

## Original Research Article

# The Influence of Economic Conditions on the Public's Interest in Entrepreneurship (Case Study of Singkil Communities in Two Environments of Manado Cities)

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**Abstract:** This research examines the impact of economic conditions on people's interest in entrepreneurship (A Case Study of the Singkil Dua Community in Manado City). The problem in this research is economic conditions have an impact on people's interest in entrepreneurship or not. In this research, the researcher aims to find out how is the impact of economic conditions on people's interest in entrepreneurship. The type of this research is quantitative research. The data used was primary data. The total population was 317 and the sample was 76. The data collection techniques were going through questionnaires that were distributed to the Singkil Dua communities, who were entrepreneurs. In the moment the data analysis techniques used in this research are the normality test, linearity test, coefficient of determination ( $R^2$ ) and simple linear regression. The results state that economic conditions impacted the people's interest of entrepreneurship in Singkil Dua of Manado city. This is evidenced by the results of the Coefficient of Determination Technique ( $R^2$ ), showing that the coefficient between the variables of X (Impact of Economic Conditions) and Y (Interest in entrepreneurship) is 0.474 or around 47.4%.

**Keywords:** Economic Conditions, Interests, Entrepreneurship.

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## INTRODUCTION

Currently, the global economy, including Indonesia, is experiencing uncertainty and heading towards an economic *recession* due to the Covid-19 pandemic. Several countries such as the US, Japan, South Korea, the European Union, Hong Kong and Singapore experienced negative economic growth in the first and second quarters of 2020. The economic slowdown will certainly have an impact on Indonesia's economic growth performance in 2020. The pandemic has a domino effect from health to social and economic problems, including business actors.

Indonesia's economic growth performance cannot be separated from external and internal factors. External factors are dominated by the global economic slowdown, especially the downward trend in economic growth in five major countries or regions in the world (China, the United States, Japan, India, and the European Union), the commodity price index showing a downward trend, population economic policies, plus the Covid-19 pandemic seems to be a determining factor in how the

global economy will move in 2020. Before the Covid-19 pandemic emerged, data from the International Monetary Fund (IMF) showed that world economic growth in 2019 had fallen quite significantly to 3 percent (yoy) year on year, from 3.6 percent (yoy) in 2018. In 2020, the IMF projects that world economic growth will again show a positive trend, namely 3.4 percent. However, it seems that there needs to be a revision of this figure, especially after the HO announced Covid-19 as a pandemic.

In addition, low income and high population growth are problems that must be overcome by the government of developing countries in improving the welfare of their people. Many people who live less fortunate are forced to live as scavengers because their income is very low, their children cannot be sent to school so that the level of intelligence of the child does not develop. If the economic conditions of Indonesia are allowed to continue like that, the country will become increasingly poor and backward, and the impact on national security will be disrupted. Therefore, the role of entrepreneurship is very necessary for economic growth in Indonesia.

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Entrepreneurship itself is related to the disbursement of sustenance to meet the needs of life, although entrepreneurship is broader than just working in order to find sustenance. As seen in the definition of entrepreneurship, to be an entrepreneur someone must have an attitude and character that is diligent, persistent, creative and *imaginative, innovative*, who dares to take risks. However, namely to meet the needs of life both for oneself and others (Mardiah, 2018).

In North Sulawesi itself, from the data received by the Communication, Informatics, Cryptography and Statistics Office of North Sulawesi, in the implementation of Cooperatives, Small and Medium Enterprises for example, it has been able to provide significant results. Among others, strengthening cooperative institutions and businesses. The population of North Sulawesi in 2018 reached 2.48 million people (BPS, 2018), with a workforce of 1.19 million people and 1.13 million people working (BPS, February 2019), which was absorbed through 6,320 cooperatives and 94,153 MSMEs in North Sulawesi was 321,489 workers or 27.01% of the total workforce of North Sulawesi. Meanwhile, the total number of Cooperatives in December 2019 was 6,320 units, with a total of 3,617 active cooperatives and 2,703 inactive cooperatives, and a total of 309 cooperatives that had been certified by NIK. For MSMEs themselves in 2019, it was 94,153 units, an increase of 11.57% from 84,392 units in 2018.

The development of people's economic businesses today should. Provide two impacts at once, namely growth and equality. Growth means that people's economic businesses have an impact on labor absorption, poverty reduction, increasing community income and reducing unemployment in a region, especially the city of Manado. Most of the existing business actors are small and medium businesses based on data from the Manado City Cooperative and UMKM Service in 2018. From the number of growth of Small and Medium Enterprises in Manado City as of December 2018, there were 16,586 UMKM units, which were divided into Micro Enterprises as many as 11,802 units, Small Enterprises as many as 3,360 units and Medium Enterprises as many as 1,424 units. Entrepreneurship in Manado City is one of the right choices because one of the advantages in Manado City is its diverse culinary field and many processed ingredients that can be developed, and in accordance with the market share in Manado City who like to try various culinary delights .

**Table 1: Livelihood of Singkil II Village Environment II**

POLICE	5
civil servant	72
SELF-EMPLOYED	366
BUSINESSMAN	823
LABORER	672
FISHERMAN	28
OTHERS	30

One of the areas in Manado city, precisely in Singkil Dua Lingkungan Dua District. The total population in this area is 2842 residents, and those who are entrepreneurs in Singkil Dua Lingkungan Dua are 317 out of 823 entrepreneurs (Zainal, 2020). With such a large number of entrepreneurs, researchers are interested in conducting research with the title: The Influence of Economic Conditions on Community Interest in Entrepreneurship (Case Study of the Community in Singkil II Village, Manado City).

## RESEARCH METHOD

The study uses a quantitative research approach. The data used is primary data. The population is 317 and the sample is 76. The data collection technique uses a questionnaire distributed to the Singkil Dua community in the two environments, who are entrepreneurs. The data analysis technique used in this study is the normality test, linearity test, coefficient of determination (R<sup>2</sup>) and simple linear regression test.

## RESULT AND DISCUSSION

### Respondent Characteristics

**Table 2: Type of business**

Business	Amount
Grocery Kiosk	31
Restaurant	10
Traveling Merchant	8
Credit Counter	10
Other	17
<b>TOTAL</b>	<b>76</b>

From the table above, there are several types of businesses with a total sample of 76 Entrepreneurs. And from the types of businesses managed, the most types of businesses are Staple Food Kiosks totaling 31 Entrepreneurs.

**Table 3: Level of education**

Last education	Amount
SD	21
JUNIOR HIGH SCHOOL	15
SENIOR HIGH SCHOOL	36
Other	4
Total	76

From the table above, there are several levels of education from elementary school, junior high school, high school and also college level with a sample size of 76 entrepreneurs, from the level of education, high school graduates are the largest number, with a total of 36 graduates.

**Table 4: Age**

Age	Amount
19-38	22
39-49	21
50-59	20
60-71	13
<b>Total</b>	<b>76</b>

From the table above, there are several age levels from 19 years to the oldest which is 71 years with the number of samples as many as 76 entrepreneurs and

from the data above, 19-38 years is the largest number based on age level with a total of 22 respondents.

**Table 5: Gender**

Gender	Amount
Man	24
Woman	52
<b>Total</b>	<b>76</b>

From the table above, the gender level with the number of samples is 76 entrepreneurs and the female

gender is the largest number. With a total of 52 respondents.

**Data Quality Test**

**a. Data Validity Test**

**Table 6: Validity Test of Variable X**

Statement	Corrected items – Total Correlation	r Table	Information
1.	0.649	0.225	Valid
2.	0.662	0.225	Valid
3.	0.749	0.225	Valid
4.	0.715	0.225	Valid
5.	0.718	0.225	Valid
6.	0.775	0.225	Valid
7.	0.817	0.225	Valid
8.	0.810	0.225	Valid
9.	0.631	0.225	Valid
10.	0.729	0.225	Valid
11.	0.747	0.225	Valid
12.	0.600	0.225	Valid

**Source:** Primary data (questionnaire) processed in SPSS 25

Based on table 6 above, it can be seen that the calculated r in the corrected item – total correlation column of the service quality variable (X) is greater than

the r table of 0.225. So it is concluded that all indicators in the service quality variable (X) are declared valid.

**Table 7: Validity Test of Variable Y**

Statement	Corrected items – Total Correlation	r Table	Information
1.	0.614	0.225	Valid
2.	0.709	0.225	Valid
3.	0.711	0.225	Valid
4.	0.743	0.225	Valid
5.	0.659	0.225	Valid
6.	0.796	0.225	Valid
7.	0.841	0.225	Valid
8.	0.822	0.225	Valid
9.	0.720	0.225	Valid
10.	0.822	0.225	Valid
11.	0.576	0.225	Valid
12.	0.541	0.225	Valid

**Source:** Primary data (questionnaire) processed in SPSS 25

Based on table 7 above, it can be seen that the calculated r in the corrected item – total correlation column of the taxpayer compliance variable (Y) is greater than the r table of 0.225. So it is concluded that

all indicators in the taxpayer compliance variable (Y) are declared valid.

**b. Reliability Test**

**Table 8: Reliability Test Results**

Variables	Alpha Coefficient	Information
Economic Condition (X)	0.912	Reliable
Community Interest in Entrepreneurship (Y)	0.913	Reliable

Source: Primary data (questionnaire) processed in SPSS 25

After testing, it can be seen that the Alpha Cronbach reliability value for variable X (Economic Condition) is 0.912 and variable Y (Community Interest in Entrepreneurship) is 0.913. So it can be concluded that the results of the reliability test for variable X are  $0.912 > 0.225$  and variable Y is  $0.913 > 0.225$ , then variables X and Y are declared reliable.

**Classical Assumption Test**

**a. Normality Test**

Normality test is interpreted as an effort to determine whether the data of Variable X and Y studied are normally distributed or not. In this Normality Test, the researcher uses the One Sample Kolmogorov-Smirnov Technique with a significance level of 5% (0.05). Data is declared normally distributed if the significance is greater than 0.05

**Table 9: Normality Test**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		76
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	3.50163182
Most Extreme Differences	Absolute	0.098
	Positive	0.078
	Negative	-0.098
Test Statistics		0.098
Asymp. Sig. (2-tailed)		.070 <sup>c</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Primary data (questionnaire) processed in SPSS 25

Based on table 9 above, it can be seen that the results of the normality test show a significance value in the Asymp. Sig. (2-tailed) row of 0.070 or can be written

as a probability value =  $0.070 > 0.05$ . So it can be concluded that the data is normally distributed.

**b. Data Linearity Test**

**Table 10: Data Linearity Test**

ANOVA Table							
			Sum of Squares	Df	Mean Square	F	Sig.
y * x	Between Groups	(Combined)	987.291	14	70,521	5,649	0.000
		Linearity	829,169	1	829,169	66,422	0.000
		Deviation from Linearity	158,122	13	12.163	0.974	0.486
	Within Groups		761,485	61	12,483		
	<b>Total</b>		<b>1748.776</b>	<b>75</b>			

Source: Primary data (questionnaire) processed in SPSS 25

Based on the table above, through the tests that have been carried out, it can be seen that the deviation from linearity value is 0.486. Thus, there is a linear relationship because the deviation from linearity value is  $> 0.0$ .

**Hypothesis Testing**

**a. Correlation Test**

Correlation analysis shows the closeness of the relationship between variables without considering whether or not there is a casual relationship between the variables. In this test, the researcher used Pearson correlation analysis.

**Table 11: Correlation Test**

Correlations		X	Y
X	Pearson Correlation	1	.689 **
	Sig. (2-tailed)		0.000
	N	76	76
Y	Pearson Correlation	.689 **	1
	Sig. (2-tailed)	0.000	
	N	76	76

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (questionnaire) processed in SPSS 25

Based on the Test table above, it can be seen that the correlation value between variables X and Y is 0.689. While the significant value of the data if <0.05 then it is correlated but if the significant value >0.05 then it is not correlated. From the table above, the significant value is 0.000 <0.05 so that the data is stated to have a correlation. To determine whether Variable X and Variable Y are related, the formula is used if the Pearson correlation > r table then the results are related while if the Pearson correlation < r table then the results are not

related. It can be seen that the Pearson correlation in this correlation test is 0.689 > r table (0.225) then the result is a relationship between Variable X and Variable Y.

**b. Simple Linear Regression Test**

This study uses simple linear regression, here the researcher will test whether there is a direction of influence of the independent variable on the dependent variable. The following are the results of the simple linear regression test.

**Tab 12: Simple Linear Regression Test**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,051	4.623		3.688	0.000
	X	0.691	0.085	0.689	8.168	0.000

a. Dependent Variable: y

Source: Primary data (questionnaire) processed in SPSS 25

From the table above, it can be seen from the results of the regression analysis that the regression obtained is:

$$Y = a + bX$$

$$Y = 17.051 + 0.691, X$$

The simple linear regression model above can be explained as follows:

- a. The constant value (a) of 17.051 means that the consistent value of the Economic Condition variable is 17.051.
- b. The coefficient of the service quality variable has a positive value of 0.691, which means that

if the Economic Condition variable is satisfactory, because the coefficient value is positive, the Y value of Community Interest in Entrepreneurship will increase by 0.691.

c. R<sup>2</sup> Determinant Coefficient Test

The determination coefficient test aims to determine how much the Independent Variable (X) contributes to the Dependent Variable (Y).

**Table 13: Coefficient of Determination Test**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.689 <sup>a</sup>	0.474	0.467	3,525

a. Predictors: (Constant), x

Source: Primary data (questionnaire) processed in SPSS 25

Based on the table above, it can be seen that the test that has been carried out the results of the determination coefficient show 0.474 or around 47.4%. This provides the assumption that the influence of the independent variable (X) on the dependent variable (Y) is 47.4% while the remaining 52.6% is influenced by factors outside this study.

**DISCUSSION**

This study uses a quantitative research approach. Quantitative research is a study that basically uses a deductive-inductive approach. This approach starts from a theoretical framework, expert ideas, or research understanding based on their experience. Then developed into problems that are submitted to obtain



justification (verification) or clarification in the form of empirical field data documents.

The quantitative approach aims to test theories, establish facts, show relationships between variables, provide statistical descriptions, estimate and predict the results. Research designs that use a quantitative approach must be structured, book, formal and designed as maturely as possible in advance. The design is specific and detailed because the design is a research design that will actually be implemented. This study aims to test the effect of variable X (Economic conditions) on Y (Community interest in entrepreneurship)

The reason the author chose this study is because the number of entrepreneurs in Singkil Dua Lingkungan Dua is so large. Therefore, the author wants to know how much influence economic conditions have on interest in entrepreneurship. This study consists of two variables, namely X (Influence of economic conditions) and Y (Interest of the community in entrepreneurship). Meanwhile, to analyze the influence of each variable using a simple linear regression analysis technique.

In this study, the researcher examined how much influence economic conditions have on people's interest in entrepreneurship in the Singkil Dua sub-district, Lingkungan Dua, Manado City. And the respondents in this study were entrepreneurs with different ages from the youngest 19 years old to the oldest 71 years old with different types of businesses. And in this study, it turned out that economic conditions influenced people's interest in entrepreneurship for various reasons such as lack of work income, desire to become an entrepreneur, no other job, wanting more time with family and so on.

Based on the results of the research that has been tested from each respondent data, the data obtained is declared valid so that it is worthy to be continued with multiple linear regression analysis test proven by validity and reliability tests. After conducting the validity test of variable X (Economic Condition) with variable Y (Interest of Community in Entrepreneurship) from each statement is declared valid because the *Person Correlation value* > 0.225 is known *Alpha Cronbach* reliability value for variable X (Economic Condition) is 0.912 and variable Y (Interest of Community in Entrepreneurship) is 0.913 which is greater than 0.5 so it can be concluded that the results of the reliability test of variables X and Y are stated reliable. For the classical assumption test where in the normality test the researcher uses the *Kolmogorov-Smirnov Test method*, it can be seen that the probability value is 0.070 > 0.05, so it can be said that this data is normally distributed. For the simple linear regression test from the SPSS output results above, a significant value > 0.05 is obtained. So it can be

concluded that the Economic Condition variable (X) has an effect on the variable Interest of Community in Entrepreneurship.

Data collection techniques used in this study are: Questionnaire. It is a research instrument containing a series of questions or statements to collect data or information that must be answered freely by respondents according to their opinions [1]. Before distributing the instrument (Quantitative Research), researchers used primary data related to Economic Conditions and Community Interest in Entrepreneurship and the quantitative influence between these variables.

The questionnaire was compiled based on the instrument grid of the Variables used in this study, namely Economic Conditions and Community Interest in Entrepreneurship, to make the preparation of the instrument easier, below is the instrument grid for each Variable.

## CONCLUSION

Based on the results of the research that has been tested from each respondent data, the data obtained is declared valid so that it is worthy to be continued with multiple linear regression analysis test proven by validity and reliability tests. After conducting the validity test of variable X (Economic Condition) with variable Y (Interest of Community in Entrepreneurship) from each statement is declared valid because the *Person Correlation value* > 0.225 is known the *Alpha Cronbach* reliability value for variable X (Economic Condition) is 0.912 and variable Y (Interest of Community in Entrepreneurship) is 0.913 which is greater than 0.5 so it can be concluded that the results of the reliability test of variables X and Y are stated reliable. For the classical assumption test where in the normality test the researcher uses the *Kolmogorov-Smirnov Test method*, it can be seen that the probability value is 0.070 > 0.05, so it can be said that this data is normally distributed. For the simple linear regression test from the SPSS output results above, a significant value > 0.05 is obtained. So it can be concluded that the Economic Condition variable (X) has an effect on the variable Interest of Community in Entrepreneurship (Y).

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