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The Analysis of Marketing, Strategy Planning, Enterprise Orientation, Technology, and Capital On Indonesian MSMEs Performance

Ghea Dwi Rahmadiane
Department of Public Sector Accounting
Politeknik Harapan Bersama
Tegal, Indonesia
ghea.dwi@poltektegal.ac.id

Nurul Mahmudah
Department of Public Sector Accounting
Politeknik Harapan Bersama
Tegal, Indonesia
nurul.mahmudah@poltektegal.ac.id

Abstract—The occurring phenomenon that MSMEs experience various weaknesses and problems, including difficulties in marketing caused by reduced customers because road users prefer to go through the toll road rather than the Pantura road, intensive business competition, low managerial skills, knowledge in management problems, mastery of technology, and especially in finance. This study aims to analyse marketing, strategic planning, entrepreneurial orientation, technology, and capital on Indonesia MSMEs performance. This research used a sample of 271 units throughout Indonesia. In this study using accidental sampling as a sampling technique with the calculation of the number of samples using the sample size calculator at www.raosoft.com with the consideration of the margin of error value of 5%, the level of confidence 90% and the expected response is 95%. This study used multiple regression analysis with questionnaire data collection techniques and observations. The results of this study are marketing, strategic planning, entrepreneurial orientation, technology, and capital have an effect on Indonesia MSMEs performance. (Abstract)

Keywords— MSMEs; marketing; strategic planning; entrepreneurial orientation; technology; capital

I. INTRODUCTION

Indonesian MSMEs are one of sectors that have made a contribute significantly to national economy, especially in the value of national exports, employment, national investment, and the formation of Gross Domestic Product. The existence of Micro, Small and Medium Enterprises in the midst of difficult situations and full of uncertainty is a special concern for both central and local governments. Great government attention on the development of MSME by issuing Law no. 20 of 2008 concerning MSME. Various initiatives are always being pursued by the government through the Ministry of Cooperatives and MSMEs so that there are more entrepreneurs in establishing MSMEs. Government's attention to the very large MSME is a strategic step that is right for the Indonesian people. The seriousness of the government's concern for MSMEs with programs to foster and develop MSMEs in

Indonesia. However, this does not mean that Indonesian government has great support to develop MSMEs without obstacles. The agenda for strengthening a just and sustainable foundation that can be realized economic recovery and through the development of a people's economic system that continues to utilize the use of human resources in a way that preserves independent and optimal entrepreneurs.

According to data from the Ministry of Cooperatives and MSMEs, it was recorded that number of Indonesian MSMEs actors reached 62,922,617 business actors in 2017 spread throughout Indonesia. MSMEs also dominate the existing business structure in Indonesia around 99.99% consisting of 98.70% or 62,106,900 micro businesses, 1.20% or 757,090 small businesses, 0.09% or 58,627 medium-sized businesses. Meanwhile, big business only contributed to the business structure in Indonesia by 0.01% or 5,460. The number of Indonesian MSMEs that dominates is similar to MSMEs that are resilient in facing the global crisis. MSMEs proven that they are a formidable industry and are able to withstand and pass the difficult conditions, namely the economic crisis. The advantages of small businesses compared to large businesses are the flexibility, ingenuity and agility possessed by small businesses [1]. However, many small businesses in Indonesia still have difficulties developing so that their competitiveness is low.

Research on MSMEs has been carried out by researchers in the Brebes, Central Java. At the end of 2017, it was found that there was an increase in the number of salted egg MSMEs after the establishment of the Brexit Toll Road by 105.56 percent from the previous one, or previously as many as 18 MSMEs salted egg, after the establishment of the Brexit Toll it increased to 37 MSMEs salted egg. From this data, it can be said that there has been an increase in livelihoods after the construction of the Brexit Toll Road of 19 MSMEs. From the results of 18 MSME salted egg that were established before the construction of the Brexit toll road, it was stated that the income condition of the Salted egg MSME before the Brexit

toll road construction had decreased by 55.56% , there were also some that had an increase of 44.44% or by 8 MSMEs . Furthermore, a similar research was conducted, in 2018 it was found that there was a decrease in the income condition of salted egg MSMEs by 5.4% after the construction of the Trans Java toll road. This phenomenon identifies that salted egg MSMEs experience various weaknesses and problems, including difficulties in marketing due to reduced customers because road users prefer to go through toll roads rather than pass through the Pantura road, intense business competition, low knowledge in management problems, mastery of technology, managerial skills, and especially in finance.

Marketing is the activities to carried out by entrepreneurs in an effort to develop business, maintain company life, and win the competition. Expertise and ability in marketing have an effect on success in achieving goals [2]. Consistent with rapidly changing environment, strategic planning is needed in order to create high competitiveness to achieve business success. A link between business of performance and strategy, where there is a correlation between performance of business and strategic planning [3]. With the existence of strategic planning, it will be able to place the company optimally in a competitive environment and be able to anticipate environmental changes that are often unpredictable [4]. Apart from strategic planning to deal with environmental changes, entrepreneurial orientation factors also play a very important role for the success of MSMEs. The causes of the weak productivity of SMEs and performance are strongly suspected to be due to the non-optimal managerial role in managing the business and the weak entrepreneurial character in a rapidly changing business environment [5]. MSMEs that have a strong entrepreneurial orientation will not only stick to past strategies and will be more willing to take risks. An entrepreneurial orientation is of dynamic importance for a company's survival in a dynamic environment.

Information Technology provides a value for strategies of management related to communication aspects, data management, knowledge management in an organization, access to information, and decision making [6]. In order to be able to use the latest technology and innovate, it requires a lot of money so that access to capital sources is an important issue for them to expand their business. A similar sentiment was expressed who argue that access in order to expand the MSME business and make their productive investments and obtain the latest technology, it is necessary to have access to sources of capital, thereby encouraging innovation, macroeconomic resilience, GDP growth, and ensuring their strength [7].

The phenomenon that occurs identifies that MSMEs experience various weaknesses and problems, including difficulties in marketing due to reduced customers because road users prefer to go through the toll road rather than the northern coast road, intense business competition, low managerial and human resource skills, low of technology mastery, and low issues knowledge, especially on finance. Based on the description above, the purpose of this paper is to analyze the effect of marketing, strategic planning, orientation of entrepreneurial, technology, and capital on the performance of MSMEs.

II. RESEACH METHODS

The population in this paper were all Indonesian MSMEs that met the MSME criteria based on Law Number 20 of 2008 concerning MSMEs, amounting to 57,895,721 consisting of 57,189,393 Micro Enterprises (UMi), 654,222 Enterprises. Small (UK) and 52,106 Medium Enterprises (UM) [8]. The large number of MSMEs in Indonesia is the background for taking the sample in this study. The sample in this study was determined using the sample size calculator www.raosoft.com with the consideration of a margin of error value of 5%, a level of confidence of 90% and an expected response of 95%, so the sample in this study was 271 MSMEs. This technique was carried out with hope to get an accurate picture of information.

The sampling technique in this reseach was convenience sampling / incidental sampling, this technique was used because of the consideration of convenience. Incidental sampling or convenience sampling is a sampling technique by chance, anyone who happens to meet the researcher can be used as a sample, but if it is considered that the person who happened to meet is suitable as a data source. [9]. Questionnaires distribution in this reseach was carried out by sending e-mails to all MSMEs in Indonesia and filling out the questionnaires on-line through the google form application so that they can be accessed by all MSMEs in Indonesia. Primary data is obtained by filling out a questionnaire (list of questions) which is answered by the research object [10]. Primary data in this study were obtained from the results questionnaires of distributing to respondents of this study.

The analytical method used is multiple regression analysis, by previously conducting a data grade test, namely the reliability test and the validity test of the questionnaire questions. Then proceed with the Classical Assumption Test, including Multicollinearity Test, Heteroscedasticity Test, and Normality Test. Next, do a partial significance test (t test) and simultaneous (f test) on the basis of decision making according to [11].

III. RESULTS AND DISCUSSIONS

The results of causality data test stated that value of cronbach's alpha at four variables was greater than 0,70 so this research instrument was declared reliable and the pearson correlation value of the four variables was greater than table R, so the question or research indicator was declared valid.

Table 1. Result of Reliability Test

Variables	Cronbach's Alpha	N of Item
MSME Performance (P)	0,895	5
Marketing (M)	0,837	3
Strategic Planning (SP)	0,880	3
Entrepreneurial Orentation (EO)	0,854	3
Technology (T)	0,825	4
Capital (C)	0,818	4

Source: Processed data (2020)

Table 2. Result of Validity Test

Indicator	Pearson Correlation	R table	Result
MSME Performance (P)			
P1	0,862	0,1192	Valid
P2	0,812	0,1192	Valid
P3	0,782	0,1192	Valid
P4	0,809	0,1192	Valid
P5	0,709	0,1192	Valid
Marketing (M)			
M1	0,832	0,1192	Valid
M2	0,896	0,1192	Valid
M3	0,892	0,1192	Valid
Strategic Planning (SP)			
SP1	0,803	0,1192	Valid
SP2	0,898	0,1192	Valid
SP3	0,855	0,1192	Valid
Entrepreneurial Orientation (EO)			
EO1	0,756	0,1192	Valid
EO2	0,923	0,1192	Valid
EO3	0,827	0,1192	Valid
Technology (T)			
T1	0,868	0,1192	Valid
T2	0,867	0,1192	Valid
T3	0,830	0,1192	Valid
T4	0,860	0,1192	Valid
Capital (C)			
C1	0,910	0,1192	Valid
C2	0,823	0,1192	Valid
C3	0,876	0,1192	Valid
C4	0,866	0,1192	Valid

Source: Processed data (2020)

To make sure the multiple linear regression equation was good, the assumptions of Normality, Multicollinearity, and Heteroscedasticity will be tested. The significance value of 0,2 greater than 0,05, the model in this research was distributed normally. In this study, VIF value is less than 10 and tolerance value was more than 0,1, so the model in this study does not have a multicollinearity problem. All significant value between independent variables with absolute residual of more than 0,05, then model in this research there is no heteroscedasticity problems.

Table 3 Result of Normality Test

		Unstandardized Residual
N		271
Normal Parameters ^{a,b}	Mean	0,0000000
	Std.	1,02988387
Most Extreme Differences	Deviation	
	Absolute	0,162
	Positive	0,187
	Negative	-0,125
Test Statistic		2,662
Asymp. Sig. (2-tailed)		0,200 ^c

Source: Processed data (2020)

Tabel 4 Result of Multicollinearity Test

Model	Collnearity Statistics	Collinearity Statistics
	Tolerance	VIF
(Constant)		
M	0,741	1,350
SP	0,559	1,305
EO	0,660	1,515
T	0,843	1,187
C	0,558	1,323

Source: Processed data (2020)

Table 5 Result of Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1,404	0,489		2,870	0,004
M	0,041	0,019	0,156	2,219	0,227
SP	0,052	0,037	0,212	1,396	0,164
EO	0,047	0,019	0,182	2,452	0,215
T	0,030	0,020	0,097	1,482	0,140
C	0,040	0,034	0,179	1,182	0,238

Source: Processed data (2020)

Table 6 Results of Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	13,178	1,170		11,266	0,000
M	0,067	0,045	0,054	2,506	0,003
SP	0,188	0,089	1,918	2,725	0,000
EO	0,098	0,046	0,081	2,134	0,034
T	0,057	0,048	0,040	2,174	0,042
C	2,204	0,081	2,188	2,267	0,000

Source: Processed data (2020)

Based on calculation of multiple regression linear analysis carried out through statistics using the SPSS program, the equation regression was obtained as follows:

$$P = 13,178 + 0,067 M + 0,188 SP + 0,098 EO + 0,057 T + 2,204 C$$

1 The influence of marketing on the Indonesian MSMEs Performance

Based on the results of the partial test, that marketing affects MSMEs performance. With these results indicate that changes in marketing variables will result in positive changes to the Indonesian MSMEs erformance, and partially have significant effect on Indonesian MSMEs performance [12]. So that if the steps in marketing increase, the performance of MSMEs in Indonesia will also follow the increase. The results of this research was in line with conducted on MSMEs in Bangladesh which states that there was a significant relationship between entrepreneur and marketing success [13]. There was growing evidence at the literature that problem for MSMEs in

developing countries was not their small size but their isolation, which hinders access to markets, as well as financial, institutional, and information support [14].

The influence of strategic planning on the Indonesian MSMEs Performance

Based on the partial test results, that strategic planning affects the Indonesian MSMEs performance. Research on West Java SMEs found that if business strategy is managed and implemented effectively, it will increase company performance [5]. Strategy variables will result in negative changes to the performance of MSMEs, and partially have a significant effect on MSMEs performance [12]. So, increasing sake if use of strategy in the run SMEs performance could be decreased. This can happen because of choosing a strategy that is too difficult to run or a strategy that is wrong or not right to run.

The influence of orientation entrepreneurial on the Indonesian MSMEs Performance

Based on partial test results, that entrepreneurial orientation affects the performance of MSMEs. This study succeeded in proving effect of entrepreneurial orientation on the Indonesian MSMEs performance. This means that better entrepreneurial orientation, higher the business performance of MSME. Business performance is measured using three indicators, namely (a) survival (b) ability to earn profits (c) growth (ability to develop) [15]. The results of the calculation of the index numbers show that the performance category is on a high criterion, meaning that it is expected that a business result is able to get high profits, can continue or survive and develop. Such findings have relevance to the findings about the effect of orientation entrepreneurial on business performance stating that higher the orientation entrepreneurial that can improve company's ability to market its products to the better performance business. Entrepreneurial orientation an important role in improving performance business [16].

The influence of technology on the Indonesian MSMEs Performance

Based on partial test results, that technology has an effect on the Indonesian MSMEs performance. Changes in technological variables will result in positive changes to MSMEs performance, and partially have a significant effect on the Indonesian MSMEs performance. Thus, development of the utilization and use of modern technology or by following the progress of the times can affect the increase in the Indonesian MSMEs performance. The results of this research were in line with research on MSMEs in Bangladesh which states that there were a significant relationship between entrepreneur and technology success [13].

The effect of capital on the Indonesian MSMEs Performance

Based on the partial test results, that capital affects the Indonesian MSMEs performance. The results of this research were in line with conducted on food MSMEs in the Salatiga

area which states that the greater the capital used and the easier it is to get business capital; it will result in increased business development [2]. Entrepreneurs in parts of the world appear to have problems accessing capital, convincing bankers, obtaining finance, and credit from suppliers or obtaining bank loans. Consistent with studies several around the world that have been conducted to highlight the entrepreneurs challenges faced [13]. Changes in the capital variable will result in negative changes to the performance of MSMEs, and partially have a significant effect on Furniture MSMEs performance in Klaten [12]. So that, if the financial condition of MSMEs decreases, the performance of MSMEs can actually increase. The impact of increasing production productivity is expected to attract third parties or outside parties (investors) to inject funds into these MSMEs. Therefore, changes are needed to manage finances so that they do not affect production productivity. The capital needed by craftsmen is working capital to invest in modern technology tools, where the impact of using this capital will help craftsmen meet the quality required by exporters which in turn will improve their business performance.

IV. CONCLUSION

Based on the research, the conclusion of this study includes M variable calculation obtained $t \text{ count} = 2,506 > t \text{ table}$ and value of significant $0,003 < 0,05$, it indicates that the partial marketing affects the performance of MSMEs. In the calculation of the SP variable, it is obtained $t \text{ count} = 2,725 > t \text{ table}$ and value of significant $0,000 < 0,05$, this indicates that partially strategic planning affects the performance of MSMEs. In the calculation of the EO variable, it is obtained $t \text{ count} = 2,134 > t \text{ table}$ and a value of significant $0,034 < 0,05$, this shows that partially orientation entrepreneurial affects the Indonesian MSMEs performance. In the calculation of the T variable, it is obtained $t \text{ count} = 2,174 > t \text{ table}$ and a value of significant $0,042 < 0,05$, this indicates that partially technology affects the performance of MSMEs. In the calculation of the variable C, it is obtained $t \text{ count} = 2,267 > t \text{ table}$ and a value of significant $0,000 < 0,05$, this indicates that partially capital affects the performance of MSMEs.

Suggestions for further research include the need for the involvement of related parties, both from facilitation institutions and government agencies by providing media or equipment assistance for the entire marketing and production process, so that MSME can improve performance, MSMEs were more creative in producing quality products. The government can collaborate with universities in providing training and assistance in compiling business plans for SMEs that can support MSME strategic plans going forward. Entrepreneurs must improve communication with employees in developing a business that is run so that employees feel they have a business so that they can improve their personal performance.

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