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The Significance of Business Capital and Business Location Affects to The Merchants Income at Car Free Day Event

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Abstract

The paper attempt to identify the determinants of merchant income in Indonesia framework using a questionnaire to examining about a business location and business capital effect on the income of merchants of the Cilegon Entrepreneur Association (Pawon) in Cilegon Car Free Day. The using approach is descriptive quantitative with the total population of 400 traders than by using slovin formula, resulting in a sample of 80 respondent, with the analysis used multiple linear regression analysis, with variable X1 that is business capital, variable X2 that is business location and variable Y that is merchant's income The result of this research is business capital has an effect to the merchant's income then business location has an effect on the merchant's income and jointly business capital and business location have an effect 43,1% to the merchant's income.

Keyword : Business Capital; Business Location; Merchant Income; Car Free Day; Enterpreneurship.

INTRODUCTION

To accelerate regional economic growth effectively and efficiently and implemented by developing the economic potency of the region itself so that the economic growth is evenly distributed(Popov & Roosenboom, 2013), the government of Cilegon city in Indonesia which is an visible industrial city from its potency in the absorption of labor and the number of available businesses. The economic activity that gained enough attention is primarily derived from informal trading business activities. MSME (Micro, Small, Medium Enterprises) economic activities including street vendors classified as aged productive and have a sustainable economic endurance. In addition, informal traders business is one of business that does not require large capital but able to develop well. MSME sector plays an important role in the economy and become one of the backbone of development. MSME sector also plays an important role to create employment field especially for women, contribution to tax revenue and developing entrepreneurship. One of the form of entrepreneurship in Cilegon today is the activity of Cilegon Car Free Day.

Various types of products are offered ranging from culinary, fashion, automotive, child's game, and so forth. Paguyuban Wirausaha Cilegon (Pawon) as Enterpreneur Association in Cilegon Car Free Day also provides a special stand that can be rented only for special events, for example used for promotion and education from Banking, housing developers, schools, Course Institutions, and so forth. The enthusiasm of visitors is seen to increase, managers to record about 20 people per minute or 1200 visitors per hour, and the results of a survey conducted on 26 October 2014 from 100 respondents 80% said satisfied, 10% ordinary, and 10% not satisfied (data from Paguyuban Wirauasaha Cilegon). Seeing the crowds of visitors,

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it can support the income of traders who are members of Pawon, where the trade is done with the aim to earn income in the form of income.

Business Capital can be defined as support for entrepreneurship by using ideas and science to produce products and services. Business in the last few decades had become untrustworthy players who provide external capital for risk beginner and contribute to technological progress and economic growth. A business may be a private business or an institutional business. Individual businesses invest their own money because that is the limited investment capacity while the venture capitalists invest large amounts of other people's money(Teker & Teker, 2016).

To carry out business activities required place of business known as location. The location of the business is a significant cost driver, the business location fully has the power to create (or destroy) the strategy of a business. The choice of business location is one of the business decision to be made carefully. Previous studies have found that business locations are related to the sale of the business.

Previous research on the location of the business is the study of Johan P. Larsson, Karl Wennberg, Johan Wiklund, Mike Wright (2017). The researcher reviewed a complementary theoretical perspective on the choice of location of entrepreneurs of university graduates. Derived from individual opportunity and local perspectives on entrepreneurship. Population analysis of 215,388 graduates from Swedish higher education institutions between 2002 and 2006 provided support for both a choice of location perspectives. Overall, 63% of graduate entrepreneurs started running local businesses in their graduation areas while 37% started businesses elsewhere. The possibility of starting a business around its environment is substantially higher. This shows that when a person trades in general will choose a location that is known, or close to the environment.

METHOD

This type of research uses a quantitative approach. Quantitative approach attempts to describe or explain a problem that the results can be generalized, so that it is not too concerned in the data or analysis but more important aspects of the breadth of data so that data or research results are considered representative of the entire population (Kriyantono: 2008)

Variables that used in this research, they are the dependent variable in this study was merchant income in Cilegon Car Free Day Event (Y) and the independent variables are factors that affect Performance are Business Capital (X1) and Business Location (X2). As for the two independent variables and one dependent variable is then drawn into an indicator to compile the questions in the questionnaire:

Table 1 Operationalization of Variables

No	Variable	Definition	Indicator	Scale
1.	Business capital (X1)	capital is the funds required by the company to meet the operational needs of the company.	• Amount of Initial Capital • Number of Operational Capital	Interval
2.	Business Location (X2)	The place that the merchant used to run his business	• Access. • Visibility • Traffic, • Parking lot • Expansion	Interval

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			• Environment • Competitors	
3	The income of traders (Y)	income is the amount of income earned from employment and usually a person's income is calculated every year or every month.	• Gross income per month • Nett income per month	Interval

Data type in this research then classified into primary data and secondary data:

a. Primary Data: is the data directly obtained from the first data source in the research location in this case the primary data obtained from questionnaires that distributed in all employees of the University of Serang Raya.
b. Secondary Data: is the research data obtained indirectly either from the results of interviews or documentation related to research problem. Data Collection Technique, is use questionnaire and interview.

In quantitative research, we recognize the existence of population and sample. According to Sugiyono (2014) population is a generalization region that consist of subject that have quality and specific characteristic by the researchers to be studied and then drawn the conclusion. The population in this study is all traders who are members of Cilegon Entrpreneurs Association (Pawon) selling at Cilegon Car Free Day which amounted to 400 traders.

The sample is part of the population. Determination of the number of samples can be done by using Slovin formula where:

$$n = \frac{N}{1 + Ne^2}$$

n = Number of samples
N = Total population
e = Degree of research error

At this time the number of Cilegon Entrpreneurs Association (Pawon) member is 400 traders So that the number of samples can be determined using slovin formula is 80 traders.

Validity Test

Validity Test is used to test whether the questionnaire is valid or not. Validity indicates the extent to which the accuracy of a measuring instrument in performing the function of the measuring instrument. If an instrument is tested accordingly, then the instrument can be said to be valid. The criteria of validity test are:

a. If r count > r table, then the questionnaire is valid. b. If r count <r table, then it can be said the item questionnaire is invalid.

In validity test can be used SPSS (Statistical Product and Service Solution) and can also be used product moment correlation technique formula (Umar, 2003): Validity test can be done by looking at the correlation between the score of each item in the questionnaire with the total score to be measured is using

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Coefficient Corelation Pearson in SPSS. If the significance value of (P Value)> 0.05 then there is no significant relationship.

Reliability Test

Reliability is the reliability level of the questionnaire. A reliable questionnaire is a questionnaire which, if tried repeatedly to the same group will produce the same data with the assumption that there is no psychological change in the respondents. Reliability test of this research using SPSS program. The questionnaire is said to be reliable if the results of the Alpha test statistic α> 0.60 (Ghozali, 2009).

To analyze research variables such as business capital and business location requires multiple regression research method. The mathematical form of multiple analysis is:

Y = a + b1X1 + b2X2 + e

Where:

Y : Cilegon Entrepreneurs Associations (Pawon)'s Income in Cilegon Car Free Day
a : constants
b : coefficient
X1 : Business Capital
X2 : Business Location
e : error

RESULT AND DISCUSSION

Data Validity Test Results

To ensure the instrument is valid in measuring the accuracy of the indicator variable, then used the validity test. An instrument is said to be valid if it is able to measure what it wants to measure from the studied variable. The validity testing technique by comparing r count to r table, r count obtained from correlation of score to total score (Corrected Item Total Correlation), while r table with 5% significant level where df = (ά, n = 80) obtained value equal to. If r result ≥ 0.219 then the item or variable is valid and if result r result≤ 0,219 then item or variable is not valid.

Based on the result of validity test is conducted by using SPSS 20 program, the questionnaire for business capital variable consisting of 2 questions stated valid, business location variable consisting of 7 questions declared valid, and income variable of merchant consisting of 2 questions stated valid. Questionnaire is valid, because the value of r owned by each item is greater than 0.219

Data Reliability Test Result

For the result of data reliability test can be seen in the table 2 :

Table 2 Instrument Reliability

No	Variables	Questionnaire Number	r alpha
1	Business capital	1-2	0,772
2	Business location	1-7	0,753
3	Merchant's income	1-2	0,829

Source: processed primary data

Based on the result of reliability test on the instrument above by using coefficient alpha cronbach with tool tool SPSS 20, obtained that the result of the questionnaire has a value greater than 0.6. So it can be concluded that the questionnaire declared reliable.

The Result of Multiple Linear Regression Analysis

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Regression of formed equation from the influence of business capital and business location to the merchants income at car free day event based on output results with the help of spss ver 20.0 are as follows:

Table 3The Result of Multiple Linear Regression Test Influence

Variables	Regression Coefficient	t count	significance
Constants	0.025		
Business capital	0.212	2.939	0.004
Business location	0.229	5.683	0.000

Source: processed primary data

Based on multiple linear regression test result obtained by regression equation as follows

$$Y = 0.025 + 0.212\ X_1 + 0.229\ X_2$$

Test for business capital variable Resulted t value of table 1,999 and t_{count} 2,939, then t_{count}> t table meaning Ho rejected and Ha accepted, so it can be said that business capital (X1) influence to merchant earnings at Cilegon Car Free Day Event.

Test for business location variable Resulting t value of table 1,999 and t_{count} 5,683, then t_{count}> t table meaning Ha accepted and Ho rejected, so it can be said that business location (X2) influence to merchant income at Cilegon Car Free Day Event.

Simultaneous test (Test F) Business Capital and Business Location variable to the merchant's income at Cilegon Car Free Day Event.

From result of analysis on obtained value of R square (R2) equal to 0,431. This number is then converted into percent form, meaning the percentage of contribution simultaneously the independent variable to the dependent variable. Value R2 of 0.431 means the influence of business capital and business location to the merchant's income in Cilegon Car Free Day of 43.1%% and the remaining 56.9% influenced by other variables not included in this study.

Cilegon Car Free Day is a established program by the government of Cilegon City by combining morning sports activities and buying and selling activities in collaboration with Cilegon Entrepreneur Association it's called *Pawon* as a manager under the protection of the Industry, Trade and Cooperative Office of Cilegon City. Taking place on KH Yasin Beji street, the manager noted that in 4 hours car free day activity reaches more than 4000 visitors with the number of traders around 400 traders. Cilegon Car Free Day which is held on every Sunday at 06.00 am. - 10.00 am.

The small traders who joined in *Pawon* lined up along the street that became the place Cilegon Car Free Day from the roundabout of Krakatau Steel to Krakatau Junction intersection. Cilegon Car Free Day stands after the dissolution of *Bapor* merchant May 17, 2014, because the Krakatau Steel feel disturbed by the presence of traders, then the traders make various coordination efforts with PT Krakatau Steel but hadn't been successful yet then formed *Pawon* (Cilegon Entrepreneur Association) on July 1 2014.

The formation of *Pawon* was followed by coordinating with various parties, until the Mayor's Decree was issued on Cilegon Car Free Day on 14 September 2016 and the Industry, Trade and Cooperative Office's decree dated September 15, 2016 regarding the determination of *Pawon* members as traders in Cilegon Car Free Day.

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CONCLUSION AND RECOMMENDATION

Conclusion

This research shows that the variable of business capital and business location to the merchant income in Cilegon Car Free Day is 43,1%% and the rest 56,9% influenced by other variable not included in this research. Partially, the business capital has an effect on the merchant's income in Cilegon Car Free Day,and partially the business location has an effect on the merchant's income in Cilegon Car Free Day

Recommendation

1. The studied variables in this study are limited to business capital and business location, so the researcher suggests to the next researcher to be able to examine other variables that affect income.
2. Business capital variable in this research have an effect to income, hence researcher suggests merchants can through their association to increase its business capital, like cooperation with bank side or also through government program of Cilegon city in giving of business capital or small and medium enterprise credit.
3. Business location variable in this study affects the income, the researcher suggests to the traders to better maximize the product and its promotion because wherever the merchant stand is, visitors will come to him if the product is good.

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