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## The Influence of Business Capital and Social Environment on Interest in Entrepreneurship (Case Study in the SPP PAMP GROUP, Asam Jujuhan District)

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**Abstract:** PAMP Rural is a program to accelerate poverty alleviation in an integrated and sustainable manner. Problems experienced by small businesses such as the availability of capital for business development, and the social environment. The purpose of this study was to analyze the effect of business capital and the social environment on the interest in entrepreneurship in the SPP PAMP group, Asam Jujuhan District. The data collection method uses a Likert scale questionnaire. Methods of data analysis using quantitative methods with a population and a sample of 290 members of the SPP PAMP Asam Jujuhan group, analysis of research data using multiple linear analysis, t test, f test and the coefficient of determination with SPSS 20 data processing. The results of the research partially venture capital and social environment have a significant effect on interest in entrepreneurship. The f test shows that business capital and the social environment simultaneously have a significant effect on the interest in entrepreneurship. PAMP is advised to have training programs and online groups for members of the PAMP SPP group, in order to encourage the creation of an interest in entrepreneurship.

**Keywords:** Business Capital, Social Environment, Interest in Entrepreneurship, PAMP, SPP Group

### INTRODUCTION

The existence of small businesses should be able to provide a fairly good contribution to the problem of poverty and unemployment. Currently, small business actors are still experiencing many problems in accessing capital. This condition is due to the large proportion of small businesses and the limitations of the government in managing the distribution of aid.

Limitations that should be able to find a solution so that all sectors of small businesses can receive assistance and will lead to poverty alleviation.

To increase the effectiveness of poverty alleviation and job creation, the government launched the Community Empowerment Trust Program (PAPM) starting in 2007. Through PAPM, the mechanism for efforts to reduce poverty was reformulated which involved elements of society, starting from the planning, implementation, to monitoring and evaluation stages. Through a participatory development process, critical awareness and self-reliance of the community, especially the poor, can be developed so that they are not as objects but as subjects of poverty alleviation efforts.

PAPM Rural is a program to accelerate poverty alleviation in an integrated and sustainable manner. The rural PAPM approach is a development of the Kecamatan Development Program (PPK), which has so far been considered successful. Some of KDP's successes have been in the form of providing employment and income for the poor, efficiency and effectiveness of activities, and success in fostering togetherness and community participation.

Many problems are experienced by small businesses such as management capabilities, in terms of product marketing and the most important is the availability of capital for business development, even to start a business. In general, micro-enterprises have very limited capital, which contributes greatly to the slow accumulation of capital, which causes slow development of the business being run. This micro business group does not have capital reserves. On the other hand, micro-enterprises have various characteristics that make it difficult for them to access capital provided by financial institutions. Such as the completeness of small business financial reports which are very minimal, some even do not have financial reports. So that additional capital is only from the closest parties such as families who do not require various kinds of requirements as in financial institutions.

According to (Mirandi et al., 2019)"business capital is money that is used as the principal (parent) for trading, releasing money, and so on; property (money, goods, and so on) that can be used to produce something that adds to wealth. Capital can also be in the form of funds to buy all variable inputs to be used in the production process to produce industrial output (Akuba & Hasmirati, 2022).. With the rural PAPM program being promoted by the government, it is hoped that it will help the lower-income community by providing capital loans. With this loan, it is hoped that the community will begin to be independent by opening jobs that will make the community more prosperous in the future.

According to (Putri et al., 2014)the indicators for entrepreneurship are as follows:

1. Capital structure: own capital and loan capital

Own capital is capital that comes from the owner of the company and is embedded in the company for an indefinite period of time. Therefore own capital from a liquidity point of view is a "long-term fund with no definite liquidity. Meanwhile, loan capital or foreign capital is capital that comes from outside the company which is temporary in nature working within the company, and for the company concerned this capital is a debt that must be repaid in time.

2. Utilization of additional capital

Arrangements for capital loans from banks or other financial institutions must be carried out properly. Use the additional capital as originally intended, namely to develop the business. Most businessmen fail to manage loans, because they give a larger portion to consumptive spending than productive spending.

3. Barriers in accessing external capital

Obstacles to obtaining external capital include: difficult requirements for obtaining bank credit for MSMEs such as business feasibility, 3-month accounts must be good and the existence of collateral and the duration of business, as well as the technical requirements requested by the bank cannot be fulfilled.

#### 4. The state of the business after adding capital

Of course, what is expected after adding capital, the business being run will develop more.

The environment can include the family environment and social environment. According to (Meifa, 2022). The social environment is a community environment so that it creates interactions between individuals and individuals or individuals with others so that they influence each other. Walgito (2004) in (Wibowo, 2011) suggests that the social environment has an important function in one's growth. This can be seen from someone who grew up in a trader's environment, indirectly providing the opportunity to become a trader as well.

The social environment is the environment in which one person interacts with another person involved in an interaction. The social environment can also be interpreted as all the social environments that exist in society that occur between consumers and people around them or between many people. The social environment is other people who are around consumers and includes the behavior of these people which will affect interest in entrepreneurship (Leanita, 2022).

The social environment is the environment of other people who can affect someone either directly or indirectly. According to (Posumah et al., 2021) indicators that affect the social environment directly, namely:

1. Family environment
2. School environment
3. Community environment

The community environment also influences the interest in entrepreneurship, usually someone who lives in an area where the majority of the next generation of entrepreneurs will be interested in entrepreneurship. The encouragement of friends is also very influential on the spirit of opening a business because they can discuss more freely, friends can provide encouragement, understanding, and even assistance (Amalia & Hadi, 2016). According to (Anggraini & Harnanik, 2015) interest in entrepreneurship is the desire, interest, and willingness to work hard or be strong-willed to try optimally to fulfill their life needs without feeling afraid of the risks that will occur, and having a strong will to learn from failure.

The community in Asam Jujuhan is one of the communities that has the potential to develop small businesses. Small businesses in Asam Jujuhan have great economic potential and are very likely to be developed. The importance of small businesses is shown in their role, namely creating enough job opportunities or absorbing labor, their ability to adapt to rapidly changing market conditions compared to large-scale companies. This condition shows that capital assistance provided by some rural communities is used to develop their potential in starting all business opportunities they want to run. The entrepreneur group is trying to obtain capital on its own, one of which is by taking funds from institutions that provide assistance so that it can become a stimulus to run a business.

Interest in entrepreneurship in several studies is known by several terms, namely entrepreneurial intentions and entrepreneurial intentions (Zulianto et al., 2013). According to (Anggraini & Harnanik, 2015) interest in entrepreneurship is the desire, interest, and willingness to work hard or be strong-willed to try optimally to fulfill their life needs without feeling afraid of the risks that will occur, and having a strong will to learn from failure.

According to (Lestari & Agustini, 2023) indicators of interest in entrepreneurship are:

1. Strong will to achieve goals and necessities of life
2. Strong belief in one's own strength
3. Honest and responsible attitude
4. Physical and mental endurance
5. Perseverance and tenacity in working and trying;
6. Creative and constructive thinking
7. Future oriented

## 8. Dare to take risks

PAPM UPK Asam Jujuhan is the achievement of welfare and self-sufficiency of the rural poor. Welfare means the fulfillment of the basic needs of society. Independence means being able to organize oneself to mobilize existing resources in their environment, being able to access resources that exist outside their environment, and managing these resources to overcome the problem of poverty.

On this occasion the author intends to examine the existence of PAPM Women's Savings and Loans (SPP) in seeing interest in entrepreneurship. To realize what the author meant, first consider even small things in solving the problem. The author also intends to raise a theme in a paper by conducting research. The theme or title discussed is "EFFECT OF BUSINESS CAPITAL AND SOCIAL ENVIRONMENT ON INTEREST IN entrepreneurship (Case Study in the SPP PAPM Group, Asam Jujuhan District)"

## METHODS

**Population and sample.** The population in this study were Members of the PAPM SPP Group in Jujuhan District in 2022 with a total of 290 people. As for the sample, this study took a saturated sample, namely all Members of the SPP PAPM Group, Asam Jujuhan District in 2022, totaling 290 people.

**This type of research,** the type of research used is conclusive research, namely answering a problem that requires solving using a quantitative descriptive approach. This study attempts to explain the effect of the independent variables on the dependent variable.

**Source of data.** In this study, the data used were primary data and secondary data. Primary data is data collected directly by the researcher from the respondents where the research was conducted. This data collection was carried out by distributing questionnaires to the research object and filled in directly by the respondents while secondary data was data obtained from literature studies such as from books, journals, reports etc.

**Analysis and data analysis tools.** The data uses a frequency distribution to obtain an average value, processed using SPSS Version 20.

## RESULT AND DISCUSSION

### *Respondent's characteristics*

This study will discuss the Effect of Business Capital and Social Environment on Interest in Entrepreneurship in the SPP PAPM Group, Asam Jujuhan District. This analysis will interpret the data and answers given by the respondents to the characteristics of the respondents, namely members of the SPP group at PAPM Asam Jujuhan. This is done to analyze the demographics of respondents based on predetermined criteria such as age, gender. In this study there were 290 questionnaires distributed to 290 respondents. For more details, the following will describe the characteristics of the respondents who in this study were members of the PAPM Asam Jujuhan SPP Group. To make it easier to understand the findings of this study, the following will present the percentage of the number of answers that the majority of each respondent made as the object of this study regarding self-identification. Of the 290 respondents in this study, 100% of respondents were female. In terms of age, it can be concluded that out of 290 respondents aged > 20-30 years, 60 respondents or about 21%, respondents aged > 31-40 years, 100 respondents or around 34%, respondents aged > 41-50 years, 75 respondents or 26%, and respondents aged > 50 years, 55 respondents or around 19%. This shows that the SPP PAPM Kec.Asam Jujuhan group in this study was dominated by ages > 31 -40 years.

### **Validity test**

Validity test is a test conducted to find out and reveal data precisely and measure what must be measured or in other words the validity test aims to determine the level of accuracy of

the items. After testing through SPSS Version 20, it was found that all of the questionnaire statement items were valid for all variables. Where all values show a value greater than the significant value of 0.05 or the calculated T value is greater than the t table value.

### Reliability Test

The reliability test is intended to determine the level of consistency meaning that if the questionnaire or questionnaire is repeated it will produce the same or steady results. By analyzing the data using SPSS Version 20, it was found that all variables in this study obtained Cronbach's alpha values > 0.60. According to (Nuramelia & Rahayu, 2023) the critical limit for alpha values that can be used to indicate a reliable questionnaire is 0.60. Thus it can be concluded that all statements in the questionnaire are reliable or reliable.

### Classic assumption test

#### 1. Normality test

This test was carried out using non-parametric statistics using the Kolmogorov-Smirnov method.

**Table 1. One-Sample Kolmogorov-Smirnov Test**

Unstandardized Residual		
N		290
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	3.64658949
Most Extreme Differences	Absolute	.065
	Positive	.047
	Negative	-.065
Kolmogorov-Smirnov Z		1.113
Asymp. Sig. (2-tailed)		.167

**Source: Primary data processed in 2023**

Based on table 1, it can be seen that the Asymp Sign value is 0.167. The value is greater than 0.05, meaning that the data is normally distributed.

#### 2. Multicollinearity Test

The method used to detect the presence or absence of multicollinearity takes into account the VIF value. If the VIF value < 10 and Tolerance > 0.1 then multicollinearity does not occur.

**Table 2. Multicollinearity Test**

Coefficients <sup>a</sup>		
Model	Collinearity Statistics	
	Tolerance	VIF
1	(Constant)	
	Venture capital	.928 1,078
	Social Environment	.928 1,078

**Source: Primary data processed in 2023**

Based on table 2, it can be concluded that there is no multicollinearity because VIF Business Capital (X1) is 1.078 and Social Environment (X2) is 1.078 less than 10 and also the tolerance value for each variable is greater than 1.



### 3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual observation to another. The heteroscedasticity test with the Glesjer method was carried out by regressing all independent variables to the absolute value of their residues. if there is a significant influence of the independent variable on the absolute value of the residue, then there is a heteroscedasticity problem in the model. Basis for decision making:

1. If the probability value is greater than the alpha value (Sig > 0.05), then there are no symptoms of heteroscedasticity
2. If the probability value is greater than the alpha value (Sig <0.05), then there is a symptom of heteroscedasticity

**Table 3. Heteroscedasticity Test**

		Coefficientsa				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.597	.624		2.558	.011
	Venture capital	-.014	.012	-.073	-1.199	.232
	Social Environment	-.002	.012	-.008	-.137	.891

Source: Primary data processed in 2023

From the results of table 3 above, what is seen is the significance value. The independent variable has a significant value of  $\geq 5\%$ , so it can be said that this research model is free from heteroscedasticity.

### 4. Partial Hypothesis Test

**Table. 4. Partial Test**

		Coefficientsa	
Model		t	Sig.
	(Constant)	1.709	.089
1	Venture capital	18.126	.000
	Social Environment	4.624	.000

Source: Primary data processed in 2023

From table 4, it can be concluded that:

1. There is a positive and significant effect of Business Capital on Interest in Entrepreneurship in the Asam Jujuhan District. Where the significant level is smaller than alpha ( $0.000 < 0.05$ ). Thus Ho Reject and H1 are accepted, which means it can be concluded that the influence of venture capital has a significant positive effect on the interest in entrepreneurship in the Asam Jujuhan district. The better the Effect of Business Capital given, the higher the Interest in Entrepreneurship.
2. There is a positive and significant influence of the Social Environment on Interest in Entrepreneurship in the Asam Jujuhan District. Where the significant level is smaller than alpha ( $0.000 < 0.05$ ). Thus Ho Reject and H2 are accepted, which means it can be concluded that the Social Environment has a significant positive effect on Interest in Entrepreneurship in the Asam Jujuhan District. The better the social environment provided, the higher the interest in entrepreneurship.

**5. F Test**

**Table 5. ANOVAa**

Model	F	Sig.
Regression	212.873	.000b
1 Residual		
Total		

**Source: Primary data processed in 2023**

From table 5, it proves that there is a positive and significant effect of working capital and the social environment on the interest in entrepreneurship in the Asam Jujuhan district. Where the significant level is smaller than alpha ( $0.000 < 0.05$ ). Thus  $H_0$  Reject and  $H_3$  are accepted, which means it can be concluded that the influence of Business Capital and the Social Environment has a significant positive effect on Interest in Entrepreneurship in the Asam Jujuhan District. The better the influence of business capital and the social environment given, the higher the level of interest in entrepreneurship.

**6. Multiple Linear Regression Analysis**

**Table 6. Data Processed Results**

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	5.419	3.171
Venture capital	1.095	.060
Social Environment	.271	.059

**Source: Primary data processed in 2023**

Based on table 6, a linear regression equation can be made as follows:

$$Y = a + b_1X_1 + b_2X_2$$

$$Y = 5.419 + 1.095 X_1 + 0.271 X_2$$

Information

Y = Entrepreneurial interest

a = Constant

$b_1$  = Capital Regression Coefficient

$X_1$  = Venture capital

$B_2$  = Social Environment Regression Coefficient

$X_1$  = Social Environment

From the multiple regression equation above, it can be interpreted:

1. The constant has a positive value of 5,419, this means that if business capital ( $X_1$ ) and social environment ( $X_2$ ) are ignored, then the level of business interest ( $Y$ ) remains at 5,419
2. The regression coefficient for Business Capital ( $X_1$ ) is 1.095, this means that business capital ( $X_1$ ) has a positive effect on entrepreneurial interest ( $Y$ ). This means that if business capital ( $X_1$ ) is increased by one unit and the social environment ( $X_2$ ) is ignored, there will be an increase in interest in entrepreneurship ( $Y$ ) of 1,095
3. The social environment regression coefficient ( $X_2$ ) is worth 0.271, this means that the social environment ( $X_2$ ) has a positive effect on entrepreneurial interest ( $Y$ ). That is, if the social environment ( $X_2$ ) is increased by one unit and business capital ( $X_1$ ) is ignored, there will be an increase in interest in entrepreneurship ( $Y$ ) of 0.271

## 7. Determination Coefficient Test (R<sup>2</sup>)

The coefficient of determination (R<sup>2</sup>) is used to determine the percentage contribution of the independent variable to the dependent variable (Sugiyono, 2017). The coefficient of determination (R<sup>2</sup>) is in positions 0 to 1, meaning that if the value is close to 0, the effect of all independent variables on the dependent variable is getting smaller, and vice versa, if the coefficient of determination (R<sup>2</sup>) is close to number one, the effect of the independent variable on the dependent variable is getting bigger.

**Table 7. Results of the Coefficient of Determination (R<sup>2</sup>)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773a	.597	.595	3.659

Source: Primary data processed in 2023

Based on table 7, the Adjusted R Square coefficient of determination is 0.595 or 59.5%. This shows that the percentage contribution of the independent variable to the dependent variable is 0.595 or 59.5%. while the remaining 0.405 or 40.5% is influenced by other variables outside the study

## CONCLUSION

Based on the research and discussion that has been done, the following conclusions can be drawn:

1. That partially there is a positive and significant influence of Business Capital (X1) on Interest in Entrepreneurship (Y) in the Spp Ppam Group, Asam Jujuhan District. This means that the more business capital, the higher the interest in entrepreneurship (Y) in the Spp Ppam Group, Asam Jujuhan District.
2. That partially there is a positive and significant effect of the Social Environment (X2) on Interest in Entrepreneurship (Y) in the Spp Ppam Group, Asam Jujuhan District. This means that interest in entrepreneurship (Y) can be increased by improving the social environment (X2).
3. Taken together, venture capital (X1) and social environment (X2) have a positive and significant effect on Entrepreneurial Interest (Y) in the Spp Ppam Group, Asam Jujuhan District

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