

**The Factors That Encourage People in Makassar City to Become
Micro, Small and Medium Entrepreneurs**

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ABSTRACT

Micro, small and medium enterprises (MSMEs) are one of the factors that drive the economic growth and development in Indonesia where the contribution of MSMEs to Gross Domestic Product which is 61.07% or 8.573,89 trillion rupiahs, collecting 60.42% of total investment in Indonesia. MSMEs are also able to absorb as much as 97% of the total existing workforce. However, the number of MSMEs in Makassar City can still be said to be quite low compared to several other areas in South Sulawesi. This shows that the people of Makassar City have not fully obtained or found encouragement in running MSMEs even though MSMEs themselves have many benefits not only for the country's economic growth but also for the business owners themselves.

The purpose of this research is to find out what factors encourage people in Makassar City to become MSMEs business owners so that it can be used as material for consideration in encouraging or motivating someone to form or enter MSMEs Business in Makassar City. This research found that the factors that had encourage people in Makassar City to become MSMEs business owners are consisting the passion or desire they have to do business, family, the independence they get in running a business, income, and self-development obtained when running a business such as new knowledge or talent development.

Keywords: MSMEs, Factors that encourage to become MSMEs business owners

1. INTRODUCTION

Micro, small and medium enterprises (MSMEs) are one of the factors that drive the economic growth and development in Indonesia, this is because most business actors in Indonesia are actors engaged in MSMEs (sirclo.com). MSMEs themselves are a people's economy based on local wisdom whose existence can be used as a foundation for economic growth in Indonesia where this is evidenced by the total contribution of MSMEs to Gross Domestic Product which is 61.07% or 8.573,89 trillion rupiahs, collecting 60.42% of total investment in Indonesia. MSMEs are also able to absorb as much as 97% of the total existing workforce so this causes the government to be committed to continuing to encourage and support MSMEs (kemenkeu.go.id).

Right now, MSMEs are one of the sectors that are experiencing quite rapid growth from year to year where based on the data obtained through the Ministry of Cooperatives and Small and Medium Enterprises in March 2021, the number of MSMEs recorded was 64.2 million (kemenkeu.go.id). In South Sulawesi alone, the number of recorded MSMEs is 176.637 units (diskop.id) which can be seen in more detail in table 1.

Table 1
Number of MSMEs in South Sulawesi

Kabupaten/Kota	Amount (unit)
Bantaeng	10.769
Barru	33.831
Belopa	10.985
Bone	18.510
Bulukumba	4.640
Enrekang	312
Gowa	100
Jeneponto	9.636
Luwu Timur	987
Luwu Utara	22.555
Makale	238
Makassar	1.654
Maros	1.633
Palopo	6.434
Pangkep	287
Pare-pare	1.000
Pinrang	22.483
Selayar	23.435
Sidrap	593
Sinjai	750
Soppeng	1.221
Takalar	196
Torut	3.443
Wajo	954

Source: diskop.id (2018)

Based on Table 1, we can see that the number of MSMEs in Makassar City is still quite low compared to several other areas in South Sulawesi such as Bantaeng, North Luwu, Pinrang, Selayar, and Bone even though the population in Makassar City is higher than other areas in South Sulawesi (databox.katadata.co.id). This shows that residents in Makassar City have not fully obtained or found encouragement in running MSMEs even though MSMEs themselves have many benefits not only for the development and growth of the country's economy but also for the business actors themselves.

The purpose of this research is to know the factors that encourage people in Makassar City to become MSME entrepreneurs so that it can be used as a consideration in encouraging or motivating someone to form or establish an MSME business in Makassar City. The expected result is to provide benefits in consideration of encouraging or motivating someone to form or establish an MSME business so that MSMEs can grow and develop.

Through searches conducted by researchers, various factors were found that encourage someone to run MSMEs: education, family, independence, capital, income, self-development, entrepreneurial experience, and government. Seeing that there are many factors that encourage

someone and the differences in the areas studied in previous studies with the ones that will be studied by researchers makes this research carried out using an exploratory approach in order to find the main factors that encourage someone to run an MSME business, especially in the Makassar City area.

2. THEORETICAL BASIS

2.1. Micro, Small, Medium and Enterprises (MSMEs)

Minister of Finance Decree Number 40/KMK.06/2003 of January 29 2003 describes Micro and Small Enterprises as follows:

1. Micro enterprises are productive businesses owned by families or individuals and have sales proceeds of IDR 100.000.000 (one hundred million).
2. Small businesses are productive businesses owned by Indonesian Citizens in the form of individual business entities, business entities that are not legal entities, or business entities that are legal entities including cooperatives; is not a subsidiary or branch of a company that is owned, controlled or affiliated, either directly or indirectly, with a medium or large business, and has a maximum net worth of IDR 200.000.000 (two hundred million rupiahs), not including land and buildings or has sales of IDR 1.000.000.000 (one billion/year).

Constitution No 9 of 1995 describes Medium Enterprise as economic activities that have criteria for net worth or annual sales results that are greater than the net worth and annual sales results of small businesses.

2.2. Factors that Encourage MSMEs

Through searches conducted by researchers, various factors were found that encourage someone to try which can be described as follows:

a. Education

According to Mantik, Tewal, and Dotulong (2020), education essentially has the goal of changing the behavior, attitude, or character of educational goals. Furthermore, Mantik et. al. (2020) explained that education, especially related to the field of business, is believed to influence their desire and interest in starting new businesses in the future. Fayolle and Gailly (2015); Adekiya and Ibrahim (2016); Khuong and An (2016); Walter and Block (2016); Nabi, Fayolle, Krueger and Walmsley (2017); Jegede and Nieuwenhuizen (2020) who say that when someone undergoes some form of entrepreneurship training, they will also develop a tendency to start their own business.

b. Family

Irawati and Sudarsono (2020), said that family background supports or causes someone to become an entrepreneur. If parents are entrepreneurs in a particular field, it will generate interest in their children to become entrepreneurs in the same business (Mantik, et. al, 2020)

c. Independence

Independence is an ability to stand alone. According to Irawati and Sudarsono (2020) a person is motivated to become an entrepreneur because they wants to be independent. Research conducted by Putri, Ghina and Wahyuni (2020) found that independence has an influence on motivation in opening a business.

d. Capital

Capital is funds or money owned by someone and used to open a business. Research conducted by Putri et. al (2020) found that capital has an influence on motivation in opening a business.

- e. **Income**
Income arises after carrying out an activity or action. According to Irawati and Sudarsono (2020) a person is motivated to become an entrepreneur because he wants to have the appropriate income and wealth. Research conducted by Aimasari and Ghina (2015) shows that income is the most dominant variable in motivating people to open a business.
- f. **Self-development**
Self-development is an activity that aims to increase self-awareness, develop talents and potential, and improve quality of life. In research conducted by Aimasari and Ghina (2015), self-development has an influence on motivating someone to become an entrepreneur.
- g. **Entrepreneurial Experience**
According to Mantik et. al (2020), the entrepreneurial experience will be gained by someone who is directly involved in carrying out entrepreneurial activities.
- h. **Government**
Government is the political system by which a country or community is administered and regulated. In research conducted by Aimasari and Ghina (2015), the government has an influence in motivating someone to become an entrepreneur.

3. RESEARCH METHODS

3.1. Population and Sample

The population in this study consisted of two categories, which are:

- a. MSME Business Owners
- b. Experts or academics who understand MSME

Determination of the number of samples in this study is based on Cresswell and Cresswell (2018) who state that if a study is social science research with a qualitative design, the number of research participants between 6-12 people is considered to fulfill the research requirements. The number of samples taken in this study was 6 people with a sampling technique called non-probability sampling, namely purposive sampling. Identification of categories and interview participants in this study are described as follows:

Table 2
Number of MSMEs in South Sulawesi

No	Categories	Amount (unit)
1	MSME Business Owners	4
2	Experts or academics who understand MSME	2

Source: processed by the researcher

3.2. Interview Guide

This study uses an interview protocol guide that concerns the factors that influence a person in trying MSMEs. Interview guidelines in this study are as follows:

- a. Opening questions, which are questions consisting of greetings and questions that create a conducive atmosphere for the interview to be carried out.

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- b. Transition questions, which are a number of introductory questions before entering the core questions of the topic that the researcher wants to convey.
 - c. Core questions, are a number of main questions that the researcher wants to ask about the main topic in order to achieve the research objectives.
 - d. Closing questions, is the final question that concerns the conclusion of all the core questions and this question has the goal of reinforcing the participants' opinion on the main topic.

3.3. Data Analysis Technique

This research uses qualitative research which is based on interviews conducted by the researcher with the samples. Data analysis using cross-case analysis which according to Neuman (2014), there are three kinds of steps in analyzing the data, namely open coding, axial coding and selective coding.

4. RESULT AND DISCUSSION**4.1. Result**

The factors that influence a person in running an MSME business as disclosed by the participants have similarities with the factors that have been carried out in previous studies which can be seen based on the results of the following stages:

Table 3
Open Coding Result

Code	Open Coding
A1	Not registering BLT
A2	The government has no effect
A3	Educational background has no effect
A4	Passion for doing business
A5	Influential family
A6	Independence
A7	Financial availability matters
A8	Income
A9	Gaining experience
A10	Capital that collected
A11	Gaining knowledge in managing a business
A12	Profit from business
A13	Owning own business
A14	Self-development
A15	Learning
A16	The desire to do business

Source: processed by the researcher

Based on the results shown in the table above, 16 keywords were obtained which then through these 16 keywords a special theme was arranged using axial coding which are described as follows:

Table 4
Axial Coding Result

Code	Axial Coding
B1	<i>Passion</i>
B2	Family

B3	Independence
B4	Financial Availability
B5	Income
B6	Experience
B7	Gaining knowledge
B8	Self-development
B9	The desire to do business

Source: processed by the researcher

Based on the results shown in the table above, 9 special theme keywords are obtained where the 9 themes are arranged so as to get more specific results namely as follows:

Table 4
Selective Coding Result

Code	Axial Coding
B1	<i>Passion</i>
B2	Family
B3	Independence
B4	Income
B5	Self-development

Source: processed by the researcher

4.2. Discussion

Based on the results of the research above, it can be seen that several factors influence MSME business owners in Makassar City in forming and running MSME businesses which are consisting the passion or desire they have to do business, family, the independence they get in running a business, income, and self-development obtained when running a business such as new knowledge or talent development.

The result of this study are in line with research conducted by Aimasari and Ghina (2015) which explains that family, income, and self-development are driving factors in doing business. Research by Mantik, Tewal, and Dotulong (2020), Irawati and Sudarsono (2020) stated that the supporting factors were family and research conducted by Putri, Ghina, and Wahyuni (2020) which said that independence was a driving factor in running a business. This research found a new motivating factor, which is a passion that a person has that drives them to form and run a business.

5. CONCLUSION

Based on the research results obtained it can be concluded that:

- a. Passion has an influence in encouraging people in Makassar City to become MSME business owners.
- b. Family has an influence in encouraging people in Makassar City to become MSME business owners.
- c. Independence has an influence in encouraging people in Makassar City to become MSME business owners.
- d. Income has an influence in encouraging people in Makassar City to become MSME business owners.
- e. Self-development has an influence in encouraging people in Makassar City to become MSME business owners.

Based on the results of the research and the conclusions obtained, the researcher's suggestion for this research is that future research should be carried out by examining the factors found in this study using quantitative testing techniques in order to prove the truth of the factors driving people in Makassar City to become MSME business owners.

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