

Supporting Factors for the Success of MSMEs in Banjarmasin City

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Article History:

Accepted: 18 Mei 2026

Revised: 08 Juni 2026

Accepted: 01 September 2026

Keywords: Internal Factors,
External Factors, MSME
Success

Abstract: *The significant increase in the growth of Micro, Small, and Medium Enterprises (MSMEs) in Banjarmasin City has not been fully followed by business success because there are still weaknesses in internal factors, especially Human Resources (HR), as well as challenges from external factors such as high competition in the market. This study aims to analyze the factors that support the success of MSMEs. The research method used a quantitative approach with multiple linear regression analysis on 100 respondents with simple random sampling technique. Data was collected through questionnaires, observations, and interviews and then processed using the SPSS application version 27. This research is important as a basis for strengthening entrepreneurial character and formulating policies for fostering MSMEs. However, due to the limited sample and scope, further research is recommended to expand the sample, region, and add other variables to make the results more comprehensive.*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a big role in driving the Indonesian economy. MSMEs make a great contribution to the national workforce and are the main contributors to the Gross Domestic Product (GDP). The existence of MSMEs helps drive the community's economy, especially in the regions, and is one of the means of income equity and poverty alleviation. The increase in the number of MSME actors after the pandemic also shows that this sector has the resilience and ability to rise after experiencing economic pressure (Putri et al. 2023).

The number of registered MSME actors increased compared to previous years:

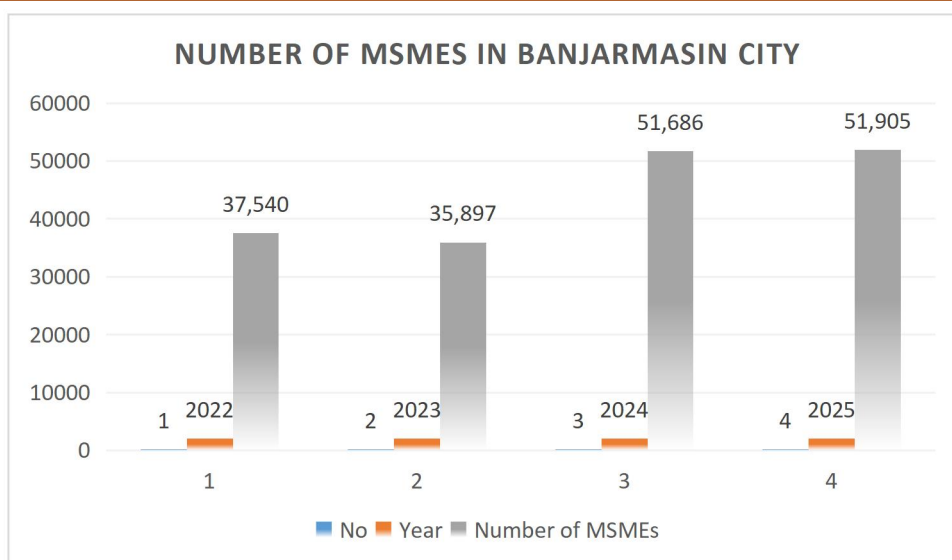


Figure 1. Graph of MSME Database in Banjarmasin City

Source: Banjarmasin City Cooperatives, MSMEs, and Manpower Office

Figure 1. shows that the number of MSMEs in Banjarmasin City is always increasing. It can be seen from the table of database recap results that in 2022 there will be 37,540 business units, in 2023 there will be 35,897 business units, in 2024 there will be 51,686, while in 2025-2026 it will be the largest number, namely 51,905 businesses in Banjarmasin City.

MSMEs play an important function in improving the national economy, absorbing labor, and strengthening economic stability. However, the biggest challenge for MSMEs today is low digitalization and the desire to adapt to market and technological changes. MSMEs also face stiff competition in the market, which requires increased product competitiveness and effective business strategies (Effendi & Andriani 2023).

In the city of Banjarmasin, MSMEs are growing quite rapidly because this city is the center of trade and services in South Kalimantan. Various types of businesses grow and develop, ranging from Banjar culinary specialties, sasirangan batik, wood and rattan crafts, to digital-based businesses. In addition to playing a role in creating jobs, MSMEs also contribute to maintaining local cultural identity and supporting the regional tourism sector.

However, an increase in the number of business actors is not always in line with sustainable business success. Some MSME actors are still facing unstable business conditions. For example, the culinary sector in Banjarmasin can experience a significant increase in turnover during the month of Ramadan, but outside of that period sales decline again. Similar conditions also occurred during the pandemic, where several business actors experienced a drastic decrease in revenue. This explains that MSMEs still face challenges, especially maintaining business stability and growth in the long term (Xieming & Puspitowati 2024).

The main problems faced by MSME actors are also faced with various internal challenges such as the low quality of human resources (Human Resources). In the context of MSMEs, human resources include not only the number of workers, but also the quality of individuals which includes knowledge, skills, attitudes, and the ability to manage a business Fikri & Baitussalam (2025). Internal factors have an important role in determining business performance. On the other hand, external factors also have an equally important influence on the success of MSMEs. Market competition is also closely related to the ability of business actors to create

advantages over their competitors. MSME actors are required to be able to adjust their business strategies to changes that occur in the market, such as changes in consumer tastes, technological developments, and innovations carried out by competitors. In a situation of high competition, business actors who are able to adapt will usually excel because they can improve the quality and efficiency of products in running their business (Morisson & Fikri 2025).

Research Srijani & Ardiyani (2025), showing that external factors and internal factors affect the performance of MSMEs, especially in the context of exports and global competitiveness. In addition, social and economic environmental conditions have also been proven to encourage or hinder the development of MSMEs, depending on how well business actors can adapt to changes Febrianti & Fikriyah (2022). A number of previous studies have examined how internal and external factors impact the performance and success of MSMEs. Research Siswanti (2020) found that internal and external factors simultaneously correlated positively with the performance of MSMEs, with a significant contribution in explaining variations in business performance. According to other research, MSMEs are simultaneously influenced by internal and external components (Yulianingsih 2021).

Although various studies have been conducted, most of them focus on the national context or specific regions outside of South Kalimantan, so they have not specifically described the local characteristics of MSMEs in the city of Banjarmasin. In fact, different social, economic, and cultural conditions in each region can affect the way a business is managed. Therefore, research is needed that in-depth analyzes internal and external factors on the success of MSMEs by considering the local context of Banjarmasin. This research is expected to fill the research gap and make a more contextual empirical contribution.

Based on the results of initial observations, most MSME actors in Banjarmasin City also stated that these two factors are equally important. About 80% of respondents admit that a combination of internal and external factors affects the success of their business. This shows that business actors are already aware of the importance of a balance between self-ability and environmental support. These findings are also supported by research that emphasizes the need for collaboration between internal and external factors for business success (Akmalia et al. 2025).

Theoretically, this study contributes to enriching the study of the determinants of MSME success through a combination of internal and external factors. Practically, this finding is expected to help local governments, especially the Banjarmasin City Cooperatives and MSMEs Office, in developing more efficient policies and coaching programs to increase the competitiveness and sustainability of MSMEs.

THEORETICAL FOUNDATION

All the resources and capabilities that come from an organization or company are called internal factors. These resources include physical assets, human resources, managerial capabilities, technology, and organizational systems that enable companies to design and implement strategies effectively. An organization's ability to manage and leverage internal resources to create value and maintain a competitive advantage consistently greatly influences its advantage. Thus, internal factors are the main basis in determining the organization's ability to respond to opportunities and challenges that arise in the business environment (Barney, 1991).

External factors refer to various rights that occur outside the company that can affect business performance and sustainability. The external environment includes the dynamics of industrial competition, market conditions, technological changes, government policies, and social

and economic conditions that are beyond the direct control of the organization. Changes in these factors can create opportunities and threats that must be responded to strategically by companies in order to remain able to maintain their competitiveness. Therefore, understanding the external environment is important because the success of a strategy is not determined by internal factors alone, but also by the company's ability to adapt to changing conditions outside (Barney, 1991).

Business success in the MSME sector is generally characterized by the ability of business actors to maintain business continuity, increase income, and expand business activities in a sustainable manner. Success is not only calculated from the amount of profit obtained, but also from the ability of business actors to manage resources, develop innovations, and adjust to market dynamics and business environment. From an entrepreneurial perspective, business success is closely related to the ability of business actors to create new value through innovation, product development, and improving the efficiency of the production process so that the business can develop sustainably (Mehmood et al. 2019).

Human resources in MSMEs can be understood as the abilities of people in the company, such as the knowledge, skills, and experience they have. These human resources are important because they can help companies develop and create innovations. In the study, it was explained that human resources are part of an important asset of the company because they contain characteristics, knowledge, skills, and abilities that support competitive advantage. This means that the better the quality of human resources, the greater the chances of the company to advance and compete in the market. Meanwhile, market competition is now getting tighter because it is at the local and global levels. Companies must continue to innovate so as not to lose to competitors. This is because competition has now developed to be innovation-based, or competition has globalized and developed to be more innovation-based. So, MSMEs are not enough to just sell ordinary products, but must be able to offer something new or better to survive and develop (Gunasekaran 2016).

RESEARCH METHODS

To find out what variables, both internal and external, affect the success of MSMEs in Banjarmasin City, this study uses a quantitative methodology of causal associative design. We chose this method because it allows hypothesis testing empirically using multiple linear regression analysis, which allows us to generalize our results to a large population of MSMEs. The city of Banjarmasin, the capital of South Kalimantan province, has the highest concentration of MSMEs in the region, with 51,905 business units registered in 2025–2026 (statistics of Cooperatives, MSMEs, and Workforce). Banjarmasin was chosen as the research location because it is a center of trade and services and has a diverse ecosystem of MSMEs, including food and beverages (42%), arts and crafts (28%), services (18%), and trade (12%).

The total research population is 51,905 MSME units registered in Banjarmasin City by 2025 which is recorded in the official database of the Cooperatives, SMEs, and Manpower Office. The sample size was determined using the Chochran formula with an error rate of 5%: $n = N/(1+N.e^2) = 51,905/(1+51,905 \times 0.05^2) \approx 100$ respondents. Furthermore, *the simple random sampling* technique that is included in the *probability sampling category* was applied to select the study respondents. This technique provides the same opportunity for every MSME in the population to be selected as a sample, so that the results of the research are expected to be able to represent and generalize to the population studied.

According to Sugiyono (2023), research instruments must be systematically designed to measure variables objectively and be able to test their validity-reliability. This study uses three

main instruments:

1. Observations
2. Interview
3. Questionnaire

Data analysis followed an inferential statistical model with a complete classical assumption test before the main regression: normality (Kolmogorov-Smirnov Asymp.Sig.>0.05 + residual histogram); linearities (F-Anova sig.<0.05). Multiple linear regression models: $Y = a + b_1X_1 + b_2X_2 + e$ tested through: partial t-test ($t\text{-calculus} > t\text{-table}$ $\alpha=5\%$, $df=97$) for $H_1 (X_1 \rightarrow Y)$ and $H_2 (X_2 \rightarrow Y)$; simultaneous F-test ($F\text{-calculus} > F\text{-table}$) to $H_3 (X_1 + X_2 \rightarrow Y)$; The determination coefficient R^2 measures the goodness of the match.

Frame of Mind:

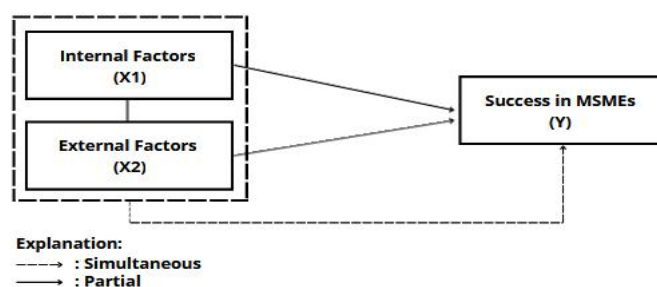


Figure 2. Frame of mind

RESULTS AND DISCUSSION

The findings of the study show that internal factors are an aspect that has a significant influence on the success of MSMEs in Banjarmasin City. This is shown from how business actors who can manage human resources, finances, and business operations well tend to have a more stable business. From various internal aspects, human resources are the most prominent factor. Good skills, experience, and work attitude make MSME actors better able to face business challenges. In addition, the ability to innovate is also an added value in attracting consumer interest. This shows that the quality of human resources affects the production process, but also on decision-making in business. This condition is in line with the opinion that human resources who have competence will increase business productivity and competitiveness (Fikri & Baitussalam 2025).

In addition to internal factors, external factors have also been proven to have a significant influence on the success of MSMEs. The business environment such as market competition is an important part of the external factors that affect the success of the business. High competition requires MSME actors to continue to innovate and improve product quality. But a company's profits can be reduced by competition if it is not done in the right way. Thus, the ability to read market conditions is essential. This is in line with the finding that competition can be both an opportunity and a threat to MSMEs (Andreas et al. 2023).

This research was analyzed using the IBM SPSS Statistics application program version 27. Validity testing is carried out to ensure that each question item in the questionnaire is able to accurately measure the variables being studied. A statement item is declared valid if the calculated value r is greater than the r of the table. In this study, the r -value of the table was determined based on a significance level of 5% ($\alpha = 0.05$) with the degree of freedom (df)

calculated using the formula $n-2$, where n indicates the number of respondents. With a total of 100 respondents, a df value of 98 was obtained, so that the r -value of the table used as a reference for validity testing was 0.1966.

Table. 1 Validity Test

Variable	Question Items	Loading Factor	Criteria
Internal Factors	Self-Sufficient		
	X1.1	0,703	Valid
	X1.2	0,417	Valid
	X1.3	0,526	Valid
	Leadership		
	X1.4	0,397	Valid
	X1.5	0,678	Valid
	X1.6	0,691	Valid
	Creative		
	X1.7	0,789	Valid
	X1.8	0,760	Valid
	X1.9	0,680	Valid
	Discipline		
	X1.10	0,588	Valid
	X1.11	0,601	Valid
	X1.12	0,464	Valid
	Innovative		
	X1.13	0,650	Valid
	X1.14	0,707	Valid
	X1.15	0,718	Valid
External Factors	Collaboration		
	X2.1	0,550	Valid
	X2.2	0,796	Valid
	X2.3	0,599	Valid
	Dare to Take Risks		
	X2.4	0,407	Valid
	X2.5	0,851	Valid
	X2.6	0,875	Valid
	Responsibilities		
	X2.7	0,766	Valid
	X2.8	0,797	Valid
	X2.9	0,828	Valid
	Curiosities		
	X2.10	0,512	Valid
	X2.11	0,399	Valid
	X2.12	0,578	Valid
	Motivation for Success		

Variable	Question Items	Loading Factor	Criteria
The Success of MSMEs	X2.13	0,831	Valid
	X2.14	0,486	Valid
	X2.15	0,812	Valid
	Finance		
	Y.1	0,668	Valid
	Y.2	0,755	Valid
	Y.3	0,452	Valid
	Y.4	0,558	Valid
	Operational		
	Y.5	0,764	Valid
	Y.6	0,571	Valid
	Y.7	0,392	Valid
	Non-Financial		
	Y.8	0,733	Valid
	Y.9	0,700	Valid
	Y.10	0,696	Valid

Source: Data Reprocessed by Researchers Based on SPSS (2026)

From the table. 1 It can be seen that after the validity test was carried out on 40 statements filled in by 100 respondents, showing that all the statements in this study were valid. The determination of whether or not a questionnaire item is valid is done by knowing the r-value of the table first as a basis for comparison.

Table. 2 Normality Test
One Sample of the Kolmogorov – Smirnov Test

Non-Standard Residue		
N		100
Normal	Red	,0000000
Parameter ^{a,b}	Std. Deviation	3,74240398
The Most Extreme Differences	Absolute	,079
	Positive	,062
	Negatives	-,079
	Test Statistics	,079
Asimpa. Sig. (2 tails)		121 ^M

Source: Data Reprocessed by Researchers Based on SPSS (2026)

From Table 2 it is known that the significance value in the *Kolmogorov-Smirnov test* is $0.200 > 0.05$. Based on the test criteria, the research data were distributed normally which was reinforced by the following normal p - p plot results.



Figure 3. Normal Chart PP Plot

Based on the graphic illustration, the distribution of the data is located around and follows a diagonal line, which indicates a normal distribution pattern. This shows that the regression model has met the normality requirements. On the other hand, if the data points are spread far apart and do not follow a diagonal line, then the data shows an abnormal distribution.

Table. 3 Linearity Test

			Number of Squares	df	Square Average	F	Sig.
Internal Factors* of MSME Success	Between	(Combined)	185,932	22	8,451	,526	,955
		Linearity	19,297	1	19,297	1,201	,277
		Deviations	166,635	21	7,935	,494	,965
	In a Group		1237,458	77	16,071		
	Quantity		1423,390	99			
External Factors* of MSME Success	Between	(Combined)	427,419	18	23,746	1,931	,024
		Linearity	17,748	1	17,748	1,443	,233
		Deflight	409,672	17	24,098	1,960	,024
	In a Group		995,971	81	12,296		
	Quantity		1423,390	99			

Based on the table. 3 The results of the linearity test analysis showed that the Internal Factor variable (X1) on Success in MSMEs (Y) had a significant deviation value from linearity of

0.965 > 0.05. Meanwhile, the variable External Factors (X2) on Success in MSMEs (Y) has a significant deviation from linearity value of 0.024 > 0.05. It can be concluded that the relationship between internal and external factors to the success of MSMEs can be stated to be linear.

Table. 4 Partial test (t-test)

Models	Non-Standard Coefficients		Standard Coefficients	t	Sig.
	B	Std. Error	Beta version		
1 (Constant)	32,760	4,282		69.542	<.001
Total X1	,050	,005	-,597	10,506	<.001
Total X2	,117	,012	-,572	10,070	<.001

Partial hypothesis testing was carried out through a t-test to determine the magnitude of the influence of each independent variable on the bound variable. The variable X1 produces a calculated t-value of 10.506 with a significance level of <0.001. The value is below the significance limit of 0.05, so X1 is proven to have a positive and significant influence on Y. In the X2 variable, a calculated t value of 10.070 is obtained with a significance level of <0.001, so it can be concluded that X2 also has a positive and significant influence on Y.

Table. 4 Simultaneous Test (F-Test)

Models	Number of Boxes	df	Square Average	F	Sig.
1 Regression	36,837	2	18,418	106,488	<.001b
Rest	16,777	97	,173		
Quantity	53,614	99			

Simultaneous testing was carried out through the F test to determine the combined effect of independent variables on dependent variables. An F value was obtained of 106.488 with a significance level of < 0.001. A significance value smaller than 0.05 indicates that X1 and X2 simultaneously have a significant effect on Y. These results confirm that the regression model has a good ability to explain the variation of dependent variables based on the independent variables used. Thus, the regression model is considered valid and feasible to be used in testing research hypotheses.

CONCLUSION

The success of MSMEs in Banjarmasin City is significantly influenced by a combination of internal and external factors, especially the quality of human resources, being the most dominant element in determining business success, because MSME actors who have skills, experience, good work attitude, and innovation ability tend to be able to manage their businesses more effectively and face various business challenges better. In addition, the management of other internal aspects such as finance and operations also strengthens business stability and supports the continuous improvement of business performance. These findings show that strength from within the business is the main foundation in achieving the success of MSMEs.

On the other hand, external factors such as the level of market competition also have a significant influence on the success of MSMEs. The high level of competition requires business actors to continue to adapt, improve product quality, and innovate in order to survive in the

market. Competition is not only a threat, but can also be an opportunity if business actors are able to read market conditions appropriately and respond to changes strategically. The results of statistical tests show that both partial and simultaneous, internal and external factors have a positive and significant influence on the success of MSMEs, so the two cannot be separated in an effort to improve business performance.

Overall, the findings of this study show that the success of MSMEs is influenced by a combination of internal capabilities and environmental factors. Therefore, MSME actors must improve their managerial and human resources skills to compete in the market. They must also strengthen their strategies to deal with the competition. On the other hand, the government and related parties must also help MSMEs by increasing their competitiveness through policies, training, and coaching. However, this study still has limitations, mainly due to the relatively limited number of samples and scope. Therefore, the results should be more comprehensive and generalizable more widely if the study is continued by adding additional variables.

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