

## Pandemic Covid-19 Effect: Determining Factors of Entrepreneurship Success Against Economic Growth

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### ABSTRACT

*The Covid-19 pandemic has directly affected the massive economic sector, including Indonesia. Therefore, a solution is needed so that entrepreneurs can survive. This study analyzes the factors that influence entrepreneurship to be successful in the Covid-19 pandemic. The variables studied are education, experience, strategy, innovation and as a mediating variable is an entrepreneurial success that is expected to increase economic growth. Respondents are online business owners, and 217 people answered complete questionnaires distributed through online social media. Test the validity and reliability of the data received used SPSS 25.0 software, then further analyzed by Structural Equation Model (SEM) using the Amos 23.0 software. Based on the results of statistical data processing, business actors' strategy influences success in doing business and affects economic growth. Still, it has nothing to do with education, experience, and innovation. The results of this analysis have implications for the importance of a strategy in dealing with business to be successful. The contribution of this research is how business actors prepare their business for success to support the government in making improvements and improving the economy during the Covid-19 Pandemic.*

### INTRODUCTION

The Covid-19 pandemic conditions caused almost all economic sectors to decline globally. If there is no proper action, it is feared that the economy will worsen. Quoted from kompas.com on March 4, 2021, President Joko Widodo said the Covid-19 pandemic resulted in a very disturbing economic condition in Indonesia, as seen from the economic growth data for 2020, which was at minus 2.1 percent [1]. According to McIver-Harris, K., & Tatum, A. (2020), entrepreneurship is a popular sector that was right during the global Covid-19 pandemic. Therefore, it requires the growth of successful entrepreneurs to help improve the economy due to these conditions. Research on entrepreneurship during the Covid-19 pandemic has discussed how businesses survive and the impact of the ongoing pandemic until now to the impact on the global economy. Based on this, the researcher is interested in analyzing the extent to which the determinants of the success of entrepreneurs in the Covid-19 pandemic conditions, especially in Indonesia, contribute to information based on the research conducted.

### Objective

The purpose of this study is to examine and obtain a comprehensive picture of the relationship and identification of the main determinants of entrepreneurial success. Success, in this case, is the ability of entrepreneurs to create competitive advantages (competitive advantage) that can ensure the creation of prosperity and support national economic growth.

## Previous Research

### Relationship between Research Concepts

Based on a review of the results of previous studies, researchers concluded the similarities and differences in variables between previous researchers. The purpose of this literature review is to support research data as a basis for analyzing the influence of education, experience, strategy, and innovation on successful entrepreneurs and their implications for economic growth. Table 1 shows the adaptation of the relationship between variables based on previous research.

**Table 1** Adaptation of Variables from Previous Research

Hypothesis	Independent Variabel	Dependent Variable	Source Reference
Hip-1	<i>Education/course</i>	<i>Entrepreneur Success</i>	[3], [4], [5], [6]
Hip-2	<i>Experience</i>	<i>Entrepreneur Success</i>	[7], [8], [9], [10]
Hip-3	<i>Strategy</i>	<i>Entrepreneur Success</i>	[11], [12], [13]
Hip-4	<i>Innovation</i>	<i>Entrepreneur Success</i>	[14], [15], [16]
Hip-5	<i>Entrepreneur Success</i>	<i>Economic Growth</i>	[17], [18], [19]

### Economic Growth Theory

Economic growth means increasing the production value of a country over time. Sustained economic growth is an essential prerequisite for the completion of an economic task centre in any community, defined as a means of meeting the developing needs of as many people as possible using the definition of limited resources [20]. Economic growth is a condition where there is an increase in income due to an increase in goods and services. An increase in income is not related to an increase in population and can be assessed from an increase in output, increasingly developing technology and innovation in the social sector. Economic growth also means a process of economic change in the country's economy within a certain period towards a better economic condition.

### Education and Entrepreneurship Success

According to Papagiannis (2018), education, entrepreneurial intention and entrepreneurial spirit are related to entrepreneurial success. Entrepreneurship education has a significant effect on interest in entrepreneurship and has positive implications for entrepreneurial success [3]. Competence and a deeper level of knowledge about values and world views are the main dimensions that make up Sustainability-Driven Entrepreneurship (SDE) [5]. In his journal Biberhofer (2019) Education determines the capital, wealth and prosperity of generations in a knowledge-based economy and society.

### Experience and Entrepreneurial Success

Experience determines entrepreneurial success more than skills, but mastery of experience and skills will be better [8]. Experience is invaluable as an entrepreneurial career choice [7]. Meanwhile, according to Mambu (2019), family experiences with entrepreneurship explain why cross-cultural experiences can significantly impact new entrepreneurship. The greater the diversity of exposure to foreign cultures one achieves, the greater the expansion of views and searches, associations and connections, and evaluation and assessment schemes that are important for pursuing new business opportunities [10].

## Strategy and Entrepreneurship Success

The Corporate Entrepreneurship Strategy (CES) represents the coordinated effort of a company towards entrepreneurship. It is an overarching strategic approach that may be suitable for various organizations and industries [13]. The higher the entrepreneurial orientation, knowledge management and strategy implementation, the better the performance and the easier it will achieve success [12]. In addition to a smart specialization strategy, clustering is a powerful instrument for encouraging industrial competitiveness, institutional innovation, and growth due to its intrinsic competence [11].

## Innovation and Entrepreneurship Success

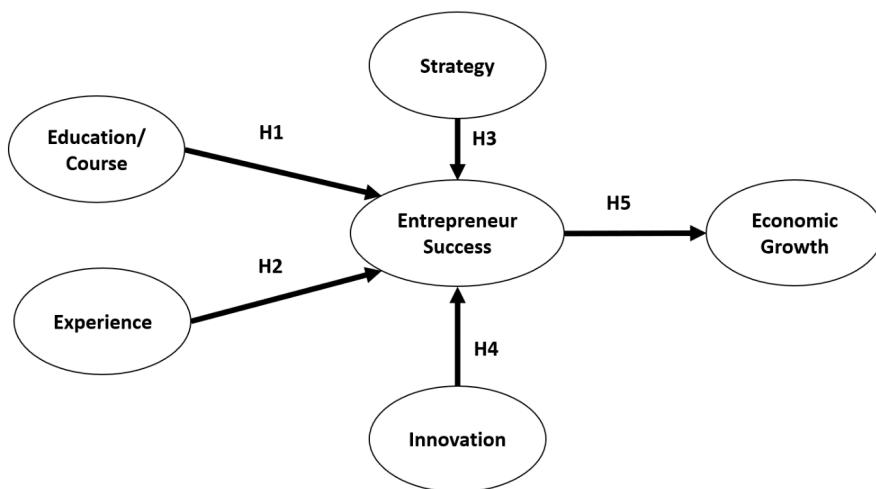
Entrepreneurial and innovation are understood as the core in developing competitiveness, and innovation development can occur due to complex interactions [14]. According to Amorós (2019), effective and narrow policies, in addition to an innovation-driven environment, also increase ambitious and innovative entrepreneurs. Entrepreneurs are sustainable because they always align their business model with sustainability innovation [16].

## Entrepreneur Success and Economic Growth

Independent companies, mergers and acquisitions stifle economic growth, and meanwhile, cluster companies, green technology and innovation networks accelerate economic growth and improve quality. In developing countries, the integration process in entrepreneurship has a different effect on economic growth [17]. Economic growth through entrepreneurship requires conducive conditions that ultimately spur economic growth [18]. Productive entrepreneurship also contributes to economic growth. It needs to be supported by political stability, institutions, financial stability, which are the most important aspects of productive entrepreneurship [19].

## Research Hypothesis

Based on a study of the previous research literature, this study proposes the following hypothesis:



**Figure 1.** Hypothetical Model.

Based on the literature review above, the following hypothesis is proposed:

- Hypothesis 1 - There is an effect of Education / Course on Entrepreneur Success
- Hypothesis 2 - Experience affects Entrepreneur Success
- Hypothesis 3 - There is an effect of Strategy on Entrepreneur Success
- Hypothesis 4 - There is an influence of Innovation on Entrepreneur Success
- Hypothesis 5 - There is an effect of Entrepreneur Success on Economic Growth

## EXPERIMENTAL

This study adapted the measurement indicators based on previous research. The results of the questionnaire data were validated and tested for reliability and continued by testing the hypothesis model with SEM Amos 23.0.

### Measuring Instrument

Previous research indicators relevant to the topic and variables of this study were adapted and adjusted into questions, as shown in the table below:

**Table 2** Question Indicators

Variable (Journal)	ADAPTATION OF QUESTIONS
Education/Course Source:[21]	Entrepreneurship training affects business success
	Learning the business from the family affects the success of the business
	Business planning training greatly influences business success
	New business strategy training is needed in business management
	Training in business planning is needed in business management
Experience Source:[22]	Experience working in corporate management influences business management
	Having experience in a specific professional business is very necessary for business
	Professional and experienced workers are needed in doing business
	The experience of doing business from the family is more effective
Entrepreneur Success Source:[22]	I can pay off debts and short-term obligations
	I evaluate the competition and compare business with competitors
	I like to control the focus on ongoing business success
	I dare to take risks at work. I do
Economic Growth Source:[23]	I find out what economic and business regulations and policies should be
	I find out how policy is viewed from an economic and business standpoint
	I need to find out how policymakers can accelerate the future transition for future economic development
	I find out anything related to the prevailing business economic policies
Strategic Source:[24]	I pursue a business strategy in changing cultural relationships or organizational structures and various dimensions of organizational performance
	I pursue a strong business strategy in reducing the pressure of environmental dynamics and environmental hostility to increase company profits
	I pursue a business strategy in changing from the perspective of the indirect effect on underperformance, in adaptation in organizations,

	I pursue a business strategy between competitive threat and organizational survival
Innovation Source:[25]	I make external innovations regarding the number of new products or services being developed and marketed
	I do accelerate external innovation in determining which new products or services to sell
	I respond quickly to market trends or technological developments from within
	I incorporate innovation and technology into my internal product/service offering

As a measuring tool for the variables above, an identification code is made for each indicator measured on a 6-point Likert scale, namely:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Slightly Disagree
- 4 = Slightly Agree
- 5 = Agree
- 6 = Strongly Agree

## RESULTS AND DISCUSSION

### Data Analysis

Data collection was carried out from December 11, 2020, to December 18 2020. The respondents of this study were diverse, both women and men of different ages and different levels of education and income. Based on the criteria of respondents who have the right to fill in are workers who have experience selling products. Data collection was carried out using a Microsoft office 365 questionnaire form by distributing it through social media in WhatsApp, personal Facebook, and Facebook groups. The total number of respondents who filled out the online questionnaire was 217 people, and those who met the criteria were 211 respondents. The data is processed using SPSS 25.0 software to test validity and reliability [26], then tested the model construct with structural equation models (SEM) using AMOS 23.0 software. The SEM method has the advantage and ability to measure the relationship between potential variables simultaneously if something goes wrong [27].

### Characteristics of Respondents

Characteristics of respondents were processed by SPSS, with the following results:

**Table 3** Research Respondents

PROFILE	DESCRIPTION	TOTAL	%
Gender	Male	124	57%
	Female	93	43%
Age	<20 years old	24	11%
	20 - 24 years old	31	14%
	25 - 29 years old	40	18%
	30 - 34 years old	36	17%
	35 - 39 years old	29	13%
	40 - 44 years old	30	14%
	45 - 49 years old	13	6%
	50 and> 50 years old	14	6%

Job Status	Not Yet Work	29	13%
	Doesn't Work	6	3%
	Work	137	63%
	Have Business	42	19%
	Pensiun	3	1%
Education	<High School	3	1%
	High School	43	20%
	Diploma	13	6%
	Bachelor	120	55%
	Master/Doctor	38	18%
Rate Income	< Rp. 5.000.000	76	35%
	Rp. 5.000.000 - Rp. 10.000.000	83	38%
	Rp. 10.000.001 - Rp. 15.000.000	18	8%
	Rp. 15.000.001 - Rp. 20.000.000	10	5%
	Rp. 20.000.001 - Rp. 25.000.000	9	4%
	>Rp. 25.000.001	21	10%

### Validity & Reliability Analysis

Statistics software applications such as applications (SPSS) are used to find Cronbach's Alpha Reliability analysis and analyze factors. Convergent Validity Test: Convergent Validity is acceptable if all item loads are more than 0.5 [28]. The reliability of all constructs is met when the Cronbach ' $\alpha$ ' coefficient is more than 0.7 for all constructs [29]. Table 4 presents the value of validity & reliability and the suitability index for constructing the research model.

**Table 4** Results of Validity and Reliability

VARIABLE	INDICATOR	VALIDITY > 0,5		RELIABILITY >0,7	
		Value	Remark	Cronbach's Alpha	Remark
Education/Course	ED1	.838	Valid	.759	Reliable
	ED2	.791	Valid		
	ED3	.735	Valid		
	ED4	.674	Valid		
	ED5	.585	Valid		
Experience	EX1	.867	Valid	.738	Reliable
	EX2	.850	Valid		
	EX3	.835	Valid		
	EX4	.477	Not Valid		
Entrepreneur Success	ES1	.713	Valid	.575	Not Reliable
	ES2	.662	Valid		
	ES3	.661	Valid		
	ES4	.626	Valid		
Economic Growth	EG1	.754	Valid	.565	Not Reliable
	EG2	.665	Valid		
	EG3	.650	Valid		
	EG4	.610	Valid		
Strategic	ST1	.771	Valid	.525	Not Reliable
	ST2	.663	Valid		
	ST3	.651	Valid		
	ST4	.466	Not Valid		

<b>Innovation</b>	IN1	.842	Valid	.766	Reliable
	IN2	.840	Valid		
	IN3	.829	Valid		
	IN4	.613	Valid		

Based on table 4, the value of the variable index is greater than 0.7, which are education, experience, innovation, except for the success entrepreneurial index variables and strategies are accepted marginally, and almost all items that have a load greater than 0.5, except for indicators EX4 and ST4. Finally, the validity and reliability tests were carried out on all items which were declared valid and reliable.

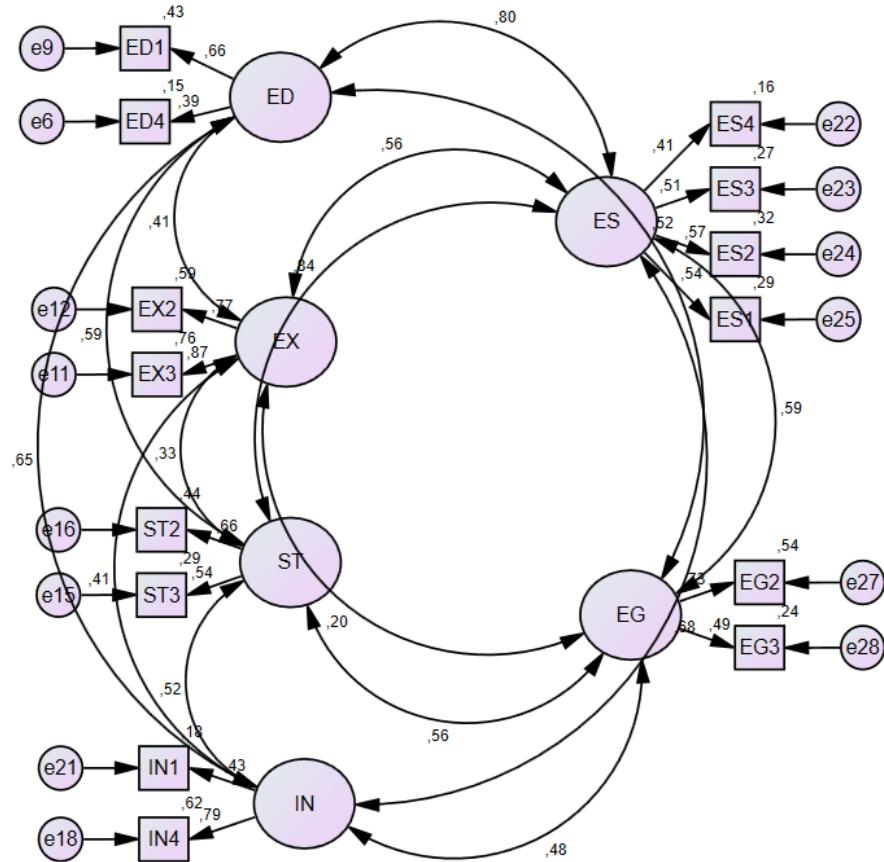
### Confirmatory Factor Analysis (CFA)

CFA is the initial stage of the SEM measurement model and is used to test whether the scale structure matches the actual data [30]. Initially, a measurement model in which a double-headed arrow linked five variables was solved using AMOS 23.0. However, table 5 shows that the model fit index does not make sense. Therefore, some items with low factor loads were eliminated [31].

**Table 5** CFA - Initial Model (25 Items)

<b>Model</b>	<b>NPAR</b>	<b>CMIN</b>	<b>DF</b>	<b>P</b>	<b>CMIN/DF</b>
Default model	65	565,765	260	,000	2,176
Saturated model	325	,000	0		
Independence model	25	1905,082	300	,000	6,350

The initial indicator is 25 indicators to get a fit model, then deletes 11 items (ED2, ED3, ED5, EX1, EX4, ST1, ST4, IN2, IN3, EG1 and EG4). In this study, 14 indicators for the fit model were found, shown in Figure 2.



**Figure 2.** CFA model fit.

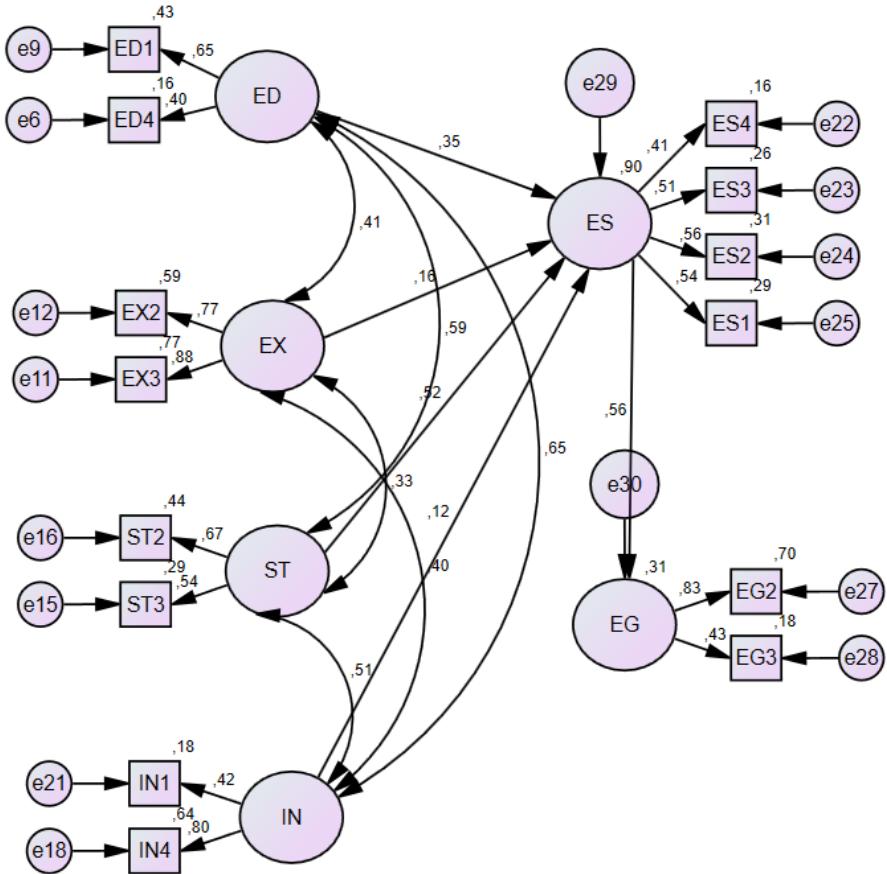
Then, the CFA model with 14 indicator items was retested and yielded a suitable fit ( $P \geq 0.050$ ). Table 6 explains that the CFA model has been adjusted to the fit model

**Table 6** CFA - Model Fit (12 Items)

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	43	74,588	62	,131	1,203
Saturated model	105	,000	0		
Independence model	14	603,826	91	,000	6,635

### ***Structural Equation Model (SEM)***

Based on the previous hypothesis, the initial structural model with zero correlation between errors was tested using Maximum Likelihood (ML). The final structural model's suitability index turned out to meet the conformity ( $CR \geq 1.98$ ). Figure 3 shows the standard path coefficient of the final structural model, which was used to verify the previous hypothesis.



**Figure 3.** Standard path coefficients of model structure results.

Finally, Table 7 presents the standard Critical Ratios of the five variables. We can conclude that all Independent Variables positively affect the dependent variable (C.R.> 1.98).

**Table 7** Hypothesis test results - *Critical Ratio (C.R.)*

HYPOTHESIS		Estimate	S.E.	C.R.	P	Label
ES	<--- ED	,183	,133	1,376	,169	Rejected
ES	<--- EX	,055	,033	1,647	,100	Rejected
ES	<--- ST	,345	,137	2,523	,012	Accepted
ES	<--- IN	,069	,097	,709	,478	Rejected
EG	<--- ES	1,582	,366	4,317	***	Accepted

#### Hypothesis results

- Hypothesis 1 = REJECTED  
Education (E.D.) does not affect Entrepreneur Success (E.S.)
- Hypothesis 2 = REJECTED  
Experience (EX) does not affect Entrepreneur Success (E.S.)
- Hypothesis 3 = ACCEPTED  
Strategy (S.T.) influences Entrepreneur Success (E.S.)
- Hypothesis 4 = REJECTED  
Innovation (IN) does not affect Entrepreneur Success (E.S.)
- Hypothesis 5 = ACCEPTED  
Entrepreneur Success (E.S.) influences Economic Growth (E.G.)

## CONCLUSION

The analysis of the determinants of entrepreneurial success during the Covid-19 pandemic, especially in Indonesia, shows that "strategy" affects "successful entrepreneurship". However, education does not affect entrepreneurship success, experience does not affect entrepreneurship success, and innovation does not affect entrepreneurship success. For further research, the researcher suggests conducting further research, especially regarding education, experience and innovation, by increasing the number of respondents and distributing questionnaires to more areas.

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