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## THE EFFECT OF ENTREPRENEUR CHARACTERISTICS, SOCIAL SUPPORT, PRODUCT INNOVATION ON DEVELOPMENT OF BUSINESS IN THE DIY GIWANGAN MARKET

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### Abstract

This study aims to determine the influence of characteristic of entrepreneur, social support, product innovation, on the development of business traders in the DIY Giwangan Market. The respondents were traders in Giwangan market as many as 100 traders. Technique sampling used is stratified proportional random sampling. The methods of data analysis used is multiple regression analysis. The results showed that the characteristic of entrepreneurship, product innovation partially does not affect the development of business. While social support is partially proven to influence business development. characteristic of entrepreneurship, social support, product innovation siltmutanly affect the development of business.

**Keywords:** Characteristic of Entrepreneur; Social Support; Product Innovation; the Development of Business

### Introduction

The presence of modern markets such as Alfamart minimarket, Indomaret, as well as supermarkets, hypermarkets with a one stop shopping concept is growing in the special region of Yogyakarta (DIY). The development of the modern market intensified, as capital or capital support strong support mainly investment capital flows from abroad. The condition threatens the existence of the traditional market. Presidential Decree Number 96/1998 about businesses that closed and open businesses with specific requirements for capital investment, strengthening the aspects of legality where foreign investors to easily enter the market in Indonesia. Lifestyle changes are instantaneous community into a flourishing modern market support resources. Shopping needs are no longer merely make ends meet, but some had already been turned into shopping all the while. It if not anticipated will be able to shift even urged the presence of traditional markets.

The traditional market is actually a place that was instrumental in mobilizing community Fund, and has contributed to the economic growth of a region. Inno (2011), argues that the traditional market is one of the tools that can strengthen the economy, given that small businesses who are in traditional retail industry proves to be not susceptible to multidimensional crisis outbreak that hit Indonesia in the year of 1997. The existence of the traditional market at DIY still needed to put pressure on the unemployment rate and organize the market. The main constraint faced by society in a shop in the traditional market

is inconvenience in the shop. Poesoro (2007) researches that the main cause of losing competition between traditional markets and supermarkets is poor management and poor traditional market infrastructure. It is the task of the Government to improve traditional market infrastructure. Result the AC Nielsen survey in the year of 2013 showed the number of people's markets in Indonesia continue to decline.

The issuance of law number 7/2014 on trade, opening up opportunities for traditional markets to further enhance the competitiveness so as not to shift in front of the modern market. Clause 13 subsection 1 states that the Government in cooperation with local governments doing development, empowerment, and quality improvement of the management of people's markets in order to increase competitiveness. In subsection 2 the mentioned development, empowerment, and improved the quality of people's market management is done in the form of: 1) development and/or the people's market revitalization; 2) implementation of professional management; 3) facilitation of access provision of goods with good quality and competitive price; 4) facilitation of access to finance to the merchant market in the people's markets.

Different conditions conveyed Rudi Paradise head of the Department of Management of market development of Yogyakarta market (2017) in *kompasiana.com*. Number of visitors that the traditional market in the city of Yogyakarta in the year 2016 experience increased 4.46% over the year before. Although not all traditional markets are experiencing a rise in visitors. The number of visitors to the year 2016 a number of 147,326 people per day, an increase from the previous year's numerous 141,041 people per day. The year 2015 is also improved compared to 2014 but not very significant 0.835% compared to the year 2014. The survey results based data for 3 months in 31 markets implemented earlier in the year. The above provides new opportunities for traditional markets amidst competition with modern markets. The characteristics of the trader as a persistent entrepreneurial, resilient, relentlessness and ability to always create something new and different will be the power support the development of their businesses. The presence of social support from the Government, the social institutions, the Association against the existence of the traditional markets will be a booster for the development of traditional markets. Based on the above exposure, considering the importance of the role of the traditional market for the development of Indonesian economy, then researchers interested in conducting research on the influence of characteristics of entrepreneurial, social support aspects, aspects of innovation against the the development of traditional markets.

### **Literature Review**

Entrepreneurship by Zimmerer (2008) is the person who creates new business by taking risks and uncertainties in order to achieve profitability and growth by identifying important opportunities and combining the resources needed to capitalize resources. Entrepreneurship also refers to the activities of the individual or group who opened a new venture with the intent to gain an advantage or profit, maintain the effort and raised him in the field of production or distribution economic goods or services (Buchari, 2007).

According to the dictionary of the Poerwadarminta, the character interpreted as a character, the character, the nature of psychological abuse, attitudes, manners that distinguish a person from on the other. The characteristics possessed by a spirit meets the terms of the competitive advantage for a company/organisation, such as the innovative, creative, adaptive, dynamic, integrate capabilities, the ability of risk over a decision that was made, fighting power, integrity, and ethics is necessarily realize the effectiveness of company/organization (David, 1996).

According to Dimatteo (1991), social support is support or assistance that comes from others such as friends, family, neighbors, co-workers and others. Other accounts say social support is exchange of assistance between two individuals who acted as a giver and receiver (Shumaker & Browne in Duffy & Wong, 2003).

Situmorang (2015), conducted a study with the title of the strategy of small medium enterprises in the face of the business climate is not conducive. "The business climate is not conducive to barriers that impede the empowerment efforts of small medium enterprises. To face the condition, it is necessary to improve the quality of human resources, easy to get permit, build credit system that can facilitate SMEs in obtaining capital, providing marketing and market information. To achieve these goals the Government has perfected several regulations to facilitate small medium enterprises to get a business license, among others, with the simplification of procedures permitting and development permission system in one door, in improving access to sources of capital has implemented programs.

According to Dewi (2013), in his journal, entitled "the influence of Factors of psychological Capital, Entrepreneur Characteristics, innovation, human resource management, and characteristics of SMES to the development efforts of traders in traditional markets. (Poesoro, 2007), the primary cause of lost competition traditional market with supermarkets is weak management and poor infrastructure, traditional market, not solely because of the presence of the supermarket. According to Smeru (Arianty, 2013) the supermarket is actually taking advantage of the poor conditions that exist in traditional markets. Nevertheless, the traditional market also has some advantages in the service compete naturally as a strategic location, spacious sales area, the diversity of goods, lower prices, bargaining system that shows familiarity between buyer and seller which is the excellence that is owned by the traditional market. Indiarti and Langenberg (2004) conducting research on SME business development stated that the factors which influenced the development of the influence Factors of psychological Capital, Entrepreneurial Characteristics, traditional businesses.

### **Research Methods**

The research method used is multiple regression analysis with t test to test the influences between variables with variables bound in a partial, and F test to test the influences between variables simultaneously. The instrument used was a questionnaire, and conducted trials prior to use of the instrument through the test validity and reliability.

Instrument used on the variable characteristics of the entrepreneur is composed of 7 items. 5 statement items have a value of Sig (1-tailed) > 0.05 (bigger), so it was declared invalid, and items 1, 2, 3, 6, 7, 2005. The value of Cronbach Alpha > 0.728 or greater than 0.6, so items in the statement of the variable characteristics of the Entrepreneur revealed reliability.

Instrument used in Social Support variables 1 and 5 Sig has a value (1-tailed) > 0.05 (bigger), so that the instrument is declared invalid, and items 2, 3, 4, 6, 7, 2005. The value of Cronbach Alpha 0.690 > (larger) of 0.6 so that items in the statement of Social Support variables revealed reliability. Instrument used on the variable product innovations, items 4, 5 invalid, and reliable.

Instrument used in variable business development of 1, 2, 3, 4, 5 is valid, whereas items 6 and 7 are not valid. Cronbach Alpha value of 0.671 > (larger) of 0.6 so that items in a variable statement business development stated reliability.

**Results and Discussion**

The population of this research is that all sellers selling in the traditional market Giwangan. The number of seller is composed of 117 people, sellers merchant stalls 625 people, merchants and sellers 393 people. The total number of sellers in the numbers there are 1135 people. However, in real terms, the number of sellers is not an amount of that number, because 1 people are sellers can have more than 1 trade efforts in Giwangan. Samples that take as many as 100 traders for sample research and 30 for testing samples of respondents. Sample withdrawal technique using a Simple Random Sampling method, namely the withdrawal of samples with a simple member of a population is randomly done regardless of strata that are present in the population. While the results of the test t based on the results data analysis using SPSS software version 16 assistance, stated in Table 1.

Table 1 Regression Test Result  
 Coefficients<sup>a</sup>

Unstandardized Coefficients		Standardized Coefficients		
B	Std. Error	Beta	T	Sig.
8.621	2.976		2.897	.005
.013	.066	.023	.202	.840
.334	.097	.383	3.431	.001
.260	.150	.160	1.735	.086

a. Dependent Variable: BD

Based on the results of the analysis of the data in Table 1, the variable entrepreneur characteristics has the value significance of entrepreneurial 0.840, or greater than the significance level of 5% (0.05), so that the first hypothesis in this study i.e., the influential entrepreneur characteristics significantly to the positive business development market traders in Giwangan DIY declined. This research does not support the results of the research that has been conducted (Purwanti, 2012), Dewi (2013), and Indarti and langenberg (2004).

Social support variables have the value significance of 0.001 or less than 5% of significance level (0.05), so the second hypothesis in this study i.e., positive significant effect of social support on the development efforts of sellers in the market Induk Giwangan DIY. The results of this study supports the results of the research that has been done by Situmorang (2015). Social support from the community and the Government of much-needed business development market sellers. Practice in the field, many sellers are away or moved away from the market due to the social support mainly from less government support.

The variable has the value product innovation significance 0.086 or greater than 5% of significance level (0.05), so the third hypothesis in this study i.e., product innovation, positive significant effect to the development efforts of sellers in the market Induk Giwangan DIY declined. The results of this study do not support the results of the research conducted by Dewi (2013) and Indrati and Langenberg (2004). This may be caused due to sellers in a market accustomed to selling the same products, and merchandise sold in the market are fruit, vegetables and needs a staple of everyday society.

Based on the results of Anova test in Table 2, the retrieved value 0.000 significance or smaller than 5% significance level (0.05). So the fourth hypothesis in this study is the characteristics of entrepreneurship, social support, product innovation, the influence of business development.

Table 2 F Test Result  
 ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	113.470	3	37.823	7.531	.000 <sup>a</sup>
	Residual	482.170	96	5.023		
	Total	595.640	99			

a. Predictors: (Constant), characteristics of entrepreneurial, social support, product innovation

### Conclusion

Based on the results of research only social support variables that affect the business development of sellers in the Giwangan DIY market, while the entrepreneurial characteristic variables, product innovation has no effect. The sustainability of traditional markets is closely related to how social support for this market is. The intended social support can come from how people like markets by mobilizing their income to traditional markets in meeting their basic daily needs. Apart from the general public, social support from the regional government is also very much needed for the existence of traditional markets in an area.

The author suggests that the Government pay special attention through relevant institutions by providing support through the assistance of experts for development, and support for access to additional capital, as well as assistance in retribution issues. Support can also be realized in the form of drafting Regional Regulations for granting permits for the establishment of supermarkets, hypermarkets, minimarkets franchises to maintain the existence of traditional markets. In addition, it is necessary to reorganize and renovate traditional markets. Enhancing public facilities to create a clean market environment needs to be added, so people prefer to shop for daily necessities in the market rather than in supermarkets. The advice for Market Managers is to strengthen the status of associations or trade associations so that they have more legality. in the eyes of the law to provide protection for the rights of traders. Market management technical officers are also more empowered.

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