

THE INFLUENCE OF ENTREPRENEURSHIP ON FINANCIAL DECISIONS (STUDY ON GOLD JEWELRY RETAIL BUSINESS IN EAST PRIANGAN REGION)

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ABSTRACT

One of the crucial things for the business to keep developing and growing is the financial decisions that are made. Making the appropriate financial decisions will affect the company's performance, which will impact the company's growth. This study set out to determine how the entrepreneurship affected financial choices. A straightforward regression test was utilized for the statistical analysis as part of the study's quantitative methodology. The East Priangan region of West Java served as the study's population location. Garut, Sumedang, Tasikmalaya, Tasikmalaya City, Ciamis, Banjar, and Pangandaran are the seven cities/regencies that make up East Priangan. The sample consists of 141 store owners dispersed around the city, located in the eastern portion of the region. Simple regression was used for quantitative data analysis after preliminary analyses, such as normality and linearity tests, on the data. Based on the data processing and analysis performed, it is possible to conclude that the entrepreneurial spirit substantially impacts the financial choices made by retail gold business owners in the East Priangan region. As a result, the entrepreneurial spirit influences the company's financial decisions by 31.2 percent.

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1. Introduction

The collapse of the Greek economy, followed by those of Portugal, Spain, and Italy, triggered a financial crisis on the European continent in 2011, which lasted all year. The United States, which had previously experienced a crisis in 2008, gave a stimulus to flood the market with the disbursement of US\$ for purchasing bonds, known as the Quantitative Easing policy, but economic growth has since halted. From 2008 through 2012, the US engaged in this activity, which caused global gold prices to soar.

Investors moved their money away from the real estate market to gold due to the economy's slowing expansion, which significantly increased demand for gold—both actual gold bullion and paper gold. In 2011, when gold prices were at their highest, they once reached a level of USD 1,700 per troy ounce. Investors' migration of funds from the real sector to gold is referred to as a "haven" situation, with gold acting as a safe harbor for capital contrasted to other portfolios that risk losing value owing to ambiguous economic conditions.

Since the 1998 financial crisis, the retail sale of gold has exploded in Indonesia, particularly in West Java's East Priangan region, which encompasses the provinces of Sumedang, Garut, Tasikmalaya, and Tasikmalaya City, Banjar, Ciamis, and Pangandaran. Although the growth of gold shops in the East Priangan Region tends to increase annually, some do endure business closures, as illustrated in Table 1 below:

TABLE 1.

THE DEVELOPMENT OF THE NUMBER OF GOLD JEWELRY RETAIL STORES IN THE EAST PRIANGAN REGION

Region	2011	2012	2013
Banjar City	6	7	7
Ciamis	20	23	23

Garut	57	59	59
Pangandaran	18	20	20
Sumedang	11	12	11
Tasikmalaya City	32	33	32
Tasikmalaya	65	66	65
Total	209	220	217

Source: Office of Licensing and Investment for the East Priangan Region in 2014

According to Table 1, the expansion of gold businesses in the East Priangan region is minimal. From 2011 to 2012, there was only one gold shop in Banjar city, and in 2013 there was no expansion. In Ciamis Regency, the installation of gold shops in 2012 was limited to two stores, and none were added in 2013. In 2012, the number of gold shops in Garut Regency increased by just two, and there were no new stores in 2013. In the Pangandaran Regency, only two gold shops were added in 2012, and none were added in 2013. In 2012 and 2013, the number of gold traders in Sumedang increased by only one. The number of gold traders in Tasikmalaya increased by only one in 2012 and fell in 2013. The number of gold shops in Tasikmalaya climbed by only one in 2012 and fell in 2013.

Gold traders are currently facing a flow of selling from consumers that are not balanced with sales. Since the circulation of low-grade gold jewelry (young gold), consumers' period of control of jewelry is relatively short. In addition, unstable economic conditions, uncertain natural conditions, and calamities in the community contributed to the condition of the gold jewelry retail business. As a result, the poor liquidity has been going on for almost 2 (two) years. This situation makes the company's profits less suitable because liquidity problems are solved by melting jewelry to get cash.

Weston and Copeland stated that the company's main purpose, according to the theory of the firm is to maximize the firm's value (value of the firm). (1,2). The company's value is significant for a company, because maximizing the value of the company also means maximizing the owner's prosperity, which is the company's main goal (3–5).

According to Lawrence J. Gitman, *finance can be defined as the art and science of managing money. Virtually all individuals and organizations earn or raise money and spend or invest money. Finance is concerned with the process, institutions, markets, and instruments involved in transferring money among and between individuals, businesses, and governments* (6). Based on this understanding, finance is an art and science of money management. Every individual and organization makes money and spends or invests it, whether done by individuals or business institutions to government institutions.

According to Brealey and Myears, the company's financial performance would be determined mainly by financial decisions, including investment and funding decisions. (7–9). Investment decisions concern the issue of fund allocation and funding decisions regarding the source of funds to be used. Based on brief observations, the level of financial decisions is thought to be strongly influenced by the entrepreneurial spirit variable. Therefore, the entrepreneurial spirit is one of the factors in determining the company's financial decisions. The entrepreneurial spirit is related to the mindset of an entrepreneur. From an excellent entrepreneurial spirit, creative ideas will emerge so that they can provide innovation to the company (10–12). The following are the survey results regarding the entrepreneurial spirit variable, which can be seen in Table 2. The entrepreneurial spirit is divided into six dimensions: self-confidence, task, and result orientation, risk facing, leadership, originality, and future orientation.

TABLE 2.
PRESURVEY RESULTS ABOUT THE ENTREPRENEURSHIP OF GOLD JEWELRY RETAIL BUSINESS IN THE EAST PRIANGAN REGION

Entrepreneurship variable statement (X _i)	Frequency					Mean	Criteria
	5	4	3	2	1		
A. Confidence							
1. Feel confident that the work results are as expected.	7	8	14	7	4	3.175	Fairly
B. Task and Results Orientation							
2. Achievement of work results is the primary goal.	5	16	13	4	2	3.450	High
C. Facing Risk							
3. Ability to control risks that occur.	12	7	9	2	10	3.225	Fairly
D. Leadership							

4.	Like input suggestions and criticisms from subordinates and customers	8	14	11	7	0	3,575	High
E. Originality								
5.	Innovate in the selection of product models	10	10	6	5	9	3,338	Fairly
F. Future Orientation								
6.	Proactively seek information about the model.	7	16	3	4	10	3,288	Fairly
Avarage							3,050	

From the six dimensions, it can be seen that each dimension obtained an average value: 3.175, 3.450, 3.225, 3.575, 3.338, and 3.288. The lowest value based on pre-survey observations is on the self-confidence dimension of 3.175. Therefore, the entrepreneurial spirit is included in the sufficient criteria if viewed as a whole. However, based on the phenomenon in the field, there are still weaknesses, namely low self-confidence caused by the low level of education of the owners or managers, lack of knowledge and experience, and limited information obtained.

An entrepreneur, to be successful, must have specific characteristics. Characteristics of entrepreneurship that follow the characteristics of the object of research and represent various opinions are the characteristics proposed by Meredith (2000) as well as defined as the dimensions of the entrepreneurial variable, namely: 1) Confident and optimistic, 2) Task and result oriented, 3) Courageous taking risks, 4) Leadership, 5) Originality, and 6) Future-oriented (13–15).

The entrepreneurship factor will become more meaningful in achieving the company's goals if the business partnership factor can be empowered optimally. Based on this understanding that the entrepreneurial spirit is one aspect that influences financial decisions, companies must have an entrepreneurial spirit that has a good orientation in advancing their company.

2. Methods

This study employs a quantitative method using a basic regression test as its statistical analysis (16). This study's population was collected in the East Priangan region of West Java. East Priangan is comprised of seven cities and/or regencies: Garut Regency, Sumedang Regency, Tasikmalaya Regency, Tasikmalaya City, Ciamis Regency, Banjar City, and Pangandaran Regency. The sample consists of 141 shop owners dispersed throughout the city's eastern portion. The research was conducted using a questionnaire for the entrepreneurial spirit that included markers of confidence, task and result orientation, risk-taking, leadership, innovation, and future orientation. Meanwhile, the variables associated with financial decisions include investment decisions, funding decisions, and earnings management. The study of data was conducted utilizing quantitative data analysis with basic regression and checks for normality and linearity.

3. Result and Discussion

This study's objective was to examine the effect of entrepreneurship on financial decisions and its consequences on the financial performance of gold traders in East Priangan. This study's respondents were 141 owners/leaders of gold jewelry retail establishments in the East Priangan region, as established by the presence of valid permits from the local government and at least five years of operation. The characteristics of respondents by gender are displayed in Table 3.

TABLE 3.
PROFILE OF RESPONDENTS BY GENDER

No	City	Male		Female		Total	
		F	%	f	%	f	%
1	Kota Banjar	4	80,00	1	20,00	5	100,00
2	Kabupaten Ciamis	10	66,67	5	33,33	15	100,00
3	Kabupaten Garut	28	73,68	10	26,32	38	100,00
4	Kabupaten Pangandaran	12	92,30	1	07,70	13	100,00
5	Kabupaten Sumedang	7	100,00	0	00,00	7	100,00
6	Kabupaten Tasikmalaya	35	83,33	7	16,66	42	100,00
7	Kota Tasikmalaya	16	76,19	5	23,81	21	100,00
Total		112	79,26	29	20,74	141	100,00



Male responses were 79.265 percentage points more dominant than their female counterparts, who only reached 20.74 percent. The number of male respondents is three times greater than the number of female respondents. Fifteen statement questions across six dimensions measure Entrepreneurial Spirit: Self-Confidence, Task and Result Orientation, Risk Taking, Leadership, Originality, and Future Orientation. The following are the results of a study using 15 statement questions to measure the Entrepreneurial Spirit variable. A score of the range of data values for Entrepreneurial Spirit, represented by 15 statement items for 141 Owners, is derived from the data collection results of the questionnaire. As stated in Table 4, respondents' perceptions of the self-confidence component are as follows:

TABLE 4.
RESPONDENT RESPONSES TO THE SOUL OF ENTREPRENEURSHIP

Dimension	No	Statements	Scale					Average	Standard Deviation	
			5	4	3	2	1			
Confidence	1	Have faith that the execution will proceed as planned.	60	16	26	14	25	2,466	0,909	
	2	Confident that the outcomes of the effort meet or exceed expectations.	28	22	41	41	9	2,959	0,953	
		Average						2,712	0,756	
Task and result orientation	3	The work was pre-planned.	35	13	0	30	63	1,885	0,889	
	4	The work is done seriously.	14	46	28	19	34	2,293	0,947	
	5	Achievement of work results is the primary goal.	56	19	13	41	12	2,830	0,918	
		Average						2,336	0,630	
Taking risk	6	Ability to anticipate risks that may occur.	14	66	5	22	34	2,293	0,925	
	7	Ability to face the risks that occur.	19	29	38	28	27	2,424	0,957	
	8	Ability to control risks that occur.	34	31	21	48	7	3,066	0,942	
		Average						2,594	0,607	
Leadership	9	Always try to be an example and role model for subordinates.	23	41	36	30	11	2,870	0,960	
	10	Always think positively about current and future situations.	24	63	10	30	14	2,758	0,943	
	11	Appreciate recommendations and criticisms from subordinates and clients.	49	1	24	9	58	1,946	0,879	
		Average						2,525	0,628	
Originality	12	Innovate in determining (selection) product models	22	11	15	44	49	2,063	0,926	
	13	Innovate in product display	24	64	7	24	22	2,534	0,937	
		Average						2,298	0,720	
Future Orientation	14	Looking for ideas to reach new customers	29	41	40	13	18	2,636	0,952	
	15	Proactively seek information about models and prices.	30	36	20	13	42	2,163	0,931	
		Average						2,400	0,736	
Total			461	499	324	406	425			
Average								2,479		
Standard Deviation								0,996		
Range			1,483	s/d		3,475				
Criteria			Low to moderately high							

Table 4 summary of respondents' responses on entrepreneurial spirit has a mean of 2,479 and a standard deviation of 0.996% for the low group, indicating that the entrepreneurial spirit of gold entrepreneurs remains low.

TABLE 5.
RESPONDENT RESPONSES TO FINANCIAL PERFORMANCE

Dimension	No	Statements	Scale					Average	Standard Deviation
			5	4	3	2	1		
Liquidity	1	Availability of daily cash to pay for the repurchase of jewelry items from customers	43	19	57	14	8	3,009	0,933

Dimension	No	Statements	Scale					Average	Standard Deviation	
			5	4	3	2	1			
Solvability	2	Availability of current assets that are easy to convert into cash	16	56	25	40	4	3,290	0,945	
	3	The company's ability to obtain cash immediately.	34	44	25	33	5	3,203	0,948	
	4	The company's ability to provide cash for repurchases.	31	32	41	37	0	2,242	0,932	
	5	The company's ability to provide cash equivalent assets for repurchases.	16	19	65	41	0	2,179	0,923	
	6	The company's ability to pay interest on loans	29	9	53	47	3	3,398	0,932	
	Average							2,887	0,515	
	7	Availability of own capital to pay obligations	55	29	30	27	0	2,424	0,913	
	8	Availability of assets to pay liabilities	57	22	32	22	8	3,009	0,924	
	9	The company's ability to pay the loan principal	27	12	89	12	1	3,780	0,888	
	10	The company's ability to pay debts on time	30	17	56	32	6	3,129	0,947	
Average							3,086	0,544		
Activity	11	Sales made by the company are cash sales.	34	16	38	37	16	2,694	0,949	
	12	Procurement of jewelry supplies based on the model that consumers are interested in.	32	10	30	65	4	3,290	0,916	
	13	The procurement of jewelry supplies is based on the completeness of the type and weight of the jewelry.	16	44	56	23	2	3,544	0,950	
	14	Inventory turnover per year achieved by the company.	23	22	44	47	4	3,342	1,145	
	15	Amount of receivables owned by the company	28	11	56	45	1	2,328	0,926	
	16	Accounts receivable turnover per year achieved by the company.	10	34	65	32	0	3,780	0,932	
Average							3,163	0,468		
profit	17	The company's ability to control the cost of goods sold.	8	34	55	44	0	2,134	0,928	
	18	The company's ability to control operating costs	25	24	50	37	5	3,203	0,952	
	19	The company's ability to generate a net profit	17	53	48	16	7	3,066	0,953	
	20	The company's ability to generate profits by using available assets	31	17	68	22	3	3,398	0,934	
	21	The company's ability to provide a return on its own capital	30	50	40	19	2	3,544	0,949	
Average							3,069	0,467		
Total			592	574	1.023	692	79			
Average								3,047		
Standard Deviasion								1,068		
Range			1,979				s/d	4,115		
Criteria								Fairly to high		

Source: Data reprocessed 2015

The summary of respondents' responses about financial performance has a mean of 3,047 and a standard deviation of 1,067, including includes the category "adequate." Then, proceed to the utilized regression test, designed to determine the variable's partial effect on financial decisions. If statistical testing is conducted, the statistical hypothesis is as follows:

Ho : $\rho_{YX_1} = 0$: There is no significant influence of the entrepreneurial spirit on financial decisions

Ha : $\rho_{YX_1} \neq 0$: There is a significant influence of the entrepreneurial spirit on financial decisions

Test Criteria : H0 is Reject, if the significance value is <0.05



TABLE 6.
RESULTS OF THE ENTREPRENEURSHIP TEST ON FINANCIAL DECISIONS

Regression Equation	R	Coefficient of Determination	P-Value	Conclusion
$Y = 62,34 + 0,221X_1$	0,559	0,312	0,000	H₀ is rejected; there is a significant influence of the entrepreneurial spirit on financial decisions

Source: Data reprocessed 2015

The statistical conclusion from testing the influence of entrepreneurship on financial decisions is that entrepreneurship has a positive and substantial effect on financial decisions. A significance value of 0.05 and a correlation coefficient of 0.559 show this. This finding implies that the more entrepreneurial a person is, their financial decisions will be wiser. (12,17–19).

The entrepreneurial spirit contributes directly to 31.2% of financial decisions. According to the previous study, the entrepreneurial spirit influences financial decisions as an intermediary variable on the financial performance variable. Several studies cited by Daud et al. and Praptono et al. conclude that the entrepreneurial spirit has a role in determining the company's long-term viability, allowing the business to make the best financial decisions given the current circumstances and environment. (20,21).

According to the findings of this study, entrepreneurs must possess an entrepreneurial spirit to retain their businesses. With these positive traits, including optimism, foresight, and the ability to make decisions despite the company's risks, the business will be able to thrive and compete with other businesses. In addition, this entrepreneurial attitude contributes significantly to financial decisions, allowing the company's financial allocation to agree with its actual circumstances.

4. Conclusion

Based on the data processing and analysis performed, it can be stated that the entrepreneurial spirit significantly impacts the financial decisions of retail gold entrepreneurs in the East Priangan region. The entrepreneurial spirit influences the company's financial decisions by 31.2%. Through this research, it is intended that every entrepreneur, whether of a large or small size, would possess a good character or entrepreneurial spirit for his firm to advance and flourish so that it can compete with other businesses.

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