

Navigating Financial Constraints: A Qualitative Study of Startup Survival Strategies in Makassar

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Abstract

This study aims to explore how startup founders in Makassar navigate financial constraints and develop survival strategies during the early stages of business development. Financial limitations remain one of the most critical challenges faced by startups, particularly in emerging regional ecosystems where access to venture capital, bank financing, and institutional support is still uneven. This study employed a qualitative descriptive approach using semi-structured interviews with startup founders, co-founders, and key decision-makers operating in Makassar. Data were analyzed using thematic analysis to identify recurring patterns related to financial challenges, resource mobilization, and business survival practices. The findings indicate that startups in Makassar survive financial constraints through four main strategies: bootstrapping and strict cost control, revenue-first business models, network-based resource mobilization, and adaptive business model adjustment. These strategies enable founders to maintain operational continuity, reduce dependency on external investors, and strengthen business resilience in uncertain market conditions. The study contributes to the literature on entrepreneurial finance and startup survival by providing contextual insights from Makassar as an emerging entrepreneurial ecosystem in Eastern Indonesia.

Keywords: Financial Constraints, Startup Survival, Bootstrapping, Entrepreneurial Finance, Makassar

INTRODUCTION

Startups have become an important driver of innovation, employment creation, and regional economic transformation. Through the development of new products, digital services, and adaptive business models, startups contribute to the emergence of more dynamic entrepreneurial ecosystems. However, the survival of startups is often challenged by limited financial resources, particularly during the early stages of business development. Financial constraints may limit a startup's ability to develop products, acquire customers, recruit skilled employees, expand market access, and maintain operational continuity. Therefore, the ability to manage financial limitations becomes a critical factor in determining whether startups can survive in uncertain and competitive business environments.

Financial constraints remain a common challenge for entrepreneurs in many countries. The Global Entrepreneurship Monitor reported that the provision of and access to entrepreneurial finance are still considered insufficient in many economies, indicating that financing remains a major obstacle for early-stage entrepreneurial activity (Global Entrepreneurship Monitor, 2026). Similarly, OECD (2024) emphasized that SMEs and entrepreneurs continue to face tighter financing conditions, especially due to inflationary pressures, changing lending standards, and increased barriers to investment. These conditions suggest that startup survival does not depend only on innovation and market opportunities, but also on the founder's ability to secure, allocate, and optimize limited financial resources.

In the Indonesian context, startup development has increasingly expanded beyond major entrepreneurial centers such as Jakarta, Bandung, Surabaya, and Yogyakarta. Makassar, as one of the strategic economic centers in Eastern Indonesia, has strong potential to become a regional startup hub due to its role in trade, services, education, and urban economic activity. BPS Kota Makassar (2026) shows that Makassar continues to develop as an important urban economy with socio-demographic

and economic characteristics that support business activities. This condition provides opportunities for startup growth, particularly in sectors related to digital services, creative industries, food and beverages, education, and local commerce.

Nevertheless, the startup ecosystem in Makassar still faces several structural challenges, especially in terms of access to formal financing, investor networks, and institutional support. Unlike startups in more mature ecosystems, many startups in regional cities often rely on personal savings, family support, early customer revenue, informal partnerships, and community-based networks. These financial limitations require founders to make strategic decisions regarding cost efficiency, product prioritization, revenue generation, and business model adaptation. In this context, financial constraints are not merely obstacles, but also conditions that shape entrepreneurial behavior and survival strategies.

Several theoretical perspectives explain how entrepreneurs respond to limited resources. Winborg and Landström (2001) introduced financial bootstrapping as a strategy used by entrepreneurs to minimize the need for external financing by relying on internal resources, delayed payments, shared facilities, and operational efficiency. Baker and Nelson (2005) emphasized the concept of entrepreneurial bricolage, in which entrepreneurs create value by recombining available resources under conditions of scarcity. In addition, Sarasvathy (2001) explained that entrepreneurs often use effectuation logic by starting from available means and adjusting their strategies according to emerging opportunities. These perspectives are relevant for understanding how startups survive when access to capital is limited.

Previous studies on startup financing have widely discussed access to capital, venture funding, entrepreneurial finance, and small business survival. However, many studies still focus on startups in large urban ecosystems or on quantitative measurements of business performance. Limited attention has been given to how startup founders in regional cities experience financial constraints and translate them into practical survival strategies. In particular, qualitative studies examining startup survival strategies in Makassar remain limited. This research gap is important because startup survival is highly contextual and may be influenced by local market conditions, founder networks, customer behavior, and the maturity of the entrepreneurial ecosystem.

Based on the description above, this study aims to explore how startup founders in Makassar navigate financial constraints and develop strategies to sustain their business operations. This study focuses on the lived experiences of founders in managing limited capital, maintaining cash flow, mobilizing resources, and adapting business models. By using a qualitative approach, this study is expected to provide a deeper understanding of startup survival strategies in an emerging regional entrepreneurial ecosystem. The findings are expected to contribute theoretically to the literature on entrepreneurial finance and practically to startup founders, business incubators, policymakers, and local entrepreneurial support institutions in Makassar.

RESEARCH METHOD

This study used a qualitative descriptive approach to understand the experiences, perceptions, and strategies of startup founders in dealing with financial constraints. A qualitative approach was chosen because the study focuses on exploring meaning, decision-making processes, and contextual survival practices rather than measuring statistical relationships.

The research was conducted in Makassar, South Sulawesi. The participants were startup founders, co-founders, or key financial decision-makers who had operated their businesses for at least one year. The participant criteria included: having direct involvement in business financial decisions, experiencing financial limitations during business operations, and being willing to share experiences through interviews. The number of participants may be adjusted based on data saturation, but qualitative startup studies commonly use a focused number of informants to obtain rich and detailed insights.

Data were collected through semi-structured interviews. The interview questions focused on several key areas: sources of startup capital, financial challenges, cash flow management, cost reduction practices, access to funding, investor readiness, business model adaptation, and strategies used to maintain survival. Supporting data may also be obtained from business documents, social media profiles, financial notes, and publicly available information related to startup activities.

Data analysis was conducted using thematic analysis. The process included transcribing interview data, reading the transcripts repeatedly, identifying meaningful codes, grouping codes into themes, reviewing the themes, and interpreting the findings in relation to entrepreneurial finance and startup survival literature. To improve credibility, the study may apply source triangulation, member checking, and peer review of coding results.

Results and Discussion

3.1 Financial Constraints Faced by Startups in Makassar

The findings indicate that startups in Makassar commonly face several forms of financial constraints. The first constraint is limited initial capital. Many founders start their businesses using personal savings, small contributions from family members, or revenue generated from early customers. This condition limits their ability to invest in product development, marketing, technology, and human resources.

The second constraint is unstable cash flow. Startups often experience irregular income because their customer base is still developing. In some cases, revenue is sufficient to cover daily operations but not enough to support expansion. As a result, founders must carefully prioritize spending and delay non-urgent investments.

The third constraint is limited access to formal financing. Bank loans are often difficult to obtain because startups may not have sufficient collateral, stable financial reports, or long operating histories. External investment is also limited because many regional startups have not yet developed scalable business models or investor-ready documentation.

These findings show that financial constraints are not only related to the absence of capital but also to the ability of startups to manage limited resources, build financial discipline, and make strategic decisions under uncertainty.

3.2 Bootstrapping and Cost Control as Survival Strategies

One of the main strategies used by startups is bootstrapping. Founders reduce dependence on external financing by using available internal resources. This strategy includes minimizing fixed costs, using shared workspaces, delaying office expansion, relying on small teams, and performing multiple roles within the company.

Cost control is also implemented through careful spending prioritization. Startups tend to allocate funds only to activities that directly contribute to revenue generation, such as product improvement, customer acquisition, and essential operations. Non-essential expenses, such as expensive branding campaigns or large-scale recruitment, are often postponed.

This strategy reflects financial discipline. Rather than pursuing rapid expansion without sufficient funding, startups attempt to extend their operational runway. In this context, survival depends on the founder's ability to maintain liquidity and avoid unnecessary financial risk.

3.3 Revenue-First Business Model

Another important survival strategy is the adoption of a revenue-first business model. Instead of focusing only on user growth or product experimentation, startups prioritize business activities that generate direct income. This approach is especially relevant for startups that do not have access to venture capital.

The revenue-first strategy is implemented by offering paid services early, developing minimum viable products, accepting customized client projects, or combining the main startup idea with short-term revenue-generating services. For example, a digital startup may develop its own platform while also providing website development, social media management, or digital marketing services to maintain cash flow.

This finding suggests that startups in Makassar tend to be pragmatic. They do not always follow the high-growth startup model that depends heavily on investor funding. Instead, they combine innovation with practical income generation to ensure business continuity.

3.4 Network-Based Resource Mobilization

Startups also survive by using personal and professional networks. Networks help founders access customers, mentors, informal funding, partnerships, technical support, and market information. In a regional entrepreneurial ecosystem, networks may become an important substitute for formal institutional support.

Founders often rely on friends, former colleagues, university communities, business associations, local government programs, and digital communities. These networks provide non-financial resources that can reduce operating costs. For example, partnerships may help startups access free promotion, shared facilities, technical advice, or collaborative projects.

This strategy reflects resource bricolage, where entrepreneurs creatively use available resources to overcome limitations. In Makassar, social relationships and local trust appear to play an important role in startup survival.

3.5 Adaptive Business Model Adjustment

Financial pressure encourages startups to adjust their business models. Some startups modify their target market, simplify product features, change pricing schemes, or shift from business-to-consumer models to business-to-business models. These adjustments are made to improve revenue stability and reduce operational uncertainty.

Adaptive adjustment also includes changing marketing channels. Startups may reduce paid advertising and focus on organic social media, referrals, partnerships, and community-based

marketing. This approach helps reduce customer acquisition costs while maintaining market visibility.

The ability to adapt is crucial because financial constraints force founders to make continuous evaluations. Startups that can revise their strategies quickly are more likely to survive than those that maintain rigid business models despite poor financial performance.

Discussion

The findings show that startup survival in Makassar is shaped by the interaction between financial limitations, founder creativity, and local ecosystem conditions. Financial constraints do not automatically lead to business failure. Instead, they can encourage founders to become more disciplined, adaptive, and resourceful.

The study supports the concept of bootstrapping, which emphasizes the use of internal resources to sustain business activities. It also aligns with the concept of bricolage, where entrepreneurs make use of available resources to create value under conditions of scarcity. In addition, the findings reflect effectuation logic, where founders begin with available means and adjust strategies based on emerging opportunities.

This study also shows that startups in Makassar may follow a different survival pattern from startups in more mature ecosystems. While startups in larger ecosystems may focus on investor funding and rapid scaling, startups in Makassar tend to emphasize cash flow, community networks, cost efficiency, and gradual growth. This makes the local context important in understanding startup survival strategies.

CONCLUSION

This study concludes that startups in Makassar navigate financial constraints through four main survival strategies: bootstrapping and cost control, revenue-first business models, network-based resource mobilization, and adaptive business model adjustment. These strategies help startups maintain operational continuity despite limited access to formal financing and external investment.

Theoretically, this study contributes to the literature on entrepreneurial finance by providing qualitative insights into startup survival in an emerging regional ecosystem. Practically, the findings suggest that startup founders need to strengthen financial discipline, develop early revenue streams, build strategic networks, and remain flexible in adjusting business models.

This study has limitations. The findings are context-specific and depend on the experiences of startup founders in Makassar. Future research may compare startup survival strategies across different cities in Indonesia or examine the role of local government, incubators, universities, and investors in supporting startup financial resilience.

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