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Analysis of Economic Literacy and Business Capital on Entrepreneurial Decisions in Street Vendors in the Field Karebosi Makassar

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ABSTRACT

Karebosi Square, Makassar, is one of the centers of economic activity that is a place for many street vendors (PKL) to run their businesses. In this context, entrepreneurial decisions are very important for street vendors to survive and develop in the midst of increasingly fierce competition. These decisions are often influenced by economic literacy and business capital, where economic literacy includes an understanding of financial management and business strategy, while business capital includes financial resources to start and run a business. This study aims to understand the influence of economic literacy and business capital on entrepreneurial decisions in street vendors in Karebosi Field, Makassar. This study uses a qualitative approach with a case study method. Data was collected through in-depth interviews with 10 main informants, namely street vendors who have entrepreneurial experience in Karebosi Field. Field observations and documentation are also used to reinforce the data obtained. The data was analyzed using thematic analysis techniques to identify patterns and relationships between the variables studied. The results of the study show that economic literacy affects the way traders manage capital and face business challenges. A good understanding of economic literacy helps traders in making strategic decisions, such as capital allocation, cost control, and business development planning. In addition, access to business capital determines the ability of traders to start and maintain their business activities. This study concludes that economic literacy and business capital are key factors in entrepreneurial decision-making for street vendors.

Keywords: *Business Capital, Economic Literacy, Entrepreneurial Decisions, Street Vendors*

INTRODUCTION

Entrepreneurship is one of the important pillars in supporting economic growth in various countries, including Indonesia. Street vendors, as a form of micro business, play an important role in creating jobs, driving the economy, and meeting the needs of the community (Wati, Septianingsih, Khoeruddin, & Al-Qorni, 2024). However, these micro-entrepreneurs often face various challenges, such as limited business capital and a lack of understanding of the basic economic principles that affect the sustainability of their business. Economic literacy includes the ability of individuals to understand, manage, and apply economic information in effective decision-making (Tamboto & Manongko, 2019). An understanding of financial management, business planning, and risk control can help street vendors to be more adaptive in facing market dynamics and daily business challenges.

On the other hand, business capital is also a crucial element that affects the success of street vendors in entrepreneurship. The availability of capital not only allows business actors to start a business, but also supports them in developing and maintaining the sustainability of their business. Limited access to business capital is often a major obstacle for street vendors, impacting the stability and growth potential of their businesses.

Previous research has mostly focused on general aspects of entrepreneurship, such as the behavior patterns of micro-entrepreneurs or the contribution of street vendors to the economy. However, studies that specifically explore the relationship between economic literacy and business capital on entrepreneurial decisions, especially in strategic locations such as Karebosi Field, Makassar, are still limited. The Karebosi field is a center of microeconomic activities that has unique characteristics, but still lacked attention in previous research.

Therefore, this study aims to understand the role of economic literacy and business capital on entrepreneurial decisions among street vendors in Karebosi Field. This research is expected to contribute to the development of science in the field of entrepreneurship, become a reference for the government and related institutions in formulating policies for street vendor empowerment, and provide practical insights for micro business actors in increasing economic literacy and access to business capital to support the success of their entrepreneurship.

LITERATURE REVIEW

Economic Literacy

Economic literacy is the ability of individuals to understand, analyze, and use economic information effectively in daily decision-making and in business contexts. Huston (2016) defines economic literacy as a person's capacity to manage financial resources wisely and understand basic economic concepts, such

as budget, savings, investments, and risks. Economic literacy plays an important role in supporting business sustainability, especially for micro business actors. Lusardi & Mitchell (2014) emphasize that good economic literacy allows individuals to make more informed decisions, avoid financial risks, and improve their economic well-being. Recent research by Harsono, Armin, Nugroho, Yahya, & Kurniawan (2024) shows that street vendors with a high level of economic literacy tend to be more efficient in managing business capital and facing market competition.

Economic literacy also includes an understanding of consumer behavior, market dynamics, and relevant economic regulations. According to Irawan (2023), economic literacy not only improves financial management skills, but also helps micro business actors to adapt to changing economic conditions. This study highlights the importance of economic literacy training that is integrated with the specific needs of micro enterprises.

Business Capital

Business capital refers to the financial and material resources used to start, run, and develop a business. Beck, Demirguc-Kunt, & Levine (2017) stated that business capital is a fundamental element in ensuring the operational sustainability of small and micro businesses. Business capital can be in the form of internal capital (personal funds or sales proceeds) or external capital (loans, investments, or financial assistance). Yolanda (2024) highlight that limited access to capital is often the main obstacle for micro entrepreneurs to expand their business scale.

Research by Amri (2024) found that street vendors who have access to adequate business capital tend to be more innovative in developing their products or services. Business capital also allows business actors to better deal with business risks, such as fluctuations in raw material prices or a decrease in market demand (Supriandi, 2022). In addition, a study by Takhim & Meftahudin (2018) shows that stable business capital can increase the competitiveness of micro businesses in a competitive market.

Entrepreneurial Decision

Entrepreneurial decision is a process that involves analyzing, planning, and implementing strategies to start or maintain a business as a source of livelihood. According to the theory of planned behavior (Ajzen, 2020), entrepreneurial decisions are influenced by three main factors: attitudes towards entrepreneurial behavior, subjective norms, and the perception of control over the behavior. Primadhita, Budiningsih, & Primatami (2018) emphasized that entrepreneurial decisions are not only influenced by individual motivation, but also by external factors such as environmental support, access to capital, and economic literacy skills.

A recent study by Rubiyanto & Nugroho (2022) found that street vendors who have a good understanding of the economy are more likely to make strategic decisions, such as product diversification or market expansion. In addition, the ability to utilize business capital optimally is also a determining factor for success in entrepreneurial decision-making (Zulvikri, 2024).

The Relationship between Economic Literacy and Entrepreneurial Decisions

The relationship between economic literacy and entrepreneurial decisions has been discussed in various studies. Atkinson & Messy (2015) stated that individuals with a high level of economic literacy have better abilities in understanding business opportunities and managing risks. Salsabila (2019) added that economic literacy helps business actors to design efficient strategies in facing market challenges.

Research by Irawan (2023) shows that economic literacy also plays a role in improving business sustainability through better financial management. This allows street vendors to survive amid fierce competition and dynamic economic changes. Another study by Irawan (2023) revealed that business actors who understand basic economic principles are better able to identify market opportunities and take advantage of them for business growth.

The Relationship between Business Capital and Entrepreneurial Decisions

Business capital plays an important role in supporting entrepreneurial decisions. Yolanda (2024) stated that the availability of adequate capital allows business actors to implement more innovative business strategies. According to Supriandi (2022), business capital also helps street vendors to improve their operational efficiency and competitiveness.

Research by Takhim & Meftahudin (2018) shows that business capital not only supports business continuity but also provides flexibility for business actors to face market uncertainty. This study highlights the importance of wider access to capital sources, especially for micro entrepreneurs who often face financial constraints.

Combination of Economic Literacy and Business Capital

The combination of economic literacy and business capital has a synergistic impact on business success. Zulvikri (2024) emphasized that good economic literacy allows business actors to utilize capital more effectively. Irawan (2023) found that business actors with high economic literacy tend to be more productive and innovative in utilizing business capital.

Research by Rubiyanto & Nugroho (2022) shows that empowerment programs that integrate economic literacy training with increased access to capital can create sustainable economic growth. The study emphasizes that this integrated approach not only improves the well-being of individuals but also contributes to the strengthening of the local economy.

RESEARCH METHODOLOGY

This study uses a qualitative approach with a case study method to understand the influence of economic literacy and business capital on entrepreneurial decisions on street vendors in Karebosi Field, Makassar. The research informants were selected using the purposive sampling technique, with the following criteria: (1) street vendors who have a business running for at least one year, (2) use business capital from both personal and external funds, and (3) are willing to provide information related to business management.

Data collection was carried out through in-depth interviews with 10 main informants, equipped with direct observation of business activities in the Karebosi Field and documentation related to business conditions. The interview focuses on traders' understanding of economic literacy, business capital sources, and strategic considerations in entrepreneurial decision-making.

The collected data was analyzed using thematic analysis techniques, namely identifying patterns that emerged from data related to the relationship between economic literacy, business capital, and entrepreneurial decisions. The analysis process includes data transcription, coding, theme categorization, and interpretation of results. This technique is used to find the relationships as well as the deep meaning of each aspect studied.

The validity of the data is guaranteed through source triangulation (comparison of information between informants), method triangulation (combination of interviews, observations, and documentation), and peer debriefing to ensure the validity of research findings. The results of the analysis are expected to provide a comprehensive overview of the role of economic literacy and business capital in supporting entrepreneurial decision-making among street vendors in Karebosi Field.

RESULT AND DISCUSSION

Research Results

This study involved 10 informants who were active street vendors in Karebosi Field, Makassar. Informants are selected based on certain criteria, namely having a business that has been running for at least one year, using business capital both from personal funds and external sources, and willing to provide information related to economic literacy and capital management. The results of the study show some important findings as follows:

1. **Economic Literacy Level** From the interview, it was found that 4 out of 10 informants had a good understanding of economic literacy, such as the ability to make budget planning, understand the importance of savings, and recognize business risks. A total of 6 other informants have low to moderate levels of economic literacy, with financial management that is still simple and poorly structured. Informants who

have high economic literacy are able to record daily expenses and income and understand the concept of net profit.

2. **Business Capital** The business capital used by traders consists of internal and external capital. A total of 7 informants used personal funds as their main capital, while 3 other informants obtained additional capital through loans from cooperatives or microfinance institutions. The difficulty of accessing capital was expressed by 5 informants, who felt that the loan terms from formal institutions were too complex. Some informants also stated that limited capital affects their ability to expand their business.
3. **Entrepreneurial Decision** The decision to be entrepreneurial is influenced by economic and social factors. A total of 8 informants stated that the economic needs of their families were the main reason for them to start a business. Meanwhile, 2 other informants decided to become entrepreneurs because they saw potential market opportunities around Karebosi Field. All informants agreed that time flexibility and earned income are the main reasons to remain entrepreneurial.
4. **The Relationship between Economic Literacy and Business Capital to Entrepreneurial Decisions** Informants with high levels of economic literacy show better ability in managing business capital and making strategic decisions, such as product diversification, stock planning, and price regulation. On the other hand, informants with low economic literacy tend to face difficulties in maintaining business stability, especially when facing fluctuations in raw material prices or declining market demand.

Research Discussion

The results of this study confirm that economic literacy and business capital are important factors that influence entrepreneurial decisions. Informants who have a high level of economic literacy are able to design more effective business strategies, as supported by research by Lusardi & Mitchell (2014), which states that economic literacy helps individuals understand risks and opportunities in a business context. Knowledge of financial management, such as cash flow recording and profit evaluation, allows them to make more rational decisions.

Business capital has also proven to be a crucial element in supporting the sustainability of micro businesses. Informants who have access to external capital, such as loans from cooperatives, are better able to overcome operational challenges, such as stock shortages or the need for equipment repairs. This is in line with the findings of Yolanda (2024), which show that sufficient business capital can increase the flexibility and competitiveness of micro businesses.

Entrepreneurial decisions are largely influenced by the economic needs of the family, which reflects the relevance of the theory of planned behavior (Ajzen,

2020). Attitudes towards entrepreneurship, social support, and the ability to control behavior are the main factors that encourage individuals to start a business. Informants with high economic literacy show a more planned pattern of decision-making, such as product diversification to meet market needs, as revealed by Rubiyanto & Nugroho (2022).

However, the main challenge faced by most informants is limited access to capital. Informants who depend on personal capital often experience obstacles in developing their businesses. This emphasizes the importance of support from local financial institutions and the government to provide more inclusive access to capital.

This study also shows that the combination of economic literacy and business capital has a synergistic impact on business success. Informants who understand the concept of economic literacy tend to be more efficient in utilizing their business capital, supporting the findings of Zulvikri (2024). Thus, empowerment programs that integrate economic literacy training with access to capital can be an effective solution to improve the welfare of micro business actors.

The results of this study provide practical recommendations for stakeholders, including local governments, financial institutions, and micro business empowerment organizations. Economic literacy training based on local needs and the provision of easily accessible access to capital can help street vendors improve the sustainability of their businesses and contribute to strengthening the local economy.

CONCLUSION

This study concludes that economic literacy and business capital play an important role in entrepreneurial decision-making among street vendors in the Karebosi Makassar Field. Traders with a high level of economic literacy tend to be able to manage their finances better, such as cash flow recording, capital allocation, and business planning, which supports the sustainability of their business. Meanwhile, limited access to business capital is still a major obstacle for some traders, which has an impact on their ability to develop their businesses. The combination of adequate economic literacy and the availability of business capital allow traders to be more confident in facing business challenges and making strategic decisions that have a positive impact on their business growth.

Based on the results of the research, it is recommended to local governments and related institutions to improve the empowerment program of street vendors through practical economic literacy training and according to local needs. In addition, policies that support easier, more flexible and affordable access to funding for street vendors are needed, such as microloans with light terms. Micro business empowerment organizations can also play a role in facilitating

sustainable business mentoring to help traders manage their finances, plan business strategies, and make optimal use of business capital. With this approach, it is hoped that the sustainability of the street vendor business can be maintained, as well as contribute to strengthening the local economy.

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