
Entrepreneurial Knowledge	EK1	0.292	0.816	0.443	0.342	0.870
	EK2	0.673	0.731	0.547	0.607	
	EK3	0.343	0.851	0.445	0.342	

Networking	EK4	0.455	0.796	0.364	0.315	0.841
	EK5	0.286	0.820	0.429	0.310	
	N1	0.305	0.576	0.805	0.464	
	N2	0.378	0.381	0.729	0.446	
Business Success	N3	0.276	0.450	0.860	0.614	0.869
	BS1	0.504	0.500	0.514	0.790	
	BS2	0.411	0.358	0.495	0.794	
	BS3	0.398	0.272	0.461	0.742	
	BS4	0.454	0.503	0.562	0.834	

Table 2 The Results of Hypothesis Testing

Path	Original Sample	Sample Mean	Standard Deviation	t-Statistics	p-Value	Hypothesis
GS → BS	0.344	0.350	0.090	3.814	0.000	H ₁ Accepted*
N → BS	0.480	0.482	0.079	6.087	0.000	H ₂ Accepted*
EK → BS	0.052	0.059	0.112	0.462	0.644	H ₃ Rejected
R ² : 0.530; Q ² : 0.311; Goodness-of-Fit: 0.575						
Sign *: Significant at 5%						

Based on **Table 2** the result of R² is 0.530 indicating that government support, networking, and entrepreneurial knowledge contributes to business success by 53%. It indicates a moderate-level of predicting business success. However, the Goodness-of-Fit value is 0.575, so this model is assumed to have a good level of suitability.

The results of hypothesis testing are as follows: The first hypothesis (H₁) states that "Government support has a significant effect on business success" resulting in a p-value of 0.000, or less than 0.05, so the hypothesis was accepted. Significance is also proven by the t-statistics value of 3.814, whereas this value is greater than 1.96, so it is significant. Likewise, the second hypothesis (H₂) states that "Networking has a significant effect on business success" resulting in a p-value of 0.000, or less than 0.05, so this hypothesis was also accepted. This significance is evidenced by the t-statistics value of 6.087, whereas this score is greater than 1.96. So, the networking effect is significant at 5% level. However, the result is different in the last hypothesis, which stated that: "Entrepreneurial knowledge has a significant effect on business success" resulting in a p-value of 0.644, which is greater than 0.05, so this hypothesis was rejected. The t-statistics value is smaller than 1.96, so the effect of entrepreneurial knowledge is not significant on business success. These results indicate that government support and networking have a significant and positive influence on the success of businesses.

Furthermore, the contribution of the government support is 19.30%, while the networking contributed as much as 30.96%. Meanwhile, the entrepreneurial knowledge gives lowest contribution of 2.27%. It shows that the government support and networking creation can increase the success of MSMEs. Networking provides the biggest contribution to business success. It shows that in the collaboration of ecosystem, many partners are involved to

make it easier for MSME owners to utilize the network in order to pursue their business performance.

Nowadays, e-commerce becomes important for business owners in line with the digital era so that collaboration is carried out with many partnerships such as Shopee, Bukalapak, Gojek, Grab, and others. The cooperation with these parties gives many benefits for beginner entrepreneurs. The assistance, training, and facilitation are carried out related to marketing expansion, co-retailing, online transactions, and digital payments. Regarding the access to funding, collaboration with Bank of Indonesia, financial services authorities, and LLDIKTI Region III, especially universities in Jakarta area, can provide training and assistance for MSMEs. All of them are needed by beginner entrepreneurs. This reality is in accordance with the description in some prior studies such as [11] - [16].

The collaboration with various government agencies is a form of government support and commitment to developing entrepreneurial activities for Jakarta people. These best practices help communities build economic independence through entrepreneurship and MSMEs. This shows government support in supporting business success as mentioned in some previous studies, such as [6] - [10]. In the end, the target is not limited to achieving the number of beginner entrepreneurs or MSMEs, but also to contribute to SDGs.

Higher educational institutions have a task in achieving the target of educated entrepreneurship in Indonesia so that the program acts as a real laboratory in entrepreneurial learning. In addition, the MBKM curriculum provides the opportunity for entrepreneurial activities so that students can take advantage of the Jakpreneur program for outside-campus learning, and even the students who live in Jakarta, can join Jakpreneur to realize their start-ups. The involvement of various faculties can be empowered through continuous community-service activities in training and mentoring.

Conceptually, the latest issues related to sustainability are widely studied and discussed at the level of educational institutions. The eco-friendly business or sustainable entrepreneurship is a goal in sustainable development. However, the stages of achieving a balance between the aspects in triple bottom line are not easy to realize, so a priority scale is needed in realizing every aspect of achieving sustainability in the entrepreneurial sector. In line with the needs of community, the orientation of entrepreneurial development is focused on economic goals to maintain the business. Along with business progress, it may form an awareness of environmental sustainability among entrepreneurs. Although the quantity is not many, at certain levels or types of business, it is necessary to socialize the eco-friendly business. This role is the responsibility of educational institutions in introducing the importance of social and environmental values along with the economic values for business sustainability.

4. CONCLUSIONS AND SUGGESTIONS

Networking provides the strongest influence on business success when being compared to government support. When being interested in running a business, entrepreneurs should think about various supports, including government support and networking. Entrepreneurial knowledge does not have a significant effect, but along with the growth of ventures, it is also needed for success. However, there are various factors effecting the business performance, so the next study should involve the economic condition and entrepreneurial passion.

Educational institutions have the opportunity to be part of the collaboration ecosystem with Jakpreneur. Regarding the achievement of the target of educated entrepreneurship in Indonesia, higher educational institutions have a responsibility for this achievement, including through the Jakpreneur Program. Moreover, the MBKM curriculum provides some challenges for universities to synergize with the entrepreneurial development program such as Jakpreneur, as a model of outside-campus learning. Other roles socialize about the sustainability issues in entrepreneurship field, although the phenomenon has not been fully realized by entrepreneurs. Educational institutions need to introduce the importance of social and environmental values along with pursuing economic values for business sustainability. Further collaboration supports this program in achieving entrepreneurial targets as well as SDGs.

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The Role of Government Support and Networking on Business Success Among Beginner Entrepreneurs Fostered by Jakpreneur

Yunandi Wijaya¹ Kartika Nuringsih^{1*}

¹Faculty of Economics & Business, Universitas Turamanagera, West Jakarta - 11470, Indonesia
^{*}Corresponding author. Email: kartika@fe.untar.ac.id

ABSTRACT
To encourage the economic activity of a community, a mechanism is needed that is supported by the government and other relevant agencies so that it has a regulatory foundation and some facilities needed by new entrepreneurs. One of the programs is Jakpreneur, which is organized by the government of Jakarta Special Region to be a home for MSMEs in Jakarta and the surrounding. Related to this Jakpreneur, a study was conducted about the influence of government support, networking, and entrepreneurial knowledge on business success, among micro, small, and medium-scale businesses fostered by the program. The sampling technique was purposive sampling involving a total of 100 beginner entrepreneurs who are the members of Jakpreneur as respondents. Hypothesis testing used a structural regression approach with data processing using the software of Smart-PLS version 3.0. The result shows that government support and networking have a significant effect on business success at the 5% significance level, while entrepreneurial knowledge does not have a significant effect. The higher educational institutions can collaborate to provide an entrepreneurial ecosystem with the Jakpreneur through training and mentoring entrepreneurs so that they can sustainably manage their business.

Keywords: Government support, networking, entrepreneurial knowledge, business success, Jakpreneur

1. INTRODUCTION
Entrepreneurship is one among the implementations of economic development to encourage prosperity and create decent jobs for people. It requires creativity to accelerate the growth of innovation. The development of information technology provides convenience and opens up business opportunities to foster people in the entrepreneurial activities through various business scales such as micro, small, and medium enterprises, or commonly called as MSMEs. Community involvement in this job is a form of economic independence that contributes to regional economic growth. Even though, in the perspective of a global society, an entrepreneurial-development program is relevant to the sustainable development goals (SDGs). According to the United Nations, Department of Economic and Social Affairs, this development gives some impacts on SDGs [1]. Therefore, collaboration is needed in the development of entrepreneurship so that community independence in the economy is increasingly formed and supports the achievement of the SDGs agenda in 2030. There is certainly a relationship between the entrepreneurial ecosystem and the development of entrepreneurship [2]. The effort to create an entrepreneurial ecosystem requires the collaboration and regulation so that the mechanism can be more precisely realized through government support. Regional regulations can protect and provide some facilities for entrepreneurship. Theoretically, prior studies explained the benefit of this support such as Turker & Selok that explored through an entrepreneurial support model (ESM) in supporting nascent entrepreneurs in Turkey [3]. Moreover, Tambunan noted the role of government support in the development of SMEs in Indonesia [4]. Moreover, [5] used the term of structural support for representing the government support among Iranian entrepreneurial students. Such support is necessary for business innovation in Kazakhstan [6]. According to [7], government support is important for the growth of small businesses and fosters the optimism of business actors in USA. The study of [8] mentioned government support to build business sustainability for Korean start-ups. Then, [9] proved the impact of government support on innovation among SMEs in Surabaya. Regarding digital transformation, [10] also proved the role of government support in small service-businesses in Taipei. Those various backgrounds indicate that government support is needed in building an entrepreneurial ecosystem so that it can be a pillar for business sustainability.

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