

The Effect of Business Capital on Entrepreneurship Success with Self-Confidence as a Moderating Variable

DOI: <https://doi.org/10.47175/rissj.v4i1.593>

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ABSTRACT

Business capital is a very important element for small industries to build their business to achieve success and self-confidence is also an important component in entrepreneurship. This study aims to determine the effect of business capital on entrepreneurial success moderated by self-confidence. The population in this study are all entrepreneurs in the area of Helvetia, Central Medan, as many as 121 entrepreneurs and samples are total. The data in this study consisted of primary data obtained through a questionnaire while secondary data was obtained through the Helvetia central village office was then processed and analyzed with simple regression analysis and MRA analysis. The results of the study show that 1) venture capital influences entrepreneurial success, and 2) venture capital influences entrepreneurial success moderated by self-confidence.

KEYWORDS

business capital; self confidence; entrepreneurial success.

INTRODUCTION

Community welfare can increase if there are job opportunities that can accommodate community activities, especially those related to the community's economy both in increasing the number of activities and increasing the type of job opportunities (Djadjuli, 2018). To become a successful businessman, entrepreneurs need to have a willingness to work hard, high fighting spirit, intelligence, patience, broad business insights, sharpness to see opportunities and resilience in facing difficult situations. Successful entrepreneurs today are entrepreneurs who don't often ask for protection from the government. Entrepreneurs must be business people who have the will and ability to compete in the global market (Joewono, 2011).

For entrepreneurs who have started their business, it is necessary to provide facilities to expedite their business development in order to create new Indonesian entrepreneurs who are globally competitive. The facilities provided at the development stage include increasing access to capital, utilizing technology, market access and developing competitiveness. The utilization of science and technology to encourage innovation needs to be optimized in the development of national entrepreneurship, including the development of business and technology incubator institutions and facilities (Joewono, 2011).

However, the problem most often experienced by people when opening a business is capital (Warta Ekonomi, 2018). Weaknesses faced by MSMEs in improving their business capabilities are very complex and include various interrelated factors, such as lack of capital, both in terms of quantity and sources (Suci, 2017). Even though MSMEs certainly need sustainable capital to develop businesses that connect tools, materials, and services used in the production process to obtain sales proceeds (Ahmad, 2016). Therefore, business capital is a very important element for small industries to build their business and increase their income and in accordance with economic principles, capital is limited but able to obtain

certain profits, while those with large capital can obtain as much profit as possible (Devi, 2021).

On the other hand, Jon.P. Goodman argues that determination is a very important key to success because successful entrepreneurs are not shackled by fate. Entrepreneurs believe that their successes and failures are due to oneself. This quality of self is also referred to as the internal locus of control. A person who believes that destiny, economy and other external factors are the key to success is not suitable to be an entrepreneur (Sunarya, et al, 2011). Therefore Suryana (2013) suggests that the characteristics of a successful entrepreneur have six important components, namely self-confidence, result-oriented, risk-taking, leadership, innovative, creative, flexible and future-oriented. In order to become a successful entrepreneur, you also need high self-confidence so that you are able to read market opportunities.

This research was conducted on entrepreneurs in the Central Helvetia Village, Medan Helvetia District. From a preliminary study conducted through observation and several interviews, it is known that the people in Helvetia Tengah Village, Medan Helvetia District who open entrepreneurship aim only to meet the needs of their families so that they do not have creativity and innovation in their entrepreneurial activities which in the end the entrepreneurs they run are underdeveloped or lacking succeed. This is due to low self-confidence so that they do not have confidence that the entrepreneur being run can develop. Even though some theories or opinions say that individuals who are entrepreneurs must have self-confidence so that it raises a great motivation or strength so that entrepreneurship is carried out successfully and achieves success. The success of a person in entrepreneurship can be seen from the development of initial capital into entrepreneurial development capital obtained from the profits from his entrepreneurial activities.

From the description above, the researcher wants to explore it in a study to examine the effect of venture capital on entrepreneurial success with self-confidence as a moderating variable in Helvetia Tengah Village, Medan Helvetia District.

RESEARCH METHODS

This type of research is quantitative research to reveal the effect of business capital on entrepreneurial success moderated by the variable self-confidence. The population in this study were all entrepreneurs in the area in Helvetia Tengah Village, Medan Helvetia District, Medan City, totaling 121 people and the research sample was a total population of 121 respondents. The data collection method used in this study was a questionnaire instrument with a Likert scale.

Meanwhile, the data analysis method used is simple regression analysis and Moderated Regression Analysis (MRA). Simple regression analysis is used to answer research objectives about the effect of independent variables on the dependent variable. Meanwhile, the moderated regression analysis (MRA) method is a regression equation that contains elements of interaction, namely the multiplication of two or more independent variables. The use of MRA analysis in this study is due to the moderator variable, so the regression equation for the moderator variable uses the MRA equation (Ghozali, 2018) where the regression equation is shown in equations [1] and [2].

$$Y = \alpha + \beta_1 X_1 \text{ ----- [1]}$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_1 X_1 \cdot \beta_2 X_2 \text{ ----- [2]}$$

Information on equations [1] and [2]:

α = Constant

- β_1 = Business Capital regression coefficient
- β_2 = Confidence coefficient regression
- X1 = Business Capital Variable
- X2 = Self Confidence Variable
- Y = Entrepreneurial Success.

RESULTS AND DISCUSSION

Results of Simple Linear Regression Analysis and Moderating Regression Analysis (MRA).

This study uses simple linear regression analysis and moderation regression analysis so that the classical assumption test is first performed which is described as follows:

1. Normality Test

The results of the normality test that has been carried out can be seen in the following table :

Table 1. Normality Test Results

Variable	Business Capital	Self-Confidence	Entrepreneurial Success
Asymp. Sig. (2-tailed)	0.074	0.085	0.118

Based on the table above, it can be seen that the K-S value for the business capital variable = 0.074, the self-confidence variable = 0.085 and the entrepreneurial success variable = 0.118 is greater than the value $\alpha = 0.05$ so that it can be stated that the three variables are normally distributed data.

2. Multicollinearity Test

Based on the results of the multicollinearity test, it was found that each variable with a tolerance value of = 0.498 was greater than 0.01 so that it could be stated that there were no symptoms of multicollinearity.

3. Heteroscedasticity Test

Based on the results of the heteroscedasticity test, it was found that each variable with a significant value = 0.066 and the self-confidence variable with a significant value = 0.099 was greater than the value $\alpha = 0.05$ so that it could be stated that there were no symptoms of heteroscedasticity in the regression model.

After fulfilling the classic assumption test, the next step is to do a simple regression analysis by looking at the results of the t test and MRA analysis. Simple linear regression analysis by looking at the value of the t test is used to analyze the effect of business capital (X1) on entrepreneurial success (Y) and then proceed with an analysis of the effect of business capital on entrepreneurial success moderated by self-confidence (X2). The results of the analysis are shown in Table 2.

Table 2. Results of Simple Regression Analysis and MRA

Variable	Unstandardized Coefficients B	t _{count}	t _{table}	significance
Constant	4.252			
Business Capital (X1)	1.032	13.19	1.98	0.000
R Square	0.594			
R Square X ₁ *X ₂	0.704			0.042

*Information: X₁*X₂ (Moderating)*

From the results of the analysis in Table 2 it is known that the simple linear regression equation obtained is $y = 4.252 + 1.032X_1$. From the regression equation, it is known that the constant value of 4.252 which shows that entrepreneurial success (Y) reaches 4.252, if there is no influence of the variable business capital (X_1). From the regression equation it is known that the constant value is 4.252 which indicates that entrepreneurial success (Y) reaches 4.252, if there is no influence of venture capital variables (X_1). The next result shows that the value of the regression coefficient of the venture capital variable (X_1) is 1.032, which means that every increase in business capital, entrepreneurial success will increase positively by 1.032. The results of the regression analysis in Table 2 are also used to test the first hypothesis (H1) and based on the results of the t test, it is obtained that $t_{count} = 13.19$ or greater than $t_{table} = 1.98$ with a significance level (p) of 0.000 or less than $\alpha=0.05$. These results prove that the venture capital variable (X_1) has a significant positive effect on entrepreneurial success (Y).

Furthermore, the next result is the coefficient of determination before moderation using MRA with an R-square value of 0.594 or 59.4% which indicates that the venture capital variable (X_1) is able to explain variations in the entrepreneurial success variable (Y) of 59.4% and the remaining 40.6% is explained by other variables that are not used in this research model before the inclusion of the self-confidence moderating factor (X_2). Then the results of the analysis were carried out by including the moderating effect of the self-confidence variable (X_2) to get the results of R-square [$X_1 * X_2$] increasing to 0.704 or 70.4%. The results of the second analysis by including the moderating variable of self-confidence (X_2) show that there is an increase in the ability of the model to explain variations in entrepreneurial success after moderation (MRA), so that the variable of self-confidence (X_2) is proven to be able to strengthen the effect of venture capital (X_1) on entrepreneurial success (Y).

Based on the findings in this study shows that venture capital is a very important or influential factor to achieve entrepreneurial success. Through business capital owned, entrepreneur makes a direction of success in entrepreneurship. This business capital can be divided into two parts, namely initial capital when starting a business and capital from profits, namely capital obtained from profits from the capital to be used as a basis for business development capital. Based on information obtained from entrepreneurs it is known that venture capital is obtained from their own capital, assistance from parents and also through loans from the bank and from some of the entrepreneurs have increased in their business capital.

The success of a person in entrepreneurship can be measured through the capital that increases every year. This is in line with the opinion of Putri, et al (2014) which states that business capital influences business development. This opinion is also supported by the results of Samudra's research (2020) which states that the greater the capital in running a business will affect the amount of production produced which can affect an increase in income so that the business can develop. Capital in a business must be able or able to finance the operational needs of a business, because with sufficient capital it will affect a business that will run and the productivity of a business will be fulfilled.

However, the problem that is most often experienced by Indonesian people when they open a business is capital and this was revealed in a study that the weaknesses faced by Small and Medium Enterprises (SMEs) to improve their business capabilities are very complex and include various interrelated factors. such as lack of capital, both in terms of quantity and sources (Suci, 2017). Even though every SMEs definitely needs capital to start and develop their business which is related to the process of entrepreneurial activity to obtain sales or profits. Therefore Devi (2021) states that venture capital is a very important element for

SMEs to increase their income in accordance with economic principles, limited capital but able to obtain certain profits, whereas with large capital can obtain as many profits as possible.

Likewise, self-confidence also plays a big role in entrepreneurial activities so that they are able to make the right decisions, especially in developing the entrepreneurship they run. This can be seen from the results of research showing that self-confidence can strengthen the influence of venture capital on entrepreneurial success. Self-confidence is an element of personality that plays an important role in the life of every human being and many experts express the opinion that self-confidence plays a very important role in success. Someone who has business capital certainly has a strong motivation to make decisions in entrepreneurship and can also strengthen one's mental or psychological for success in the field of entrepreneurship.

Self-confidence is needed as a form of an attitude or belief in one's own abilities in his actions that are not too anxious, feel free to do everything according to his wishes and have the encouragement of achievement and can recognize his own abilities and weaknesses. In this self-confidence, there is a strong determination to motivate himself. Self-confidence will bring a person to a state of optimism in living life and self-confidence is the initial capital that determines success or success, in dealing with every problem that arises in his life.

Everyone who is involved in an entrepreneur will want him to be a successful entrepreneur, but to start an entrepreneur and be successful is not an easy thing to do and pass. Therefore we need entrepreneurs who have an entrepreneur who has high trust. Everyone has the potential to be able to run his entrepreneur, but it must be in accordance with the way the person motivates himself. The aspect that must be owned by people who want to start entrepreneurship is self-confidence. Self-confidence in a person can be formed if that person always gets used to solving his own problems without depending on others. This self-confidence will shape and help entrepreneurs not to be afraid of failure in entrepreneurship, not to give up easily and will always feel that they are capable and not hesitate in solving the problems they face. This self-confidence shows the attitude of an entrepreneur who has a high sense of responsibility.

Every entrepreneur who has self-confidence is a person who is able to work effectively in his entrepreneurial activities, can carry out his duties properly and has responsibilities and has plans for the future. Entrepreneurs who have high self-confidence have an attitude that does not need to compare themselves with other people because they feel safe enough and know what is needed in life and have their own initiative and also do not need other people. Everyone has different levels of self-confidence, therefore self-confidence needs to be sharpened at any time to facilitate entrepreneurial activities in order to achieve entrepreneurial success. In other words, an entrepreneur is related to self-confidence so that it can be stated that without self-confidence, an entrepreneur will find it difficult to achieve entrepreneurial success.

CONCLUSION

From the results of the study it can be concluded that business capital has a positive influence on entrepreneurial success which is strengthened through self-confidence. Business capital that is owned and accompanied by the power of self-confidence can change an entrepreneur to achieve success so that the role of self-confidence in a person is needed to motivate him to achieve the desired goals.

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