ANALYSIS OF FACTORS INFLUENCING THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN MANADO

ANALISA FAKTOR-FAKTOR YANG MEMPENGARUHI KINERJA USAHA KECIL DAN MENENGAH DI MANADO.

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Abstract: Since the 1998 economic crisis to the global financial crisis, Small and Medium Enterprises (SMEs) have been able to survive. Small and Medium Enterprises (SMEs) have an important role in supporting economic growth to date. In this study aims to determine the analysis of the factors that influence the performance of small and medium enterprises in Manado. This research was conducted using a causal study with a quantitative approach in which data were obtained through interviews and questionnaires distributed to 100 respondents who were distributed to SMEs owners / managers in the city of Manado. This study has 20 variables. The sampling technique uses purposive sampling method. The analysis technique used is the validity test, reliability test, factor analysis test, and multiple linear regression test. The test was carried out using the help of the SPSS program. The results showed that there were 3 factors that determine the performance of SMEs: (1) External Factors, (2) Planning and Relationship of Human Resources, (3) entrepreneurial skills and innovation.

Keywords: factors influencing performance, small entreprises, medium enterprises

Abstrak: Sejak krisis ekonomi 1998 hingga krisis keuangan global, Usaha Kecil dan Menengah (UKM) telah mampu bertahan. Usaha Kecil dan Menengah (UKM) memiliki peran penting dalam mendukung pertumbuhan ekonomi hingga saat ini. Dalam penelitian ini bertujuan untuk mengetahui analisis factor-faktor yang mempengaruhi kinerja Usaha Kecil Mengengah di Manado. Penelitian ini dilakukan dengan menggunakan studi kausal dengan pendekatan kuantitatif dimana data diperoleh melalui wawancara dan penyebaran kuesioner kepada 100 responden yang disebarkan kepada pemikik / pengelola UKM di kota Manado. Penelitian ini memiliki 20 variabel. Teknik pengambilan sampel menggunakan metode purposive sampling. Teknik analisis yang digunakan adalah uji validitas, uji reliabilitas, uji analisis factor dan uji regresi linear berganda, dengan menggunakan bantuan program SPSS. Hasil penelitian menunjukkan bahwa terdapat 3 faktor yang menentukan kinerja UKM: (1) Faktor Eksternal, (2)Perencanaan dan Hubungan Sumber Daya Manusia, (3) Keterampilan Wirausaha dan Inovasi.

Kata kunci: factor-faktor yang mempengaruhi kinerja, Usaha kecil dan usaha menengah.

INTRODUCTION

Research Background

Since the 1998 economic crisis until the global financial crisis the activities of Small and Medium Enterprises (SMEs) are able to survive. Democratic economists, reformers, or economic researchers from the World Bank have almost unanimously agreed that small and medium-sized businesses are most resistant to monetary crisis shocks. According to the data from Central Agency of Statistics (BPS) and the Ministry of Cooperatives and SMEs in 2005 showed the number of SMEs in Indonesia reached 43.22 million units. The SME sector in Indonesia has proven to have absorbed 79.6 million workers, contributing to 19.94% export value and 55.67% of GDP (Indarti, 2007).

Small and Medium Enterprises (SMEs) are the most survival groups when the economic crisis hit the country. The growing number of small and medium-sized business units will certainly be able to open large employment opportunities. However, this small business is still seen as a weak business performance. Small and Medium Enterprises (SMEs) currently have a very big role to the economic development in Indonesia, Small and Medium Enterprises (SMEs) have a significant role in national economic development, this is evident from its contribution to Indonesia's Gross Domestic Product (GDP) keep increasing every year.

Given the current economic condition of Indonesia, the government should focus on the populist economy, ie small and medium entrepreneurs and cooperatives that are able to show their existence by maintaining survival in facing changes in the business world. SMEs became the foundation for 99.45% of the workforce in Indonesia over the period 2000-2003, SMEs were able to open up new jobs for 9.6 million people, while large businesses only opened 55.760 new jobs, 2014 recorded 57.9 million SME actors and contributed to PBD 58.92% and contribution to the employment of 97.30%.

SMEs in Manado is an industry that still exists because the activities of this field are not affected by the crisis. until now SMEs in Manado still keep working and produce many quality products.

Research Objective

Regarding the problem which have been formulated and identified that is mentioned in previous section, the research objective are:
1. To analyze the Factors Influencing the Performance of Small and Medium Enterprises in Manado
2. To make recommendations to overcome these factors to improve the performance of SMEs in Manado

THEORITICAL REVIEW

SMEs

According to Hubeis (2009), SMEs are defined in different ways depending on the country and other aspects. Therefore, it is necessary to conduct a special review of these definitions in order to obtain an appropriate understanding of SMEs, namely to adhere to quantitative measures in accordance with economic progress

SMEs Performance

According to Komppula (2007), performance of Small Enterprises was viewed as their ability to contribute to job and wealth creation through Enterprises start-up, survival and growth. The research study was focused on Success factors in small and micro Enterprises. The results of the study show that there are no statistically significant differences in the views held by slowly or fast growing enterprises regarding the importance of the success factors. The same factors are considered important and less important in both slowly and fast growing enterprises in each branch of industry. Arising from the findings, it shows that the effectiveness of a particular factor on a business hang on the support of other determinant factors.

Factors Affecting SMEs Performance

According to Armstrong in Ardiana, Brahmayanti and Subaedi (2010) a person's performance can be seen from the knowledge, skills, skills and behavior needed to do the job well. While the performance of the

organization (company) is based on how the company's management responds to external and internal conditions, which with certain benchmarks will be able to know how the level of turbelence and what level of ability to anticipate it.

Previous Research

A study that found that external factors consisting of government policy aspect, socio-cultural and economic aspects, and the role aspects of related institutions have a significant and positive influence on the internal factors. Internal factors comprising the source aspect human resources, financial aspects, production / operational techniques, and market and marketing aspects have a significant and positive influence on the performance of micro and small enterprises.

Research to Identify Factors Affecting the Performance of SMEs Catering In Bandung. The results of this study is the psychological capital of entrepreneurs have a big influence compared to other variables.

Research to the Identification of Factors Influencing the Performance of Small Medium Enterprises. Hail this research there are two factors that very influential on the performance of SMEs are aspects of entrepreneurship and human resources aspects.

A study that found that only competition, which is an external environmental factor, turned out to have a significant relationship with the performance of SMEs in Kwa-Zulu Natal.of cashless transaction behavior of bank customers in district Mathura. The analysis shows Literate/educated and young respondents are found interested towards cashless transaction in comparison to illiterate and old aged respondents. In a comparison of debit cards with cash, studies suggest that with the use of debit cards, the level of consumption tends to be higher. In a comparison of credit cards with cash, this effect is more pronounced. Credit cards often are associated with more spending resulting in an increase in debt as well. The demonetization undertaken by the government is a large shock to the economy.

Conceptual Framework

Research procedure explains the steps to do this research. The conceptual framework explains the hierarchy that also a system of ranking and organizing theory.
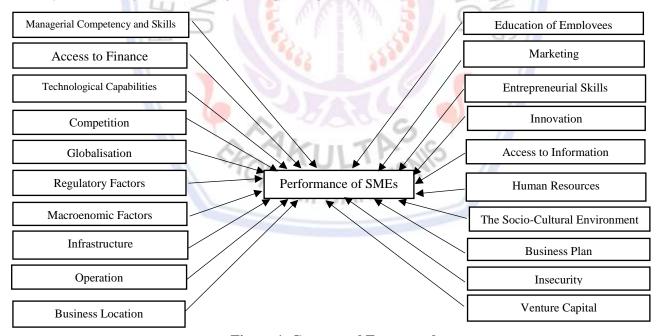

Figure 1. Conceptual Framework
Source: Data Anlysis Method (2020)

RESEARCH METHOD

Research Approach

This research is a causal study with a quantitative approach. a quantitative type of research. The approach taken in the collection of the data is through a survey, due to the large size of the population studied.

Population, Sample, and Sampling Technique

The population is defined as all members of a defined group that possess some common characteristic defined by the sampling criteria established by the researcher. According to Malhotra (2010), population is the aggregate of all the elements, sharing some common set of characteristics that comprises the universe for the purpose of the marketing research problem.

Data Collection Method

There are two types of data:
a) Primary Data. Primary data is the data obtained directly from the original source, specifically the primary data collected by researchers to answer the research questions. Primary data of this research is obtained from the interview. The way to come directly to the respondent so that can get the right answer. There are two parts in the interview that should be asked to the respondent. The first part asks about the identity of the respondent and the second part asks about things related to the variable.
b) Secondary Data. Sekaran and Bougie (2009) defined "sample as a subset of the population. It comprises some members selected from it". In other words, only particular elements of the population form the sample.

Data Analysis Method

To complement the research, the data collected needs to be analyzed. The research used multiple linear regression methods. This method allows to predict which factors are important in predicting performance of SMEs. And also used SPSS version for windows which is used to analyze data.

Validity and Reliability Test

Validity in quantitative research refers to whether the means of measurement are accurate and whether they are actually measuring what they are intended to measure (Joppe, 2000). Testing of intrument reliability can be done externally or internally. Externally the test can be performed with retest test, equivalent, and combined both. Internally, the reliability of the instrument can be tested by analyzing the consistency of the items in the instrument with certain techniques (Sugiyono, 2004: 122). Reliability test aims to see the consistency of measuring instruments to be used, ie whether the gauge is accurate, stable, and consistent.

Factor Analysis

Factor Analysis is a multivariate statistical technique used to reduce and summarize all dependent and interdependent variables. The dependence relationship between variables with others to be tested for identified dimensions or factors. (Ujianto and Abdurachaman, 2004). The main purpose of factor analysis is to explain the relationship between many variables in the form of several factors, where they are random quantities that can not be observed or measured directly (Gasperz in Khodijah, 2015).

RESULT AND DISCUSSION

Table 1. Validity Test

Variable	Sig	Alpha	Explanation
X_1	0.000		Valid
X_2	0.000		Valid
X_3	0.000		Valid
X_4	0.000		Valid
X_5	0.000	0,05	Valid
X_6	0.000		Valid
X_7	0.000		Valid
X_8	0.000		Valid
X_9	0.000		Valid

X_{10}	0.000	Valid
X_{11}	0.000	Valid
X_{12}	0.000	Valid
X_{13}	0.000	Valid
X_{14}	0.000	Valid
X_{15}	0.000	Valid
X_{16}	0.000	Valid
X_{17}	0.006	Valid
X_{18}	0.043	Valid
X_{19}	0.015	Valid
X_{20}	0.008	Valid

Source: SPSS Processed Data (2019)

Based on the results of the validity test in table 1 above, the results show that all items are valid because they have a significance value below 0.05 (5%) and thus these items can be used for further analysis.

Reliability Test

The reliability test used is Alpha Cronbach. If alpha is smaller than 0.6 then the instrument is declared not reliable and otherwise declared reliable Sugiyono (2010). The results of testing the reliability of all variables are shown in table 4.4 below:

Table 2. Reliability Test

Variable	Alpha Cronbach	Standard	Explanation
$X_1,X_2,X_3,X_4,X_5,X_6, X_7, X_8,$ $X_9, X_{10}, X_{11}, X_{12}, X_{13}, X_{14},$ $X_{15}, X_{16}, X_{17}, X_{18}, X_{19}, X_{10}$	0,714	0,60	Reliable

Source : SPSS Processed Data (2019)

From the results of the reliability test in the table above, it can be seen that all variables have Cronbach Alpha values above 0.6. Thus all variable items are declared reliable.

Rotated *Component Matrix*

The *Rotated Component Matrix* table shows the distribution of 20 variable items analyzed into five factors that form more clearly. While the numbers in each column of columns 1 to 5 indicate the correlation of each variable item with five factors formed. The process of determining which variable items will be included in the factor is done by comparing the correlation on each row by looking at the largest correlation number. The results are shown in table 4.9 below:

Table 3. *Component Matrix*

	Component					
	1	**2**	**3**	**4**	**5**	**6**
X1	.541					
X2	.520					
X3	.455					
X4	.441					
X5	.415					
X6	.531					
X7	.371					
X8	.543					
X9	.611					
X10	.551					
X11	.525					
X12	.597					
X13				.458		

X14			.466
X15	.466		
X16	.622		
X17		.673	
X18		.599	
X19		.762	
X20		.726	

Source: SPSS Processed Data (2019)

Based on table 4.9 above it can be explained as follows:
1. Factor 1 consists of items: 1,2,3,4,5,6,7,8,9,10,11,12,15,16
2. Factor 2 consists of items: 17,18,19,20
3. Factor 4 consists of items: 13.14
So based on the results of the study it can be concluded that the factors formed can be named as follows:

Table 4. Naming New factors

Factors Rormed	Variable	Naming New factors
1	*Technological Capabilities, Competition, Globalisation, Regulatory, Macroenomic, Infrastructure, Operation, Business Location, Education and Marketing (1-12)*	External Factor
2	*Access to Information, Human Resources, The Socio-Cultural and Business Plan (17-20)*	Human Resources Planning and Relationdhip
4	*Entrepreneurial Skills and Innovation (13-14)*	*Entrepreneurial Skills and Inovation*

Source: Research Results (2019)

Discussion

Based on the Data Analysis above shows that the results of the study show that factor 1 is formed from Technological Capabilities, Competition, Globalization, Regulatory, Macroenomic, Infrastructure, Operation, Business Location, Education and Marketing given the name of new factors are external factors. The results of the study indicate that the second factor is formed by Access to Information, Human Resources, The Socio-Cultural and Business Plan. The results showed that factor 3 was formed from Entrepreneurial Skills and Innovation.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the Data Analysis and Discussion, the conclusion of this research concluded as follows:
1. Based on the results of the study indicate that there are 3 Factors influencing the performance of SMEs: 1. External Factors, 2. Human Resources Planning and Relation, 3. Entrepreneurial Skills and Innovation.
2. By relying on External Factors, Human Resource Planning and Relations, and Entrepreneurial Skills and Innovation, then the Performance of SMEs in Manado City will increase steadily by itself to support economic growth in Manado City.

Recommendation

Based on the conclusions of the results of the above research, the things that can be suggested from this study are:
1. It is important for the SMEs to pay attention to the three factors that are determinants of their performance.
2. For researchers then it is suggested to increase the scope of research with even larger objects. And can be continued to the other analysis in the form of multiple regression analysis, path analysis and others.

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