



## ENTREPRENEURIAL BUSINESS SUSTAINABILITY: KNOWLEDGE AND FAMILY SUPPORT IN WEST JAVA, INDONESIA

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### Abstract

Entrepreneurship is a trend in the millennial, especially Generation Y who wants to work according to his passion, independent and seek success according to his strategy and knowledge. There are also these entrepreneurs starting their businesses because of family factors both to continue the family business and the business they create themselves behind which there is a family support. The purpose of this study is to analyze the relationship of entrepreneurs knowledge, family support, business performance, and the final effect on entrepreneurial business sustainability.

Samples from entrepreneurs in Bandung West Java, Indonesia with simple random sampling method and using regression to analyze and describe the data. The result shows that entrepreneurs knowledge effect significant to business performance, but family support not so significant to business performance. The last relationship among these variables shows that entrepreneurs knowledge, family support and business performance significant to business sustainability.

**Keywords:** Entrepreneurships, Knowledge, Family, Performance, Sustainability

### Introduction

The evolution of micro and small enterprises in Indonesia in recent years has developed quite rapidly both in number and type of business. This condition is supported by several things including the ease of licensing, access to capital and marketing that is increasingly wide, and entrepreneurship guidance by the government through the Ministry of Cooperatives and Small and Medium Enterprises. This is expected to affect the number of unemployed people in Bandung in particular and West Java in general, which can be seen in Table 1 regarding the ratio of population, number of labor force, and number of open unemployment in West Java in 2016-2018.

Table 1. Number of labor force and unemployment in West Java.

Years	Population	Open unemployment	Workforce	%	Open unemployment with High School to University
2016	46,709,569	20,586,356	1,794,874	8,72	1,344,600
2017	47,379,389	21,075,899	1,873,861	8,89	977,196
2018	48,037,827	22,391,003	1,839,428	8,22	1,062,090

Source: West Java BPS, West Java Province in Figures



Table 1, we can see that the number of workforce reached around 1.8 million people each in 2016, 2017 and 2018, more than half were unemployed from high school to university. Educated unemployment has the potential to develop forward, given that they have enough basic knowledge and knowledge for entrepreneurship and are easy to be given special knowledge or skills in the business sectors they work with according to their interests and talents.

The government has planned a decrease in the open unemployment rate in 2020-2024 to 4.0-4.6%, including by increasing vocational education programs to the industrial revolution 4.0 (Kemen PPN: RPJMN 2020-2024). Data of poor population in West Java in September 2018 amounted to 7.25% or 3.54 million of the total population. In February 2019, more than 6.93 million people (76.96%) worked full time and 3.66 (16.65%) worked part time and half the unemployed reached 1.36 million people (6.51%). The number of micro and small enterprises in West Java reached 4,564,958 units (98.49%) of the total 4,634,807 businesses, and the remaining 69,849 units (1.51%) were medium and large businesses (BPS West Java, 2019).

All this time, most entrepreneurs who are not from the entrepreneur family start a business because of the situation and condition of someone who does not get a job or because of compulsion. With this situation and the lack of entrepreneurial knowledge, the results of their efforts are often difficult to growth and do not last long. Unlike the situation with someone who starts entrepreneurship with knowledge and strong motivation, it will be stronger facing various obstacles and challenges in running a business.

This is also for entrepreneur who runs his business with the full support of his family, will always be eager to achieve high results. Entrepreneurs who come from entrepreneurial families, will have connections that are not owned by entrepreneurs who do not have an entrepreneurial background. In addition, the entrepreneur will also be eager to maintain the sustainability of his business. The government itself has supported the development of entrepreneurship, one of which is to empower economically, increase family income and reduce unemployment.

The government since 2010 has issued a Regulation of the Minister of Cooperatives, Small and Medium Enterprises No: 04/Per/M.KUKM/IX/2010 for the development of educational programs and entrepreneurship development with scholarships so that they can develop themselves, families and the environment.

In case of this study, the formulation in this study is how the influence of entrepreneurial knowledge, family supports and entrepreneurial performance on entrepreneurial business sustainability.

### **Literature Review**

Hellman (2019) states entrepreneurship requires resilience, entrepreneurship requires patience, and entrepreneurship requires connections. This has been widely proven in new entrepreneurs who come from entrepreneurial families, so that they can form conglomerations at the regional, national and even multinational levels. Habbershon and William (1999) shows that family influences can be uniquely revealed through

organizational resources and abilities, which are commonly referred to as 'kinship'. Bell & Stellingwerf (2012) entrepreneurial sustainability, gave the result that sustainable entrepreneurs must be able to take an integrated approach to starting a business by combining dimensions of environmental, economic and social sustainability.

Entrepreneurs must get more attention from the policy makers, media, getting embraced from institution, academics, government and others (Bell & Stellingwerf, 2012). The results of subsequent studies indicate important facts that must be provided by entrepreneurs who are supported must be able to get high opportunities and motivation. Primary knowledge and focused attention contribute to supporting market setbacks, and motivation to overcome them. Sustainable entrepreneurship must also focus on one area (Bell & Stellingwerf, 2012). Shepherd & Patzelt (2011), and Shane (2000) findings, which emphasize attention to the main knowledge of entrepreneurship. The results of this study are also supported by Dean and McMullen (2007), who emphasize the exploitation of opportunities from failures in related markets.



Figure 1. Key Drivers of Sustainable Entrepreneurship  
Source: Bell & Stellingwerf (2012)

## Methodology

The population of this study is the entrepreneurs in Bandung West Java, Indonesia. This study used simple random sampling with the assumption that all elements of the population are homogeneous. The questionnaires are distributed directly to entrepreneurs engaged in various business fields who have been doing business for more than 2 years. In the end, there are only 120 entrepreneurs to be the respondents for this study.



The questionnaires are using Likert-typed scale, which is designed to examine how strongly subjects agree or disagree with statements on a four-point scale: 1 indicates strongly disagree, 2 disagree, 3 agree, and 4 strongly agree. The variables are entrepreneurs knowledge (formal and informal courses) as independent variable, family support (experiences, network, education, funding) as a mediation, and business performance (social, and finance) as dependent variable, the last business sustainability (opportunities, innovation, competitor) Family support it could be novelty in construct of this research Hall et al. (2010).

Table 2. Indicators

<b>Variables</b>	<b>Indicators</b>
Entrepreneurial Knowledge	Understand and know the business that will be done
	Can see profitable business opportunities
	Knowing the products that are preferred by consumers
	Know the roles, responsibilities and ethics of entrepreneurs
	Having knowledge about business management
	Dare to face business risk
	Have sufficient experience in managing a business
Family support	Can overcome problems that arise in the business
	Large families generally become entrepreneurs
	The family supports entrepreneurship
	The family helps economically in managing the business
	The family knows my activities as an entrepreneur
Entrepreneurial Performance	The family has knowledge about business management
	The family has experience in managing a business
	Understand the results of the business that will be obtained
	Calculate the production costs incurred
	Calculate the benefits to be gained
	Meet customer needs
Entrepreneurial Sustainability	Provide good service to customers
	Fulfill customer orders on time
	Make continuous business improvements
	Thinking about business sustainability
	Finding products customer's needed in the long run
	Knowing products trend to consumers from time to time
	Product innovation
	Having knowledge about the competitors's products

The relationship between research variables, illustrated in Figure 2.

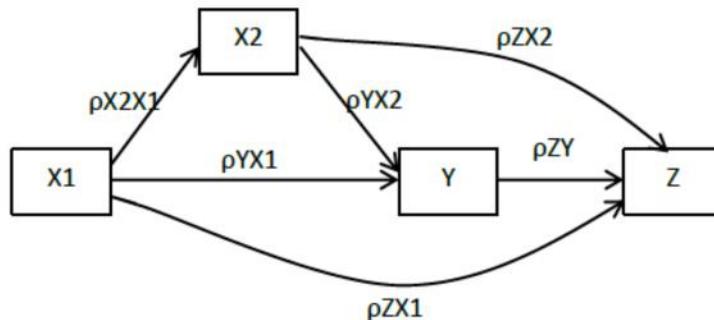


Figure 2. Research Framework

Notes: X1: Entrepreneurial Knowledge

X2: Family Support

Y :Entrepreneurial Performance

Z :Entrepreneurial Sustainability

### Results and Discussion

Respondents consisted of 81% or 97 respondents were male, and 19% or 23 respondents were women. Most respondents aged between 30-40 years (54%), aged 40-50 years (21%), aged 20-30 years (17%), aged under 20 years (4%) and above 50 years (4%).

Analysis of the relationship in Table 3 as follows:

1. There is a significant relationship between entrepreneurial knowledge to family support  
 This shows that the knowledge about entrepreneurship both obtained from formal and informal by employers has a relationship that is in accordance with family support, especially from the knowledge of parents about entrepreneurship where they can discuss accordingly about the world of entrepreneurship or business properly.
2. There is a significant relationship between family support to entrepreneurial performance  
 This illustrates the family background as an entrepreneur who has business experience, has a network of other entrepreneurs in providing input, direction, and business discussion that is appropriate to make a direct relationship with performance.
3. There is no significant relationship between entrepreneurial performance to entrepreneurial business sustainability  
 This explains that there is a mismatch of business performance on the sustainability of the business which can be caused by external factors such as competitors, markets for marketing products / services, culture and regulations relating to business entrepreneurs or internal factors such as pricing, tax imposition, operational costs and others.



4. There is a significant relationship between entrepreneurial knowledge and family support to entrepreneurial performance  
 That entrepreneurial knowledge obtained formally and informally with the support of experience, networks, funds and others from the family support has a direct effect on the company's performance both financially, socially and with its environment.
5. There is no significant relationship between family support to entrepreneurial business sustainability.  
 There is a mismatch between family support in terms of business experience and networking with the continuity of entrepreneurial business which is possible due to the difference business between entrepreneurs and family business, the absence of a family network that is in line with entrepreneurs and the absence of family partners who can share and discuss business entrepreneurs that cause sustainability business entrepreneurs can be threatened to stop.
6. There is a significant relationship between entrepreneurial knowledge to entrepreneurial business sustainability.  
 That there is a suitability in doing business due to the presence of in-depth knowledge about entrepreneurship both formally obtained in college and informally obtained from the community, associations, cooperation with other entrepreneurs, mentors and others with the sustainability of business entrepreneurs.
7. There is a significant relationship between entrepreneurial knowledge to entrepreneurial performance.  
 In addition, that knowledge about entrepreneurship obtained at college and informally in the business environment is also in conformity with the performance of businesses operations by entrepreneurs
8. There is a significant relationship between entrepreneurial knowledge, family support and entrepreneurial performance to entrepreneurial business sustainability.  
 That overall, both the knowledge reached at college and informally obtained in the business environment, factor of family support that have an entrepreneur background with networks, funds, business ideas and others, and the positive performance of the business results of entrepreneurs have a significant suitability to sustainability business undertaken by these entrepreneurs, which can have an impact with the growing business development in the future.

Table 3. Value of Linear Regression

No	Variable	Coefficient	t	F	Sig.
1	R <sup>2</sup> (X1→X2)	0,551			Significant
	X1	0,691	12,039		
	Constant	1,340	5,840		
	Regression			144,940	
X2=0,691X1+1,340					
2	R <sup>2</sup> (X2→Y)	0,249			Significant
	X2	0,591	6,255		



	Constant	1,652	4,255		
	Regression			39,122	
	Y=0,591X2+1,652				
3	R <sup>2</sup> (X1→Y)	0,136			No Significant
	X1	0,097	1,184		
	Constant	2,453	10,833		
	Regression			18,533	
	Y=0,097X1+2,453				
4	R <sup>2</sup> (X1,X2→Y)	0,174			Significant
	X1	0,304	2,967		
	X2	0,193	2,317		
	Constant	2,079	5,145		
	Regression			12,304	
	Y= 0,304X1+ 0,193X2+2,079				
5	R <sup>2</sup> (X2→Z)	0,011			No Significant
	X2	0,108	1,120		
	Constant	3,583	9,002		
	Regression			1,254	
	Z= 0,108X2+3,583				
6	R <sup>2</sup> (X1→Z)	0,011			Significant
	X1	0,108	3,564		
	Constant	2,808	8,152		
	Regression			12,703	
	Z= 0,108X1+2,808				
7	R <sup>2</sup> (Y→Z)	0,012			Significant
	Y	0,097	1,184		
	Constant	3,633	10,833		
	Regression			1,402	
	Z= 0,097Y+ 3,633				
8	R <sup>2</sup> (X1,X2,Y→Z)	0,139			Significant
	X1	0,517	4,084		
	X2	-0,345	-2,364		
	Y	0,069	0,779		
	Constant	3,101	7,521		
	Regression			6,228	
	Z= 0,517X1 - 0,345X2 + 0,069Y + 3,101				

As a result of comparison, the results of Dianne et al. (2016), states that moral support from families supports entrepreneurs in Turkey in solving matters related to personal problems and problem solving due to poor managerial skills and knowledge and several



advantages such as perceptions of the carrying capacity of education and work experience. This is likely a result of family member authority, legitimacy and power that affects business through family moral support for Turkish entrepreneurs. On the other hand, moral support from the family does not significantly influence Turkish entrepreneurs in assuming that education is beneficial for business. Turkish entrepreneurs may think that learning from the family is more valuable than studying at school, because the family is emotionally supportive.

Ayuni (2018), in his research results stated that important habits in a business family, can influence entrepreneurial attitudes and interests. As a result, entrepreneurship education does not influence students to be entrepreneurs, although it gives the effect of increasing entrepreneurial attitudes. Finally, students' goals for entrepreneurship significantly affect their entrepreneurial behavior. While Eugenia (2008), the findings in his research that respondents felt benefited from increased skills, namely the identification and mapping of business opportunities, cooperation and flexibility in decision making and other attitudes to entrepreneurship. In addition, perceptions related to the development and growth prospects of family balance between partners in cooperation and work are positively influenced.

### Conclusion

That there is a significant relationship between entrepreneurial knowledge, family support for entrepreneurial performance both directly and indirectly. Family support can be a mediation between entrepreneurship knowledge and business performance. As well as the effect of entrepreneurial performance on business sustainability, both individually and simultaneously significant.

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