Observation Study of Business Capital Factors, Business Locations, and Marketing Strategies on The Success of Culinary MSME Business in Dumai City

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ABSTRACT

This study aims to determine the factors of venture capital, business location and marketing strategy on the success of MSME businesses in Dumai City. In this study, the author focuses his research on culinary SMEs. The type of research used is observational with a quantitative approach. The variables in this study include business capital, business location, marketing strategy and business success. The population in this study are people who have culinary businesses. The sample used in this study was 100 respondents who were taken by purposive sampling technique and the data collection method used a questionnaire. Analysis of the data used is descriptive analysis. The results of this study indicate that the dominant factor of venture capital on business success with an average indicator of 3.22 with a medium category. The dominant factor of business location on business success with an average indicator of 4.08 in the high category. The dominant factor of marketing strategy on business success with an average indi-cator of 3.91 in the high category.

Keywords: Business Capital, Business Location, Marketing Strategy, Business Success

1. Introduction

Micro, Small and Medium Enterprises (MSME) have an important role in the national economy and have an important and strategic role in economic growth both for the Indonesian people and in other countries. According Alyas and M. Rakib (2017), stated that MSME in Indonesia still exist and develop despite the economic crisis. The existence of MSME cannot be eliminated or avoided from the nation's society today. Because its existence is very useful in terms of distribution of community income.

Dumai City is one of the cities that is now developing quite rapidly. Micro enterprises in the city of Dumai have developed quite rapidly, in 2008 micro-enterprises in the city of Dumai reached 1366 businesses. In 2009 micro-enterprises in Dumai city increased by 156% from 2008 to 3080 businesses and in 2016 micro-enterprises in Dumai city reached 6701 businesses. (Data from the Department of SME Cooperatives and Community Empowerment of Dumai City). One of the reasons for the increase in Micro, Small and Medium Enterprises (MSME) in Dumai City is the lack of adequate job opportunities. The MSME sector can be a solution to reduce the unemployment rate, especially in the Dumai City area. Small and medium enterprises can be a solution because the capital required is relatively small with the majority of the market being the local market.

Factors that influence business success is venture capital. Capital is an important part when setting up or running a business. Another factor that influences business success is the choice of business location. Not all Micro and Small Business managers have carried out various economic and strategic considerations, let alone conducted a feasibility analysis. In fact, many businesses are established without proper location planning so that many of these businesses are potentially inefficient, as a result of which it is difficult for businesses to make profits and eventually close down altogether because they are always at a loss. Another factor that influences business success is the choice of marketing strategy. To obtain optimal results, this marketing strategy has a broad scope in the field of marketing including strategies in facing competition, pricing strategies, product strategies, service strategies and so on.

The culinary business is the most popular business. Besides the capital is not too big, this business promises quite a large profit. If properly developed, this business will have the potential to contribute to the progress of the community's economy, become independent entrepreneurs and create new jobs and

improve welfare. So that in the end it can improve the level of the national economy. The food and beverage (culinary) business is one of the businesses that is currently growing rapidly and has considerable potential for growth. There have been many business players who have made a profit from this culinary business. However, there are also many culinary business players who have gone bankrupt or bankrupt, due to limited capital, less strategic business location selection and inappropriate marketing strategies and sub-optimal service quality.

2. Research Method

The population in this study is the people of Dumai City who have Micro, Small and Medium Enterprises, especially in culinary SMEs. From the calculation using Stanley Lemeshow, the minimum number of samples is 96. To simplify the calculation, the number of samples is rounded up to 100 culinary micro, small and medium enterprises (MSMEs). The sampling technique in this study used non- probability sampling, namely purposive sampling. According to Sugiyono (2018), nonprobability sampling is a sampling technique that does not provide an opportunity or opportunity for an element or member of the population to be selected as a sample. Purposive sampling is a sampling technique with certain considerations. In this study, the researcher used a collection technique based on techniques, namely questionnaires, interviews and Literature Study Techniques.

3. Result and Discussion

The culinary business is a profitable type of business, the reason being that food is a basic human need that cannot be separated from human life. This culinary business also has many categories, ranging from snacks, drinks, to staple foods. All categories in this culinary business have very good potential, depending on how we market them. Changes in lifestyle and higher mobility have caused people to prefer food that is practical but has sufficient nutritional value to maintain their health. People also tend to want to get more value from the food, such as atmosphere, supporting facilities, and entertainment facilities. This extra value offered makes people have a tendency to prefer to consume food outside the home, causing the emergence of many food service providers, one of which is small and medium enterprises in the culinary business.

Characteristic of Respondents
Based on the results of the study obtained the characteristics of respondents conclude by based on gender, age, last education, income, length of business. Characteristics of respondent by gender are grouped as follows:

Tabel 1 Characteristic of respondents by gender

Gender	Frequency	Percentage
Male	44	44 %
Fermale	56	56 %
Total	100	100%

Source: Processed Data, 2021

Table 1 presents 44 male respondents with a percentage of 44% and 56 respondents with a female gender of 65 respondents with a percentage of 56 % respondents. Thus, it can be concluded that the majority of respondents are female. Characteristics of respondents by age are presented in the following table:

Tabel 2 Characteristic of respondents by age

Age (Years)	Total Respondents	Female Respondents	Male Respondents	Percentage (%)
17 – 25	13	9	4	13%
26 – 35	26	11	15	26%
36 – 45	28	18	10	28%
46 – 55	21	12	9	21%
> 55	12	6	6	12%
Total	100			100%

Source: Processed Data, 2021

It can be seen in table 2 that the number of MSME players aged 17-25 years is 13 MSME players (13%), of which 9 female MSME players and 4 male MSME players. for the age of 26-35 years there are 26 MSME players (26%), of which 11 female MSME players and 15 male MSME players. for the age of 36-45 years the most MSME players are 28 MSME players (28%), of which 18 female MSME players and 10 male MSME players. for the age of 46-55 years, there are 21 MSME players (21%), of which 12 female MSME players and 9 male MSME players, and the last MSME players over 55 years old are at least 12 MSME players (12%) , where there are 6 female MSME players and 6 male MSME players. So it can be concluded that the majority of MSME players are female aged 36-45 years. Characteristics of respondents by education are presented in the following table:

Table 3 Characteristics of respondent based on Edecation Level

Education Level	Frequency	Percentage (%)
Elementary	15	15%
Junior High School	16	16%
Senior High School	44	44%
D3	7	7%
S1	18	18%
Total	100	100%

Source: Processed Data, 2021

It can be seen in table 3 that the number of culinary MSMEs in Dumai City based on the education level of MSME players is 15% or as many as 15 respondents of MSME players with an elementary education level, 16% or as many as 16 respondents of MSME players with a junior high school educationlevel, 44% or as many as 44 respondents MSME players with a high school education level, 7% or as many as 7 respondents MSME players with a D3 education level, 18% or as many as 18 MSME playerswith an undergraduate education level. This shows that the education of most business players is seniorhigh school as many as 44 business players and at least D3 as many as 7 business players. Descriptionof respondents by income are groups as follows:

Table 4 Characteristics of respondents based on Income

Revenue	Number of Respondent	Percentage (%)
< Rp 1.000.000	3	3%
Rp. 1.000.000 – Rp 2.000.000	26	26%
Rp. 3.000.000 – Rp 5.000.000	45	45%
Rp 6.000.000 – Rp 10.000.000	19	19%
> Rp 10.000.000	7	7%

Source: Processed Data, 2021

It can be seen in table 4.4 that 3% or 3 MSME players have a monthly income of less than Rp. 1.000.000, 26% or 26 MSME players have a monthly income of around Rp. 1.000.000 - Rp. 2.000.000, 45% or 45 MSME players have a monthly income of around Rp. 3.000.000 - Rp. 5.000.000, 19% or 19 MSME have a monthly income of around Rp. 6.000.000 - Rp. 10.000.000, or MSME players have a monthly income of more than Rp. 10.000.000.

It can be seen in table 4 that the highest income for business actors is Rp. 3.000.000 - Rp. 5.000.000 as many as 45 business players and at least >Rp. 10.000.000 as many as 3 business players. For income >Rp. 10.000.000 aged 26-35 years as many as 2 business players and aged 36-45 as many as 1 business players. With the last education S1 as many as 2 players and elementary school as much as 1 person. The lenght of business is 3-5 years as many as 2 business players and 6-10 years as many as 1 business players. Description of respondents by length of business are groups as follows:

Table 5 Number of MSME in Dumai city Players Based on Length of Business

Length of Business	Frequency	Percentage (%)
< 1 year	7	7%
1 – 2 years	26	26%
3 – 5 years	40	40%
6 – 10 years	19	19%
>11 years	8	8%
Total	100	100%

Source: Processed Data, 2021

It can be seen in table 5 that 7% or 7 respondents of MSME players have been running their business for less than a year, then 26% or 26 MSME players have been running their business between 1 - 2 years, 40% or 40 MSME players have run their business between 3 - 5 years 19% or 19 MSME players have been in business for between 6 - 10 years, and 8% or 8 MSME players have been in business for more than eleven years. It can be concluded that most of the business players have a business of at most 3 - 5 years and at least less than 1 year.

Result of Validity and Reability Test

The validity test using the product-moment analysis method is carried out on the question items inthe questionnaire, namely by calculating the correlation coefficient of all statements is greater than the critical value seen from the critical Pearson correlation table as follow:

Table 6 Validity Test Result

Research Variable	Indicator	r_{count}	r_{table}	Information
Business Capital	Capital structure	0.416	0.1966	Valid
		0.806	0.1966	Valid
	Utilization of additional capital	0.825	0.1966	Valid
		0.799	0.1966	Valid
	Barriers to accessing external capital	0.729	0.1966	Valid
		0.863	0.1966	Valid
	The state of the business after adding capital	0.399	0.1966	Valid
		0.761	0.1966	Valid
Business Location	Access	0.785	0.1966	Valid
		0.737	0.1966	Valid
	Visibility	0.852	0.1966	Valid
		0.572	0.1966	Valid
	Location convenience	0.706	0.1966	Valid
		0.815	0.1966	Valid
	Location proximity	0.777	0.1966	Valid
Marketing Strategy	Product	0.490	0.1966	Valid
		0.655	0.1966	Valid
		0.764	0.1966	Valid
	Price	0.575	0.1966	Valid
		0.278	0.1966	Valid
	Place	0.213	0.1966	Valid
		0.385	0.1966	Valid
	Promotion	0.786	0.1966	Valid
		0.757	0.1966	Valid
Business Success	Total sales increase	0.942	0.1966	Valid
		0.915	0.1966	Valid
	Production yield increased	0.934	0.1966	Valid
		0.870	0.1966	Valid
	Business growth	0.849	0.1966	Valid
		0.889	0.1966	Valid

Source: Processed Data, 2021

Based on table 4.6, it can be seen that the use-value or rcount is 0.416 and use the rtable value 0.1966 which means 0.416 > 0.1966, so the first item has suitability or is valid. Likewise, for the next item, all items totaling 30 items have a value of rcount > rtable, so that all items have suitability or validity.

The reliability test was used to measure the consistency of the measurement results from the questionnaire in repeated use. Respondents' answers to questions are said to be reliable if each question is answered consistently or the answers cannot be random. Testing the reliability of the measured results in this research will use the Cronbach Method by calculating the reliability coefficient which is called the alpha coe bfficient. From the table below it can be seen that the reliability coefficient of each statement shows a large enough coefficient so that it can be concluded that the statement used by each variable is reliable.

Table 7 Reliability Test Result

Variable	N of item	Cronbach's alpha	Cut off	Criteria
Business Capital	8	0.742	0.60	Reliable
Business Location	7	0.866	0.60	Reliable
Marketing Strategy	9	0.709	0.60	Reliable
Business Success	6	0.953	0.60	Reliable

Source: Processed Data, 2021

Based on the results of the reliability test on all variables in table 4.7, shows the Cronbach Alpha value > 0.60, so it is stated reliable is declared feasible to be used as a measuring instrument questionnaire in this study.

4. Conclusion

Based on the results of the research and discussion described in the previous chapter, researchers can draw the following conclusions:

1. Businesses that last the longest 3-5 years are 40% of businesses, while businesses that are more than 11 years old are 8%, and businesses that are less than 1 year are 7%.
2. The dominant business capital factor influencing business success is Utilization of additional capital with an average value of 3.47 with a high category.
3. The dominant business location factor influencing business success is location convenience with an

average value of 4.18 with a very high category
4. The dominant marketing strategy factors influencing business success are price and place with an average value of 4.07 in the high category.
5. The dominant business success factor is production yield increased with an average value of 3.57 in the high categoryIf symbols are defined in a nomenclature section, symbols and units should be listed in alphabetical order with their definition and dimensions in SI units.

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