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The Role of Ethnic Entrepreneurship and Personality on Business Sustainability in Barefoot Entrepreneurs in Wetlands: A Study on MSMEs Ethnic Madura

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ABSTRACT

Ethnic entrepreneurship is a set of connections and regular interaction patterns between people from the same background who migrate to carry out entrepreneurial activities in a certain region or country. This study aims to explore ethnic entrepreneurship in Banjarmasin. The results of this study explain that ethnic entrepreneurship and personality do not contribute significantly in increasing the sustainability of MSMEs in wetlands (Madurese ethnic traders). Entrepreneurship and personality do not contribute significantly in realizing business sustainability because ethnic entrepreneurship is an entrepreneurial mindset that is inherent in individual life.

1. Introduction

Ethnic entrepreneurship is a set of connections and regular patterns of interaction between people from the same background who migrate to carry out entrepreneurial activities in a particular region or country. This indicates that ethnic entrepreneurship is an entrepreneurial activity carried out by immigrants from the same background in an ethnic group in a certain region or country. Ethnic entrepreneurship itself is divided into two, namely opportunity structure and group characteristic.

The opportunity structure which is part of the ethnic entrepreneurship variable based on market conditions and access to ownership. Market conditions are seen based on the range of product needs, product adjustments, consumer market

services, product prices, and market uncertainty. While access to ownership is seen from business pioneers, ethnic business vacancies, government policies in licensing, and other government policies.

Product adjustments are also needed by Madurese ethnic MSMEs, so that the products they sell can be accepted by all ethnic groups. These two things are also closely related to the market, where ethnic Madurese business actors must ensure that all markets, both ethnic Madurese and non-Madura ethnic can be served properly. The price of the product also more or less affects the competitive advantage, the price of the product offered must adjust to the low scale of all ethnic groups in order to achieve this competitive advantage.

Mobilization of resources with their distinctive



personality associated with ethnic networks can help to maintain business sustainability. The purpose of the network is to help fellow ethnic Madurese to jointly realize competitive advantage with professionals, customs and culture. The network will assist in the formation of the business that will be run, and help maintain the business that is currently running. Therefore, this study is to explore the role of ethnic entrepreneurship and personality on business sustainability in MSMEs owned by ethnic Madurese in the city of Banjarmasin.

2. Literature Review

Ethnic entrepreneurship

Light and Bonacich (1988); Waldinger (1986); Waldinger et al. (1990) in Valdez (2002) stated that: ethnic entrepreneurship is loosely defined as business-ownership by immigrant and ethnic-group members. However, in essence, the ethnic entrepreneurship literature argues that ethnic group affiliation, or ethnic group affiliation and the

relationship of ethnic groups to the structure of economic opportunity, combine to produce results from entrepreneurial activity.

Efforts to understand ethnic entrepreneurship have been carried out since the 90s by setting 3 interactive components as follows: (1) opportunity structures; the opportunity structure consists of: market conditions favoring co-ethnic oriented goods or services, and a broader situation by serving non-ethnic markets; easy access to business opportunities, and access has a high dependence on competition between ethnic groups and state policies; (2) group characteristics; group characteristics consist of several influencing factors such as: migration choices, culture, and level of aspirations, including the possibility of resource mobilization, and ethnic social networks, general organizing capacity, and government policies that limit access to resources; (3) ethnic strategies; Ethnic strategies arise from the interaction of opportunities and group characteristics as ethnic groups adapt to their environment.

Table 1. The concept of ethnic entrepreneurship

| Variables | Sub-variables | Indicator | Source |
|--|-----------------------|---|---|
| <i>Opportunity structures</i> | Market condition | Ethnic Consumer Products | Waldinger and Aldrich (1990); Ramakhrishnan et al. (2011) |
| | | Non-ethnic Markets | |
| | Access to ownership | The level of inter-ethnics competition for job and business | |
| | | State policies | |
| <i>Group Characteristics</i> | Predisposing factors | Selective migration | Werner (1984) in Aldrich and Waldinger (1990) |
| | | Settlement characteristics | |
| | | Culture and aspiration level | |
| | Resource mobilization | Class vs ethnic resources | |
| | | Ethnic social structures | |
| <i>Ethnics Strategies is technical term meaning positioning of oneself to others in order to accomplish one's goal</i> | | Self exploitation | |
| | | Expanding the business by moving forward or backward in the chain of production or by opening other shops | |

Competitive advantage

Kotler et al., (2008) states that competitive advantage is the advantage obtained by offering greater value to consumers than competitors offer. While Hunger et al., (2003) stated that competitive

advantage is a collection of strategies to determine the advantage of a company from competition among other companies. Competitive strategies include low-cost and differentiation. Furthermore, the combination of the two strategies is called



focus.

While Hitt et al., (1997) assume that each organization is a collection of unique resources and capabilities that are the basis for strategy and the main source of profitability. It is also assumed that firms acquire different resources and develop unique capabilities. Thus all firms competing in a given industry may not have the same strategic resources or capabilities. Differences in resources, which are impossible to obtain or imitate, and how they are used are the basis of competitive advantage. According to Porter (1994), competitive advantage is at the heart of a company's performance in a competitive market. Competitive advantage basically develops from the value a company is able to create for its buyers that exceeds the company's costs of creating it. The advantages can come from the advantages of creating cost-leadership or from the organization's ability to be different from its competitors. The two basic types of competitive advantage combined with the range of activities a company seeks to achieve result in three generic strategies, namely cost leadership, differentiation, and focus (Raymond et al., 2011).

3. Methods

This study uses a quantitative and causal approach that seeks to identify and analyze the influence of ethnic entrepreneurship and personality on the business sustainability of Madura ethnic SMEs in Banjarmasin, Indonesia.

PLS technique is used to predict this effect. The population in this study is ethnic Madura MSMEs in the city of Banjarmasin. While the sampling technique used is purposive. The data quality test is carried out on the initial raw data to remove outlier data for the variables so that the data being tested for validity and reliability meets the qualifications of the z-value (z-score) used. Data analysis was continued with research instrument testing to produce valid and reliable data before multiple linear regression analysis was performed. Classical assumption test is done to fulfill the requirements of hypothesis testing, which is whether the hypothesis test is done parametrically or non-parametrically (Sugiyono, 2015).

4. Results and Discussion

Characteristics of respondents

Based on table 2, obtained a total of 32 research respondents. The number of participants consisted of men and women was almost equal – this shows that in the research location, there are almost equal numbers of female and male traders. Then, the education level of most of the respondents is elementary school. Thus, basic education seems to be the level of education that traders in the past could access – regardless of the situation and condition of their place of residence, although there are also a small proportion of traders who did not have any formal education at all (Ramadhani, 2012).

Table 2. Gender and education of respondents

| | Education | | | | | Total |
|---------------|-----------|-------------------|--------------------|-------------------|--------------------|-------|
| | 0 | Elementary School | Senior High School | Vocational School | Junior High School | |
| Gender Male | 1 | 6 | 2 | 1 | 2 | 12 |
| Gender Female | 7 | 5 | 5 | 0 | 3 | 10 |
| Total | 8 | 11 | 7 | 1 | 5 | 32 |



Table 3. Gender and length of trade in research locations

| | Length of Trade | | | | | | | | | | | | | | Total |
|--------|-----------------|---|---|---|---|---|---|---|---|---|----|----|----|-----|-------|
| | < 1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | >20 | |
| Male | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 1 | 4 | 1 | 2 | 12 |
| Female | 0 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 2 | 0 | 5 | 8 | 20 |
| Total | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 4 | 6 | 10 | 32 |

Based on the table above shows that the majority of traders have been involved in trading activities in Banjarmasin City for more than 20 years (which ranges from 35 years and some are even 50 years old) as many as 10 traders, while those under 10 years are 8 traders and over 10 years there are 13 traders. If based on the existence of the City of Banjarmasin which is almost 5 centuries old, it can be concluded that traders

whose trading activities are over 20 years old, this means that traders carry out their trading activities only in the city of Banjarmasin, and this also shows that trading activities are the main activity for the people of Banjarmasin. ethnic Madurese traders in supporting their families. Table 4 shows that all traders are from the Madurese ethnic group. This is in accordance with the trading character of the Madurese people is trading.

Table 4. Gender and ethnicity origin

| | Ethnic Groups | | | Total |
|---------------|---------------|------|-------|-------|
| | Madura | Java | Sunda | |
| Gender Male | 12 | | | 12 |
| Gender Female | 20 | | | 20 |
| Total | 32 | | | 32 |

Multiple linear regression analysis

The output of SPSS 25 on the score data that has been made based on the respondents' answers

from the questionnaire and these results are summarized in table 5 below.

Table 5. Test results of multiple linear regression analysis regression

| Factor | Coefficient | t _{count} | Sig. | Information |
|---|-------------|----------------------------|-------|-----------------|
| Constant | 30,181 | | | |
| Ethnic Entrepreneurship (X ₁) | -0.061 | -0.353 | 0.726 | Not Significant |
| Personality (X ₂) | -0.160 | -1.015 | 0.319 | Not Significant |
| t _{table} = 1.699 | | F _{count} = 2.022 | | |
| R = 0.350 | | Sig. F = 0.151 | | |
| R Square = 0.122 | | F _{table} = 3.33 | | |
| Adjusted R Square = 0.062 | | | | |



Based on table 5, it can be seen that the positive constant value of 30.181 shows a one-way result, meaning that if the entrepreneurial entrepreneurship (X1) and personality (X2) variables increase, the business sustainability variable (Y) also increases, vice versa.

The negative coefficient value on the Ethnic Entrepreneurship factor (Xin the Ethnic Entrepreneurship1), indicates that there is an opposite effect, where an increase factor (X1) will have an impact on decreasing Business Continuity (Y) by 6.1%. That is, if the ethnic entrepreneurship (X1) increases, then the business continuity (Y) will decrease and vice versa.

Negative coefficient value on personality factors (X2), indicating that their influence in the opposite direction, where the increase in the personality factor (X2) will result in a decrease in Business Continuity (Y) by 16%. That is, if the Personality (X2) increases, the Business Continuity (Y) will be decreased and vice versa.

5. Conclusion

Ethnic entrepreneurship has no significant effect on Business Sustainability. The results of the analysis test mean that ethnic entrepreneurship has no significant effect in creating the sustainability of barefoot entrepreneurs (Madura ethnic traders) in Banjarmasin City. In other words, the lower the ethnic entrepreneurship, the higher the business sustainability. Personality has no significant effect on business sustainability. The results of the analysis test mean that personality has no significant effect in creating the sustainability of a barefoot entrepreneur (Madura ethnic traders) in Banjarmasin City. In other words, the lower the Personality, the higher the sustainability of the business.

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