

The Determinants of Home Industry's Business Performance Which is Produces Traditional Cake in Sading Village, Bali, Indonesia

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Abstract: Entrepreneurship is one of the pillars of the Indonesian economy that is able to face the economic crisis. Likewise, Bali Island, in which many residents to become entrepreneurs. Bali is called the island of God because of the many temples and religious ceremonies. To meet the needs of the religious ceremony, in the village of Sading produced assorted traditional cakes for consumption as well. That's important to know the determinant of the performance of home industry, so this study aims to determine the effect of capital, human resources, and marketing of partially and simultaneously on the performance of home industry as well as the dominant factor. The analysis technique used is multiple linear regression analysis. Results showed that simultaneous capital, human resources and marketing have a significant effect. Partially capital and marketing have positive and significant effect, but human resources not significant. The most dominant factor affecting the performance of home industry is capital.

Keywords: business performance, capital, home industry, human resources, marketing

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I. Introduction

Entrepreneurial become one of the pillars of the national economy that is resilient to face the global economic crisis as well as solutions to reduce poverty and absorb unemployment. Similarly in Indonesia, almost 98% of businesses in Indonesia belonging to the group of SMEs. End of February 2013, the Ministry of Cooperatives and Small and Medium Enterprises (SMEs) noted, the ratio of the number of employers with a total population in Indonesia is 1.56%. The figure was still less than the ratio in Singapore which has 7.2%, Thailand (4.1%) or Malaysia which has 2.1%. Yet according to David Clarence McClelland in his book *The Achieving Society* (1961), a new country can achieve the status of a prosperous, if the ratio of entrepreneurs against the inhabitants of at least 2%.

SMEs are generally based on local economic resources and not rely on import, and the result could be exported because of its uniqueness, so the development of SMEs is believed to strengthen the foundation of the national economy. Indonesia's economy will have a strong fundamental if SMEs and cooperatives have become the main actors of productive and competitive in the national economy. So, the empowerment of SMEs must be top priority of national economic development in the long term.

One of the main obstacle in the development of SMEs is the scarcity of funds that can be used to as capital to support the production. SME access to financial institutions or funding is still relatively limited. Capital needed to develop small and medium enterprises and cooperatives rely more heavily on private capital and turnaround business results obtained.

Other obstacles is the level of business productivity and relatively low labor productivity, low added value, the number of low investment, the limited of market reaching, limited business networks, capital and limited access to financing, the limited quality of human resources, and management are generally not professional, and there is no clear separation between private finance to corporate finance.

One area that is famous in Indonesia is Bali or called the island of God. The nickname of the island because of the many temples and Hindu religious ceremony activities. The cake is one requirement for religious ceremonies, in addition to daily consumption. Opportunity is seen by residents in the Sading village, Badung regency, where 60% of the population had a home industry that produces traditional cakes. The effort is indeed a home industry, but there are also workers coming from outside the region and even outside the village of Bali.

Every entrepreneur is always looking forward to increase the business performance, including entrepreneurs in the Sading village. But in fact, many home industries are not growing or declining. Therefore it is very important to examine the determinants of performance of traditional cake home industry in Sading village.

The purpose of this study was to determine the effect of the simultaneous and partial capital, human resources, and marketing on the performance of traditional cake of home industry in Sading village. Furthermore, to determine which factors are the most dominant influence on business performance.

II. Literature Review

2.1 Concepts of Capital

Tambunan (2002) explains that the capital is one of the factors of production are very important for any business, whether small, medium or large. To set up or run a business required a certain amount of capital (money) and power (expertise). There are two types of capital, namely capital investment and working capital. The investment capital is used for long-term, repetitive and usually more than one year, while short-term working capital and only a few times to use in the production process.

Furthermore, Budiwati (2009) describes the importance of capital factor for operations as follows: Working capital is very influential on the passage of the operation of an enterprise so that working capital should continue to be available and continuously required for smooth business, with sufficient capital will be produced optimally and when it is done capital increase, the production will increase even more.

With the availability of capital, the business will run smoothly so that it will develop the capital itself through a process of business activities. Capital employed can be an entirely of their own capital or a combination of equity capital to loan capital. Set of different sources of capital will form a capital investment of power in order to run the business. The capital owned managed optimally if it will increase the volume of sales.

2.2 Human Resources Management

Human resource management is a formal system design organization to ensure the use of human talent effectively and efficiently in order to achieve organizational goals (Sedarmayanti, 2009). Human resource management is planning, organizing, directing and monitoring the procurement, development, compensation, integration, maintenance and termination of employment with a view to achieve the goal of an integrated organization (Hussein, 2011).

From the definition, the management of human resources is a formal system of organizations involved in the field of staffing or personnel with the aim of effectiveness and efficiency of labor to achieve the goal of an integrated organization. Therefore, for the management of human resources goes well then the human resource management function it must be carried out as a function of managerial and operational functions (Rivai, 2006).

2.3 Marketing Management

Marketing is spearheading the company to change the products or services being offered a source of income. Marketing also acts as a liaison between the needs of the community with the necessary pattern of response. According to (Assauri 2009) marketing is the result of work performance business activities related to the flow of goods and services from producer to consumer. Meanwhile, according to Basu and Irawan (2008) marketing is about system of business activities aimed at planning, pricing, promoting and distributing goods and services that can satisfy the needs of both the buyers existing and potential buyers. In general, all-encompassing marketing effort required to move the goods / services from producers to consumers so as to satisfy the desires and needs of consumers.

Assauri (2009) explains that marketing management is analyzing the activities, planning implementation, and control programs that are made to establish, build, and maintain, benefit from the exchange via the target market in order to achieve the goals of the organization (company) in the long term. So marketing is an important factor for success of the company, so with marketing company can identify the needs and desires of consumers and then, with the existing human resources. The company will strive to satisfy the needs and desires of consumers by providing goods or services to consumers. While the company earn a profit and achieve the objectives of the business. The marketing concept is a philosophy in the field of marketing management oriented to the needs and desires of consumers to be supported by an integrated marketing activities directed to provide consumer satisfaction as the key to the organization's success in achieving the goals (Assauri, 2009).

2.4 Business Performance Management

Performance Management is a way to get better results for organizations, groups and individuals to understand and manage the work in accordance with the planned targets, standards and competency requirements that have been determined (Surya Dharma, 2005). Thus, the performance management is a process to determine what is to be achieved, and its approach to managing and human development in a way that can increase the likelihood that the goal will be achieved within a certain set time period either short or long.

Performance management focuses on three things: (1) how managers and group leaders work effectively with other people around them; (2) how individuals work together with managers and groups; and (3) how individuals can be developed to improve the knowledge, skills and expertise and level of competence as

well as their performance. The purpose of performance management is to create a culture of individuals and groups to take responsibility for efforts to improve work processes and sustainable capability. At the organizational level depends on the shape of the target organization can be formulated in the form of profit, return on capital, proceeds, income generation, market share, development of production (innovation), quality of service to customers, and a decrease in costs or savings activities.

III. Research Methods

This research was to test the effect of inter-associative research variables. The independent variable in this study is the capital, human resources, and marketing, while the dependent variable is the performance of the business. The research was conducted in the Sading village, Badung, Bali Province. The population in this study are all the home industry in the Sading village, while a sample of 50% of the population with non-probability sampling technique (quota sampling). Data collected by observation, structured interview (questionnaire), and documentation. Further analysis of the data by using multiple linear regression analysis. This analysis is used to determine the effect of independent variables on the dependent variable, according to the equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where:

- Y = performance home industry
- X1 = capital
- X2 = human resources
- X3 = marketing
- e = error

There are three hypotheses in this study, namely: (1) Capital positive and significant effect on the performance of home industry; (2) human resources and significant positive effect on the performance of home industry; and (3) positive and significant impact marketing performance of home industry.

IV. Results

Testing the relationship between the study variables was analyzed with multiple linear regression. Data that is tested is the data that meets the criteria of classical assumption test.

4.1 Correlation Analysis

Before looking at the effect of each variable, the previous need to know is the relationship between the study variables partially. Table 1 shows the correlation coefficient between each independent variable on the dependent variable.

Table 1: Correlation Between Independent Variables With Dependent Variable (Business Performance)

Independent Variables	R	R-Square	Category of Correlations
Capital	0635	0403	Strong
Human Resources	0615	0378	Strong
Marketing	0574	0329	Moderate

Based on the analysis in Table 1 shows that the capital and human resources have a strong relationship with business performance, while marketing has a moderate relationship to business performance.

4.2 Regression Analysis

Multiple linear regression analysis is used to determine the influence of independent variables on the dependent variable. The results of the analysis with the SPSS application program shows the results in Table 2.

Table 2: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-8,005	9,105		-.879	,386
	X1	,619	,267	,460	2,321	,027
	X2	,034	,253	,031	,134	,894
	X3	,350	,155	,364	2,262	,031

a. Dependent Variable: Y

So it can be prepared the following regression equation:

$$Y = -8005 + 0619 X_1 + 0.034 X_2 + X_3 0350$$

Regression equation can be explained as follows:

- 1) If the Constanta of regression model is -8.005 which states that if there is no variable capital, human resources, and marketing, the home industry's performance will decline 8.005.
- 2) Capital is significant in 0.027 with a regression coefficient 0.619 which explained that the capital significantly influence business performance. A positive regression coefficient values indicate a positive relationship between capital and performance of the home industry. This indicates that when the capital increase will result in increased business performance. If the human resources and marketing are considered constant, then any increase in capital will result in an increase in the performance of home industry by 0619.
- 3) Human resources is insignificant in 0.894 with a regression coefficient of 0.034 which proves that human resources has no significant effect on the performance of home industry. A positive regression coefficient values indicate a positive relationship between human resources with business performance. If the human resources increases, will improve business performance. If the variable capital and marketing are considered constant , then any increase in human resources will result in improved performance of home industry by 0.034.
- 4) Marketing is significant in 0.031 with a regression coefficient 0350 which explained that marketing a significant effect on business performance. A positive regression coefficient values indicate a positive relationship between marketing and performance of the home industry. This indicates that when marketing increases, will result in increased business performance. If capital and human resources are considered constant, then any increase in marketing will lead to increased performance of home industry by 0.619.

4.3 Hypothesis Testing

4.3.1 t-Test

The t-test was conducted to determine the effect of partially independent variable on the dependent variable. It is known that the t-table value is 2.91 at the 0.05 significance level, so that when examined in Table 2 it can be stated that:

- 1) Capital (X1) partially positive and significant effect on the performance of home industry with a t-statistic value 2.321 (more greater than t-table 2.91) and sig. 0.027 smaller than the level of significance 0.05. This means that the hypothesis is accepted.
- 2) Human resources (X2) partially not significant effect on the performance of home industry with 0.134 t-statistic values (smaller than t-table 2.91) and sig. 0.894 which is greater than the level of significance 0.05. This means that the hypothesis is rejected.
- 3) Marketing (X3) partially positive and significant effect on the performance of home industry with a value of t-statistic of 2262 (larger than t-table 2.91) and sig. 0.031 smaller than the level of significance 0.05. This means that the hypothesis is accepted.

4.3.2 F-Test

F-test was conducted to determine the effect of simultaneous independent variable on the dependent variable. 3. The following table shows the F-statistic.

Table 3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	857,100	3	285,700	11,210	,000 ^a
	Residual	790,043	31	25,485		
	Total	1647,143	34			

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y

Based on Table 3 can be seen by 11.210 F test. F-statistic value was greater than the F-table (2.91), as well as the significance value less than 0.05. Means no significant effect simultaneously between capital (X1), Human Resources (X2) and marketing (X3) on the performance of home industry in Sading village Mengwi Badung regency.

4.3.3 Analysis of Dominant Factor

Furthermore, to determine the most dominant factor affecting the performance of the business is done by comparing the value of Standardized Coefficients Beta in Table 2, which is the coefficient of each dependent variable without constant so that more objective to compare the strength of each independent variable. It turned out that the most dominant variable is the capital with a coefficient of 0.460, while for marketing and human resources of each coefficient 0.364 and 0.031.

V. Conclusions

Based on the results it can be concluded that the capital and marketing partially positive and significant impact on the performance of the business, but the human resources were not significantly influence the performance of home industry of traditional cake in the Sading village. While simultaneously, capital, human resources and marketing turned out to be a significant effect on the performance of home industry of traditional cake in the Sading village. Distinguishing between the various levels of the industry is the amount of labor, therefore, the level of home industry is not a lot of labor, and the owners are usually at the same time work as a labor. This has resulted in human resources has no significant effect on the performance of home industry.

Given the variable capital that has the most impact on the business performance then the entrepreneurial should better have capital management, primarily the recording of receipts and expenditures to be made so that the financial administration be clear, in addition it is also to be more careful in choosing a financial institution that offers loans so the cost is affordable and in a timely manner to make the payment obligation. For the human resource factor is necessary that in recruiting employees is very important to select and if possible also inform about the job vacation. So far, according to most entrepreneurs say have constraints on human resource requirements both in quantity and quality.

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