

THE ROLE OF ENTREPRENEURIAL EXPERIENCE AND TRUST IN FAMILY FUNDING SELECTION DECISIONS FOR SALT FARMERS IN PAMEKASAN REGENCY, MADURA

Moh. Zaki Kurniawan ^{1*}, M. Boy Singgih Gitayuda ²
Universitas Trunojoyo Madura ^{1,2}

*zaki.kurniawan@trunojoyo.ac.id

Abstract

Family funding is one source of informal financing that focuses on coming from family or relatives. Family funding is generally easy to access whenever needed and quickly obtained with a short distance so it doesn't waste a lot of time, especially when the need is very urgent and the loan size can be adjusted to needs.

The method used is descriptive with a quantitative approach by applying multiple linear regression models. The research is located in the Pamekasan Regency, Madura. The object of this research is salt farmers in Pamekasan Regency. The sampling technique used in this study was a purposive sampling approach with a sample size of 40 salt farmers in Pamekasan Regency. The independent variables in this study consisted of measures of entrepreneurial experience and trust. The dependent variable in this study, namely family funding.

The results of the study concluded that experience of entrepreneurship does not affect decisions on the selection of family funding for salt farmers in Pamekasan Regency, Madura. Trust influences decisions on the selection of family funding for salt farmers in Pamekasan Regency, Madura. Experience and trust influence decisions on the selection of family funding for salt farmers in Pamekasan Regency, Madura

Key Words : Family Funding, Salt Farmers, Pamekasan

INTRODUCTION

Indonesia is one of the archipelagic countries in the world. This makes Indonesia have tremendous potential and comparative advantage to produce salt. National salt demand has increased from year to year. East Java Province is a national salt barn that contributes to national salt production. The existence of the island of Madura greatly affects the salt production of East Java Province. The island of Madura is identical and thick with salt farming, so that the island of Madura is known as the island of salt. Salt is one of the leading economic potentials on the island of Madura.

Pamekasan Regency is recorded as the third largest salt producing district in East Java Province where there are still around 31 percent of salt land that has not been used optimally (KKP 2010). Pamekasan Regency has sufficient potential to develop people's salt business. However, salt farming business in Madura is not as easy as imagined in terms of obtaining business capital. As with other agricultural businesses in general, salt farming in Madura still often encounters several problems related to internal and external factors. Barriers to Madura salt farmers related to internal factors are generally in the form of weak business capital, production capabilities, salt marketing area coverage, and the quality of salt farmers' human resources (Prihantini et al., 2016). In relation to internal factors, the fulfillment of business capital needs for salt farmers is often only met from capital sourced from individual capital from salt business owners. In accordance with real

conditions, it is still often found that many Madura salt farmers' businesses have difficulty in accessing and obtaining business capital from financial institutions. One of the main reasons is the lack of collateral provided to financial institutions. When the collateral is not fulfilled, financial institutions often consider the collateral from the salt farmers' business to be unfulfilled. The fact of Madura salt farmers is in line with various studies that have been carried out which show the results that MSMEs in developing countries lack access to capital to existing financial institutions due to certain factors (Turvey & Kong, 2010). In Indonesia, in practice some MSMEs in order to meet their capital needs by using informal sources of capital even though they are often burdened with a relatively high rate of return on capital (Sunaningsih et al., 2019). For external factor barriers, usually in the form of the need for business assistance and constraints on access to business capital for salt farmers at official financial institutions which lead to the difficulty of obtaining additional capital injections so that this will have an impact on capital development (Adriani & Wiksuana, 2018).

When salt farmers have difficulty obtaining formal sources of capital, some salt farmers will prefer to switch to informal financing sources. Family funding is one form of informal financing source that comes from family capital and relatives (Lee & Persson, 2016). Family funding has easy access to time, a loan amount that can be adjusted to needs, and is fast in obtaining funds so that it is effective when the need for capital is urgent. In general, the process for family funding loans is not procedural and tends to be simple, unsecured, and interest-free. The basis for approval of family funding loans emphasizes the spirit of trust from borrowers and lenders and does not always require a guarantee as is generally a requirement for formal financing institutions (Salimah & Muflikhati, 2016).

Although the number of loans in family funding can be adjusted to the needs of the borrower, the funds that can be met by family funding are limited. This is because family funding is individual so that the availability of capital is in accordance with the financial capabilities of family and relatives. This is the weak side of capital from family funding, so that it will make it difficult for Madura salt farmers' businesses when the business is heading for significant growth. Another disadvantage of family funding, namely the social risk if the borrower fails to pay the family funding loan, the borrower will feel embarrassed. The selection of family funding among salt farmers in Madura cannot be separated from the cultural influence of the Madurese community which has taken root in people's lives, namely in everyday life the borrowing and borrowing system between families/relatives is still often practiced.

According to the background of the problems found, the researchers wanted to do research on the problem of family funding as a source of financing for salt farmers in Madura. The context of family funding in this study is seen from the influence of entrepreneurial experience and trust. This study is important to obtain accurate information about decisions in making financing policies that have an important role in building the business development of Madura salt farmers.

Based on the description of the explanation of the background of the problem, the hypothesis of this research was chosen:

H₁ = Experience in entrepreneurship influences decisions on choosing family funding for salt farmers in Pamekasan Regency, Madura.

H₂ = Trust has an effect on decisions to choose family funding for salt farmers in Pamekasan Regency, Madura.

H₃ = Entrepreneurial experience and trust influence decisions on family funding selection decisions for salt farmers in Pamekasan Regency, Madura.

Methodology

The object of research from family funding as a source of financing is salt farmers in Pamekasan Regency. The primary data used were 40 salt farmers in the Pamekasan Regency who were selected as respondents in the study. Descriptive research on family funding as a source of financing uses a quantitative approach through a questionnaire and tests it using multiple linear regression. Research data collection in 2021.

The sampling technique used was non-probability sampling using a purposive sampling approach. Certain criteria from the sample had previously been determined by the researcher with the aim of getting a representative sample from research on family funding used as a source of financing for salt farmers in Madura.

The independent variables chosen in this study are entrepreneurial experience and trust. The dependent variable is family funding.

Conclusion

According to the results of classical assumption testing and normality testing, it can be concluded that all data in the study meet the normality assumption. The results of the Kolmogorov-Smirnov one sample normality test show a significance value of 0.589 so that it is greater than the used, which is 0.05.

Table 1 Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		40
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.46255459
Most Extreme Differences	Absolute	.203
	Positive	.203
	Negative	-.148
Kolmogorov-Smirnov Z		1.283
Asymp. Sig. (2-tailed)		.074

Entrepreneurial experience testing has an effect on decisions to choose family funding for salt farmers in Pamekasan Regency, Madura.

Tabel 2 Multiple Linear Regression Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.198	1.722		2.438	.020
	Entrepreneurial experience	-.070	.089	-.062	-.783	.439
	Trust	.806	.074	.866	10.867	.000

a. Dependent Variable: Family Funding

Based on table 2, it can be seen that the experience variable has a Sig value. 0, 439 > 0.05 means that it is not significant, while t count > t table (-0.783 < -2.02619) then **H₀** is accepted and **H₁** is rejected, so it can be concluded that the entrepreneurial experience variable partially has no significant effect on the decision to choose family funding for salt farmers in Pamekasan Regency, Madura, thus the first hypothesis is rejected..

Experience as a salt farmer is a process that has been experienced and felt in the past. Having experience in running a business is important and one of the keys to the success of a business, especially if the current business is related to previous business experience. Experience running a business will become a necessity that is increasingly needed, as the complexity of the business environment increases. It is often found that there is strong evidence that a person who runs a business whose parents are entrepreneurial or self-employed will transmit the abilities of these

parents to their children as early as possible. The growth and development of this transmitted independent nature will later become experience in running a business.

The experience possessed by salt farmers in Madura can be the basis for salt farmers in Madura in determining the use of appropriate financing sources. The experience of salt farmers in Madura in the past, both using funding sources from formal and non-formal institutions will determine the greater probability of salt farmers in Madura to use family funding as a source of financing. Based on the results of this study, it shows that experience in the business has an influence on decisions in finding sources of funding for the business being run. It can be concluded that the experience of salt farmers in Madura in running a business is obtained from direct involvement in the previous business activities carried out. So, the involvement of salt farmers in Madura in a previous business activity can be said to be a benchmark for experience in running a business. The results of this study are in line with the results of research by (Wahyuni et al (2014). **The test of trust has an effect on decisions to choose family funding for salt farmers in Pamekasan Regency, Madura.**

Based on table 2, it can be seen that the confidence variable has a Sig value. $0,000 < 0.05$ means significant, while $t_{count} > t_{table}$ ($10,867 > 2,02619$) then H_0 is rejected and H_2 is accepted, so it can be concluded that the trust variable partially has a significant effect on the decision to choose family funding for salt farmers in the district. Pamekasan Madura thus the second hypothesis is accepted.

Observation of the behavior of events that occurred in the past and the act of collecting information that is carried out independently is the meaning of trust (Fink & Kessler, 2010). However, trust has a different meaning from information. Trust includes the existence of an uncertainty of behavior that has occurred in the past after all the information obtained is evaluated. So trust is the output of an evaluation of information.

In relation to family funding as a source of financing for salt farmers in Madura, the integrity of Madura salt farmers can help minimize the occurrence of moral hazard behavior for salt farmers. Thus, trust in loan relationships is a key factor and trust can increase access to loans and help lenders to make lending decisions (Putri & Iriani, 2020).

Testing entrepreneurship experience and trust influence decisions on family funding selection decisions for salt farmers in Pamekasan Regency, Madura.

Table 3 Simultaneous Test (F Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.431	2	14.215	63.033	.000 ^b
	Residual	8.344	37	.226		
	Total	36.775	39			

a. Dependent Variable: Family Funding

b. Predictors: (Constant), Kepercayaan, Pengalaman

Based on table 3 the calculated F value of the study shows the value of 63.033. For the results of the F table of 2.64 so that the calculated F value $> F_{table}$ is $63.033 > 2.64$ with a significant level of 0.00 under 0.05 which means that the variables of entrepreneurial, trust, information, and credit processes simultaneously affect decisions Salt farmers in Madura use family funding as a source of financing so that the H_3 is accepted.

Table 4 Coefficient of Determination (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879 ^a	.773	.761	.475

a. Predictors: (Constant), Kepercayaan, Pengalaman

Based on the results of table 4, a conclusion is drawn that the research carried out has an adjusted R² (adjusted R Squared) value of 0.761. This means that 76.1% of the decision variables of salt farmers in Madura to use family funding as a source of financing will be explained by the independent variables of experience, trust, information, and credit processes, while the remaining 23.9% of the decision variables of salt farmers in Madura use family funding as a source of financing, influenced by other variables not discussed in this study. This value can be used to see the entrepreneurial experience and trust variables on the decision of salt farmers in Madura to use family funding as a source of financing by calculating the coefficient of determination.

Conclusion

According to the results of the discussion of research data analysis and based on the formulation of the problem, conclusions are drawn:

1. The experience of entrepreneurship does not affect decisions on the selection of family funding for salt farmers in Pamekasan Regency, Madura.
2. Trust influences decisions on the selection of family funding for salt farmers in Pamekasan Regency, Madura.
3. Entrepreneurial experience and trust influence decisions on the selection of family funding for salt farmers in Pamekasan Regency, Madura.

Suggestions Based on the conclusions, the suggestions given are as follows:

1. The next researcher is advised to examine the development of family funding as a source of financing based on the level of land ownership, thus it is necessary to add samples with different criteria.
2. It is hoped that further education will improve understanding of various sources of financing to support salt farmers' businesses, both from formal and non-formal institutions. The education contains about how to choose the right source of effective financing to support salt farmers' businesses.

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