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# Effect of Marketing Mix and Entrepreneurship on Value-Added and Independence of Micro and Small Enterprises in Ternate city - Indonesia

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**ABSTRACT**

This paper aim is to analyze the structural relationships between latent variables (constructs) of marketing mix and entrepreneurship on value-added and independence of micro and small enterprises to make their businesses performance more productive. This study involves 390 respondents of micro and small enterprises partners in Ternate City. Test results using AMOS 18.0 SEM found that marketing mix has significant effect on value-added and enterprises independence, either directly or indirectly. Practical implications of these findings for local governments is to promote enterprise independence of small micro and small enterprises (MSEs) partners to give more attention to strategies in an effort to do right marketing mix and sustainable manner. Limitations of this study are samples only the business partners in Ternate City, especially micro and small enterprises, so these findings may not be generalizable to other business partners in different cities. Therefore, further study is recommended to fill that gap. This can help to strengthen the results of this study so the findings can be generalized.

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## INTRODUCTION

Development of micro and small enterprises (MSEs) in Indonesia began to become an interesting phenomenon after economic crisis changes government's view of priority sectors development. After decades prioritize major business sectors that only proven to promote "bubble economy", it is the time to make the people's economy as a pillar of growth (Hismawan, 2000). MSE is considered relatively more able to survive and become alternative economic drivers in Indonesia. MSEs role in Ternate City very large where numbers of MSEs for year 2009-2012 are 8286 units spread across all economy sectors. However, MSEs development has not made much progress in terms of labor quantity involved. Its contribution to gross domestic product was not much changed only about 40%. This requires the government role and community to continue to develop MSE independence along with efforts to motivate businesses to provide assets to higher economic growth. Mirzan (2010) stated that in order to promote SMEs, government should support the enterprises independence by providing value-added of production development, income and expenditure to realize the democratic economy based on entrepreneurship. This opinion is supported by Osborne (1996) that government with ability to perform entrepreneurial is expected to be able to provide guidance and counseling for businesses independence. Self-reliance is the ability possessed by an individual or organization to be able to stand on its own feet without depends on others. However, process toward enterprises independence requires a various policy and strategy because it relates to efforts to use businesses potential to be able to give value-added to their business.

Businesses tendency in Ternate City still use conventional methods and traditional, so value-added still does not guarantee an increase in economic value in terms of production, income and capital. Ira Wahyu (2012) states that marketing mix; beliefs and images provide direct and indirect effect on enterprises independence. This finding is supported by a wide range results of previous studies of Luvita Shaza and Michael Lennond (2012); Astonny Burry (2009); Christian AP (2009). Adversely, Marlayanti (2009) found that marketing mix had a negative impact and no significant effect on independence of MSEs members. This opinion can be interpreted that

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success of marketing mix to enterprises independence also needs to consider other variables. This refers of Kotler and Armstrong (2008) which stated that marketing is analysis, planning, implementation and control of programs designed to create, build, and maintain a favorable buyers and to achieve company goals. In addition, these activities would also require other action programs that can involve everyone or all of activities and formal organizational structure to play an important role in promoting self-reliance efforts. One of them is the importance of government reinventing (entrepreneurship) to changes the paradigm and government perspective in public service-oriented entrepreneurial spirit. It is able to develop organization and personnel towards the realization of achievement and pro-public through privatization and entrepreneurship for public independence (Hughes, 1998). Based on description above, this study aims are:

1. to analyze the structural relationships between latent variables (constructs) of marketing mix and entrepreneurship on value-added and independence of micro and small enterprises.
2. How to understand practice of marketing mix and entrepreneurship, particularly in micro and small enterprises in Ternate-Indonesia, in order to increase the value-added and independence to make more productive business performance.

***Theoretical Overview:***

Brewer (2003) states that self-reliance is an initiative to try to overcome the obstacles in environment, doing activities towards perfection, derive satisfaction from work and doing routine work alone without expecting the attention and assistance of others. However, degree of independence is varies by level of will or volition. People who have high self-reliance always try to have responsibility, autonomy, initiative, self-control and confidence to achieve their goals. Meanwhile, people who have low self-sufficiency and willingness still ask other for help (Schaepper, 2008). In a broader perspective, Erickson (2005) considers that nation independence will be realized through the advantages possessed by community to afford the business prospective independence. Independence is expressed by Adler (2003) as a value-added theory of a person based on independence and autonomy to provide a change towards the better. Self-reliance is a reflection value that is very important to achieve goal. Greater independence of a person in business and take advantage of opportunities can increase value-added owned.

Value-added definition is more broadly proposed by Porter (1990), that a country that able to compete and having advantage will creates competition and advantages in producing goods for others. Ability to compete and advantages of a fundamental assumption shows that value-added is an absolute value. However, Pareto principle (Lopez, 2008) explains that priority is action in creating value-added by considering time, cost and quality. These elements are priority to realize a value-added. Meanwhile, Kotler and Armstrong (2008) state that marketing is the analysis, planning, implementation and control of programs designed to create, build, and maintain a favorable exchange with buyer to achieve company goals. Holmes (2009) states that implementation of marketing is the process to change strategy and marketing plans into marketing actions to achieve goals. Implementation includes daily activities, from month to month, which effectively implement a marketing plan. From this perspective, it can be said that organization of marketing activities is process to create relationships between functions include the division of labor, authority, responsibilities and reporting work. Coordination of marketing activities in an effort to synchronize and unify all marketing activities in order to achieve organizational goals effectively and efficiently can increase the value-added. Another dimension in effort to increase the value-added is through reinventing of government (entrepreneurship), change government way on public management model to gives attention to achievement of performance and accountability of classic bureaucracy toward a more flexible organizational model. In addition, reinventing of government has been able to develop the organization's goals and achievements towards the realization of personnel and alignments to public by developing a prospective government through privatization and entrepreneurship in public's independence (Hughes, 1998).

***Research Hypothesis:***

Government makes efforts to encourage and motivate businesses, especially micro and small enterprises, to have independence. It is basically a strategic move to steer businesses to create a market strategy and entrepreneurs behavior who understand the role and function of marketing products and services. Small and micro business partners have role in people economy as a pillar of growth (Hismawan, 2000), but they have not been able to survive and become alternative driver in Indonesian economy. Therefore, government should support the enterprises independence of business partners by providing the development of value-added production, income and expenditure to realize the democratic economy based on entrepreneurship (Mirzan, 2010).

Norton (2009) states that market value are determined by quality of marketing activities and customers satisfaction. This opinion is relevant to Kotler (2010) that essence of marketing products and services is creation of a close relationship to amenity value of product and service quality and satisfaction. Various previous studies indicate effect of marketing mix on value-added (Zainuddin, 2010; Haryanto

Kusuma, 2012; Marlyanti 2009; Luvita Shaza and Michael Lennond, 2012; and Astonny Burry, 2009). Recommendations from previous study results show that any provision of treatment to increase the application of marketing concepts will provide a positive and significant effect on value-added. However, differences in studied variables and indicators of research object can give different results. This is understandable by considering the implementation of marketing as process to change strategy and marketing plans into marketing actions to achieve the objectives (Holmes, 2009). Moreover, citing Kotler and Armstrong (2008) states that marketing is analysis, planning, implementation and control of programs designed to create, build, and maintain a favorable exchange with buyer to achieve company goals. Analysis, planning and implementation of marketing need to involve seven dimensions to determine the success namely product, price, promotion, place, physical evidence, people and process (Kotler, 2010). Ricky Hambridge (2010) found that company value to change the trend relates to low levels of entrepreneurship and at same time the non-application of marketing mix that can increase the enterprises independence. This finding reinforces the earlier allegations that difference indicator variables studied and research object can give different results. An understanding of concept of reinventing government (entrepreneurship) is interpreted as government change on public management model to gives attention to achieve performance and accountability of classic bureaucracy toward a more flexible organizational model. In other word, government needs to review and revise the work done through the new system that more efficient and effective to address government expenditure. White (2000) suggested a need for development and implementation of management based entrepreneurial behavior (behavioral reinventing) to realize good governance. Hood (1991) argues that public sector reform is directed into a new dimension to a government policy-making as a feature of policy-oriented entrepreneurial management. Therefore, reinventing of government (entrepreneurship) can develop organization's goals and personnel towards the realization of achievement and pro-public through privatization and entrepreneurship in public's independence (Hughes, 1998).

Based on description above, research conceptual model is shown in Figure 1 and hypothesis formulation is follows:

H1: Marketing mix significantly affect on value-added

H2: Entrepreneurship significantly affect on value-added

H3: Marketing mix significantly affect on enterprises independence

H4: Entrepreneurship significantly affect on enterprises independence

H5: Value-added significantly affect on enterprises independence

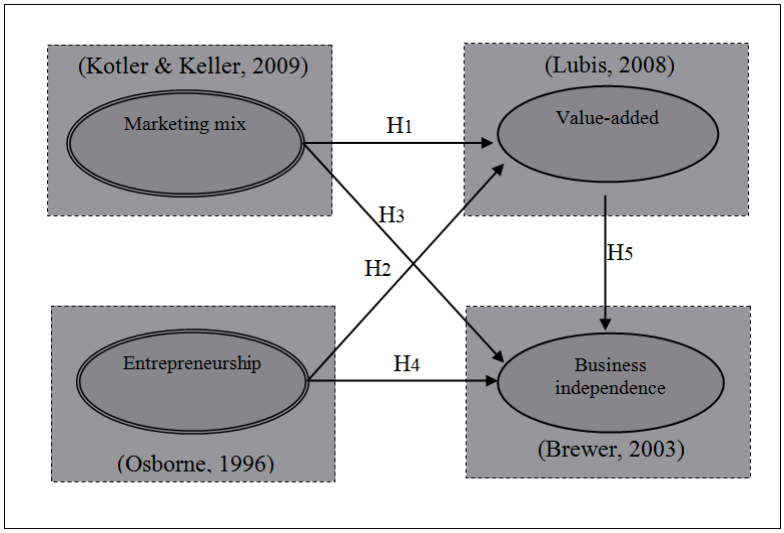


**Fig. 1:** Conceptual model of research.

***Methodology:***

***Data Collection:***

This is an exploratory research to investigate relatively new relationships, and also explanatory research to describe the symptoms caused by research object. This study is intended to examine the phenomenon of population characteristics and research object represented by micro and small enterprises in Ternate City. Data is collected by questionnaires randomly to 390 people in several of micro and small enterprises partners. Technical data collections are direct visits and delivery by post since February 2014 to April 2014. Structural equation model is used to analyze the relationship between endogenous and exogenous variables. Based Slovin formula, number of samples required is 390 (jumble, 1992 in Dionco-Adetayo, 2011). Technical

characteristics of respondents and data are described in Table 1.

***Instruments Measurement:***

Adopting various concepts of relevant previous research, the measurement and research indicators are developed for each variables and indicators by Likert scale (Likert, 1961). In this case, points "5" means "very good", point "4" means good, point "3" means rather not good, point "2" means not good, and point "1" means not very good. Prior to data collection, pre-test is done to get feedback related to comprehensibility of content, format, and accuracy of measurement instruments. Therefore, measurement instrument in this study can still be considered as a proposal of a new measurement instrument. Technical specifications of measuring instruments are shown in Table 2.

**Table 1:** Technical Specifications of research data.

| | |
|---|---|
| Research location | Micro and small enterprises partner in Ternate City-Indonesia |
| Population | 16.065 people of micro and small enterprises partners |
| Samples | 390 micro and small enterprises partners consisting of: trade of 230 respondents, industry of 94 respondents, services of 38 respondents, fishing of 25 respondents, multiple businesses of 2 respondents, as well as livestock and agriculture of 1 respondent. |
| Respondents Characteristics<br>• Gender<br>• Education<br>• Age (years) | <br>Male = 242, female = 148<br>SLTA = 92, D3 = 102, S1 = 168, S2 = 28<br>20-39 = 57, 31-40 = 189, 41-50 = 105,> 50 = 39 respondents |
| Data collection techniques | observation, questionnaires, interviews and document reviews |
| Sampling method | Random sampling |
| Confidence level | 95% |
| Data collection | direct visits and delivery via post |
| Study duration | February 2014-April 2014 |

**Table 2:** Measurement instrument (main characteristics).

| Measurement variables | Indicator items | Concept definition | Adapted from |
|---|---|---|---|
| Marketing mix (Bps) | • Product (Bps.1)<br>• Price (Bps.2)<br>• Promotion (Bps.3)<br>• Place (Bps.4)<br>• Physical evidence (Bps.5)<br>• Employee (Bps.6)<br>• Process (Bps.7) | - production result of goods and services afforded by MSE partners.<br>- value provisions of products and services offered to consumers by MSE partners.<br>- products and services introduction offered by MSE partners.<br>- media to market products and services owned by MSE partners.<br>- infrastructure used to facilitate business activity of MSE partners.<br>- people to carry out marketing activities of MSEs business partners.<br>- marketing and business management activities undertaken by MSE partners | Kotler dan Keller (2009) |
| Entrepreneurship (Kwp) | • Government (Kwp.1)<br>• Society owned (Kwp.2)<br>• Competitive (Kwp.3)<br>• Missionary (Kwp.4)<br>• Result oriented (Kwp.5)<br>• Customer oriented (Kwp.6)<br>• Entrepreneur (Kwp.7)<br>• Anticipative (Kwp.8)<br>• Decentralization (Kwp.9)<br>• Market orientation (Kwp.10) | - services for business partners toward enterprises independence.<br>- making the government activities as belonging to community in conducting entrepreneurship.<br>- government's efforts to provide guidance to develop business partnerships.<br>- government's mission to build public independence through entrepreneurship.<br>- government activity to makes entrepreneurs generates profits and welfare.<br>- government activity to realize the entrepreneurship in according with business actor existence as businesses customers.<br>- work to involve the government and public to develop a productive and profitable business.<br>- government action to avoid gaps and encourage the entrepreneurial spirit of entrepreneurs.<br>- realizing entrepreneurship as excellent program from each region.<br>- creating a partnership between government and business to develop productive work absorbed by market | Osborne (1996) |
| Value-added (Ntb) | • Economic value (Ntb.1)<br>• Policy value (Ntb.2)<br>• Social value (Ntb.3) | - value-added of MSE business partners to get profit.<br>- value-added of government policy to run a productive business conducted by MSE business partners.<br>- value-added to involves the participation of many people in MSE business partnership | Lubis (2008) |
| Independence (Kmu) | •Responsibility (Kmu.1)<br>• Autonomy (Kmu.2)<br>• initiative (Kmu.3)<br>• Self control (Kmu.4)<br>• Self-belief (Kmu.5) | - business ability to expand its business with own initiative.<br>- business ability to freely develop his own business.<br>- inspiration ability to create creates their own productive business opportunities.<br>- ability to control and overcome the risks of business itself.<br>- improvisation ability to develop business on his own beliefs | Brewer (2003) |

**Table 3:** Test result of validity, reliability, critical ratio and probability (p) of each indicator (n = 390).

| Variables | Indicators | Standard regression | Critical ratio | Probabi-lity (p) | Description | Pearson correlation | Description |
|---|---|---|---|---|---|---|---|
| Marketing mix | Bps.1 | 0.055 | 42.788 | 0.000 | *Significant* | 0.776 | *Valid* |
| | Bps.2 | 0.024 | 42.617 | 0.000 | *Significant* | 0.861 | *Valid* |
| | Bps.3 | 0.029 | 30.712 | 0.000 | *Significant* | 0.716 | *Valid* |
| | Bps.4 | 0.050 | 19.291 | 0.000 | *Significant* | 0.854 | *Valid* |
| | Bps.5 | 0.024 | 42.617 | 0.000 | *Significant* | 0.693 | *Valid* |
| | Bps.6 | 0.029 | 30.712 | 0.000 | *Significant* | 0.799 | *Valid* |
| | Bps.7 | 0.050 | 19.291 | 0.000 | *Significant* | 0.886 | *Valid* |
| | *Cronbach's alpha of marketing mix (Bps)* | | | | | *0.874* | *Reliable* |
| Entrepreneurship | Kwp.1 | 0.057 | 15.577 | 0.000 | *Significant* | 0.824 | *Valid* |
| | Kwp.2 | 0.062 | 16.403 | 0.000 | *Significant* | 0.903 | *Valid* |
| | Kwp.3 | 0.059 | 15.359 | 0.000 | *Significant* | 0.841 | *Valid* |
| | Kwp.4 | 0.057 | 12.233 | 0.000 | *Significant* | 0.810 | *Valid* |
| | Kwp.5 | 0.063 | 15.579 | 0.000 | *Significant* | 0.872 | *Valid* |
| | Kwp.6 | 0.055 | 18.114 | 0.000 | *Significant* | 0.811 | *Valid* |
| | Kwp.7 | 0.071 | 16.013 | 0.000 | *Significant* | 0.799 | *Valid* |
| | Kwp.8 | 0.033 | 15.110 | 0.000 | *Significant* | 0.815 | *Valid* |
| | Kwp.9 | 0.063 | 15.610 | 0.000 | *Significant* | 0.837 | *Valid* |
| | Kwp.10 | 0.055 | 14.872 | 0.000 | *Significant* | 0.769 | *Valid* |
| | *Cronbach's alpha of entrepreneurship (Kwp)* | | | | | *0.787* | *Reliable* |
| Value-added | Ntb.1 | 0.055 | 18.114 | 0.000 | *Significant* | 0.895 | *Valid* |
| | Ntb.2 | 0.071 | 16.013 | 0.000 | *Significant* | 0.897 | *Valid* |
| | Ntb.3 | 0.063 | 15.610 | 0.000 | *Significant* | 0.952 | *Valid* |
| | *Cronbach's alpha of value-added (Ntb)* | | | | | *0.885* | *Reliable* |
| Independence | Kmu.1 | 0.295 | 3.244 | 0.000 | *Significant* | 0.875 | *Valid* |
| | Kmu.2 | 0.405 | 5.900 | 0.000 | *Significant* | 0.887 | *Valid* |
| | Kmu.3 | 0.114 | 9.098 | 0.000 | *Significant* | 0.913 | *Valid* |
| | Kmu.4 | 0.399 | 6.441 | 0.000 | *Significant* | 0.771 | *Valid* |
| | Kmu.5 | 0.474 | 3.698 | 0.000 | *Significant* | 0.751 | *Valid* |
| | *Cronbach's alpha of enterprises independence (Kmu)* | | | | | *0.843* | *Reliable* |

Correlation is significant at 0:01 level.

***Validation and reliability measurement:***

Validity and homogeneity test are used to ensure that measurement instruments used are valid and reliable by evaluating consistency of measurement devices by using item-total correlation (Anderson and Gerbing, 1988). Instrument measurement is valid if each item scores are positively correlated to total score, as well as higher than intercorrelations between items. According to Bagozzi (1981), indicator with lower item-total correlation and factor loading should be discarded. The validity measurement uses Pearson product moment correlation > 0.4 (Singgih, 2000), while reliability measurement uses Cronbach's alpha > 0.8 (Nunnally, 1979). By using SPSS version 17.0, test results show that instrument is very valid and reliable (Table 3).

***Confirmatory factor analysis:***

This study is an exploratory and explanatory using structural equation modeling (SEM) and AMOS 18.0 statistical software. Model fit test to data observation is directed to predict the strength of observation variables through the critical value ratio (CR). Latent variables (construct) of this study consist of marketing mix, entrepreneurship, value-added, and enterprises independence. Criteria used to test the model fit are: 1) degrees of freedom is positive, 2) chi-square is non-significant ($p \geq 0.05$) and above the admission value ($p = 0.10$ ) (Hair et al., 2006), 3) incremental fit > 0.90 ie GFI (goodness of fit index), adjusted GFI (AGFI), Tucker Lewis Index (TLI), Cmin / df, comparative fit index (CFI), and 4) low RMSEA. Test results are shown in Table 3 and Table 4.

**Table 4:** Comparison of models fit index with cut-off value.

| Criterion | End model | *Cut-off value* | Description | Criterion | End model | *Cut-off value* | Description |
|---|---|---|---|---|---|---|---|
| Chi_Square | 4.158 | Small | Good | GFI | 0.924 | ≥ 0.90 | Good |
| Probability | 0.062 | ≥ 0.05 | Good | AGFI | 0.918 | ≥ 0.90 | Good |
| CMIN/DF | 1.040 | ≤ 2.00 | Good | TLI | 0.967 | ≥ 0.94 | Good |
| RMSEA | 0.043 | ≤ 0.08 | Good | CFI | 0.955 | ≥ 0.94 | Good |

***Research Findings:***

Table 5 and Figure 2 shows that H1, H3, and H5 are significant and accepted. Adversely, there is not enough evidence to accept the H2 and H4. In other words, marketing mix significantly affect on value-added and enterprises independence. Value-added also affects on enterprises independence, each with P-value = 0.000. Adversely, entrepreneurship does not affect significantly on value-added and enterprises independence, respectively with P-value = 0.174 and P-value = 0162. Indirect effect of marketing mix on enterprises independence through intervening variables of value-added also shows significant effect with P-value = 0.000. While the

indirect effect of independence of entrepreneurial businesses through intervening variable of value-added show P-value = 0162. Referring to Table 5, structural equation of micro and small enterprises partner's independence revealed that more than 95 percent of variance can be explained by effect of marketing mix, as the conceptual model (Figure 1).

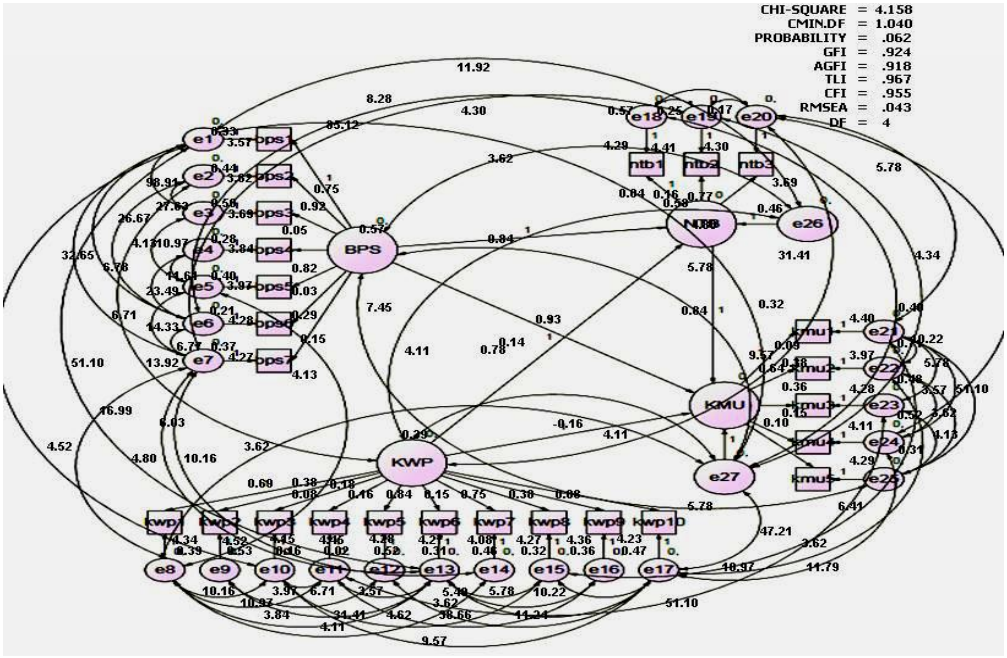


**Fig. 2:** Overall model.

**Table 5:** Correlation between variables (hypothesis testing).

| Independent variables | Dependent variables | Direct effect | | | |
|---|---|---|---|---|---|
| | | Standardize | CR | P-value | Description |
| Marketing mix | Value-added | 0.841 | 7.142 | 0.000 | Significant |
| Entrepreneurship | Value-added | 0.141 | 1.700 | 0.174 | Insignificant |
| Marketing mix | Enterprises independence | 0.933 | 8.210 | 0.000 | Significant |
| Entrepreneurship | Enterprises independence | -0.163 | -0.472 | 0.162 | Insignificant |
| Value-added | Enterprises independence | 0.728 | 6.845 | 0.000 | Significant |

| Variables | | | Indirect effect | | |
|---|---|---|---|---|---|
| Independent | Intervening | Dependent | Standardize | P-value | Description |
| Marketing mix | Value-added | Independence | 0.058 | 0.000 | Significant |
| Entrepreneurship | Value-added | Independence | -0.144 | 0.162 | Insignificant |

***Discussion:***

***Effect of marketing mix on value-added and enterprises independence:***

Test results show that marketing mix (Bps) has significant effect on value-added (West Nusa Tenggara) and businesses independence (Kmu) with each P-value = 0.000. In addition to direct effect, marketing mix also affects indirectly on enterprises independence through an intervening variable of value-added at P-value = 0.000. These findings reinforce Zainuddin (2010), Carlos Kusuma (2012), Marlyanti (2009), Luvita Shaza and Michael Lennond (2012), and Astonny Burry (2009), which states that there is significant relationship between marketing mix and value-added. In addition, this finding also reinforces Ira Wahyu (2012), Luvita Shaza and Michael Lennond (2012), Astonny Burry (2009), and Christian AP (2009) which states that marketing mix, beliefs and images provide a direct and indirect effect on enterprises independence. However, variables measurement in this study uses different indicators from previous research. Measurement indicators consist of product (Bps.1), price (Bps.2), promotion (Bps.3), place (Bps.4), physical evidence (Bps.5), employees (Bps. 6), and process (Bps.7). Referring to test results of validity and reliability (Table 3), it shows that indicator is valid with Pearson correlation values > 0.6 and reliable with Cronbach's alpha = 0.874. In addition, test results of confirmatory factor analysis (CFA) also showed that all indicators are significant at P = 0.000. This means that model is very fit, in sense that indicators used to measure the latent variables of marketing mix (Bps) are relevant. Through these findings, it can be stated that effort to build a enterprises independence for micro and small enterprises partners (MSEs), particularly in Ternate City, can be done through the implementation of marketing mix, especially related to process of analysis, planning, implementation and control of

programs designed to create, build, and maintain a favorable exchange of buyers to achieve the company goal (Kotler and Armstrong, 2008). In this case, process of analysis, planning, implementation and control needs to be an emphasis primarily on provision indicator value of products and services offered to consumers, introduction of products and services offered, media to market products and services offered, facilities and infrastructure used to facilitate business activity, human resources to carry out marketing activities as well as marketing and business management activities undertaken by MSE partners.

***Effect of value-added on entrepreneurship and enterprises independence:***

Based on results of hypothesis testing (Table 5), entrepreneurship (Kwp) has insignificant effect, either directly or indirectly, on value-added (West Nusa Tenggara) with P-value = 0.174 and businesses independence (Kmu) with P-value = 0162. The data indicate that the test results are not able to support hypothesis. Although these findings do not explicitly reject the idea of Ricky Hambridge (2010), company value to change the trend of rise and fall due to low levels of entrepreneurship. But at same time, the implementation of marketing mix can increase the enterprises independence. However, through a several of indicators used to measure entrepreneurship, it shows that all of these indicators are valid with Pearson correlation values > 0.7 and reliable with Cronbach's alpha = 0787. In addition, test results of confirmatory factor analysis (CFA) also showed that all indicators are significant at P = 0.000. This can mean that even if the variable is not significant to entrepreneurship and independence of value-added business, but local governments can still give attention to following research indicators: administration (Kwp.1), belonging to community (Kwp.2), competitive (kWp.3), missionary (Kwp.4), results orientation (Kwp.5), customer orientation (Kwp.6), entrepreneurship (Kwp.7), anticipative (Kwp.8), decentralization (Kwp.9), and market orientation (Kwp.10). As noted by Hood (1991), reform of public sector into a new dimension to a government policy-making becomes feature of entrepreneurial management policy-oriented.

***Effect of value-added on enterprises independence:***

Based on hypothesis testing results (Table 5), value-added (West Nusa Tenggara) significantly affect on enterprises independence (Kmu) with P-value = 0.000. The measurement involves three indicator namely: economic value (Ntb.1); value-added to MSE business partners to get profit, policy value (Ntb.2); value-added of government's policy to run a productive business conducted by MSE business partners, and social values (Ntb.3); value-added that involves the participation of many people in doing business partnership MSEs. These findings support the idea of Schaepper (2008) that person who has high self-reliance always trying to have responsibility, autonomy, initiative, self-control and confidence to achieve their goals. Meanwhile, people who have low self-sufficiency in addition to willingness of myself still asking for help from others. Independence is expressed by Adler (2003) as a theory of value-added of a person based on independence and autonomy to provide a change for better.

***Conclusions:***

This study results have a number of practical implications for Ternate city government to encourage enterprises independence of micro and small enterprises partners. It is recommended to further enhance the business independence, especially micro and small enterprises partners. Local governments should to give more attention to strategies in effort to do right marketing mix and sustainable. Limitations of this study are sampled only the business partners in Ternate City, especially micro and small enterprises, so these findings may not be generalizable to business partners and in other cities. Further study is recommended to fill that gap. This can help in strengthening the results of this study so the findings can be generalized.

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