

STRATEGY FOR INCREASING THE FINANCIAL PERFORMANCE OF CULINARY MSMEs IN THE POST-PANDEMI COVID-19 ERA IN JAMBI CITY

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Abstract

The purpose of this study is to analyze strategies for improving the financial performance of Culinary MSMEs in the current era and after the Covid-19 pandemic in Jambi City. The analysis tools used are SWOT analysis and PLS analysis. The results showed that the SO (Strength Opportunity) Strategy increased customer trust, added employees, and maintained cleanliness. The WO (Weaknesses Opportunity) strategy provides discounts on every purchase, providing free order delivery services at short distances. Strategy ST (Strength Threat) adding new employees, decorating the room so that visitors are comfortable. The WT (Weaknesses Threat) strategy is adding new products or adding level variants to old products, looking for new investors to expand the business. Then Entrepreneur Orientation has a significant effect on innovation in Culinary MSMEs in Jambi City, Market Orientation has no significant effect on innovation in Culinary MSMEs in Jambi City, Entrepreneur Orientation has a significant effect on Financial Performance on Culinary MSMEs in Jambi City, Market Orientation has no significant effect on Financial Performance on Culinary MSMEs in Jambi City, Innovation has a significant effect on Financial Performance on Culinary MSMEs in Jambi City, Entrepreneurial Orientation has a significant effect on MSME Financial Performance with innovation as a mediating variable on Culinary MSMEs in Jambi City, Market Orientation has a significant effect on MSME Financial Performance with innovation as a mediating variable in Culinary MSMEs in Jambi City.

Keywords: Financial Performance, Innovation, SWOT

Introduction

Entrepreneurial orientation is defined as an organization's willingness to find and accept new opportunities and change and implement them as a result. The concept of entrepreneurial orientation shows that companies must have entrepreneurship to achieve superior performance. Companies that are proactive towards external stimuli are not only better at innovating but also their entrepreneurial orientation capabilities support better performance in international markets when compared to companies that react to external stimuli (Ribau et al., 2017). Based on research results (Ribau et al., 2017) that entrepreneurial orientation has a significant effect on MSME performance through innovation. Besides that. (Nuvriasari et al., 2018) and (Mason et al., 2015) found that entrepreneurial orientation has a positive effect on company performance. Meanwhile, based on research conducted by (Feranita & Setiawan, 2018) said that entrepreneurial orientation has no significant effect on MSME Financial Performance.

Market orientation is a culture that needs to be developed in every business. Market orientation is shown by the way MSMEs always try to identify the needs and wants of their consumers, satisfy their customers, seek information about competitors, and coordinate between functions in their business. Through market orientation, MSMEs are able to develop product innovations according to market tastes and exceed the advantages of their competitors so as to improve MSME performance. Based on research conducted by (Putri et al., 2018), (Nuvriasari et al., 2018) and (Silviasih et al., 2016) said that market orientation has a significant effect on the performance of MSMEs. Meanwhile, based on research conducted by (Feranita & Setiawan, 2018) said that market orientation has no significant effect on MSME Financial Performance.

This research will examine how the influence of Entrepreneurial Orientation and Market Orientation on MSME Financial Performance is mediated by Culinary MSME Innovation in Jambi City. This research was adopted by differences in research results or research gaps so that this research will retest and prove that this research agrees with previous research. The reason for supplementing with entrepreneurial orientation and market orientation variables is because product innovation fails to improve performance. Therefore, entrepreneurial orientation and market orientation need to be carried out before carrying out product innovation. This study examines the Financial Performance of Culinary MSMEs in Jambi City because the largest MSMEs are the MSMEs in the culinary sector.

The main journal in this research is research conducted by Buli (2017) with the research title Entrepreneurial orientation, market orientation and performance of SMEs in the manufacturing industry. This study uses Entrepreneurial orientation and market orientation variables on MSME Financial Performance. The difference between this study and Buli's research (2017) is that this research has not used the innovation variable as a mediating variable.

Data from the Office of Manpower, Cooperatives and Micro, Small and Medium Enterprises (MSMEs) for Jambi City, currently there are a total of 47,813 MSMEs in Jambi City in 2021. In 2019, the number of MSMEs was recorded at 41,541 units due to the Covid-19 pandemic at the end of 2019, in 2020 the number of MSMEs decreased to 21,637 units. Of that amount, the business that many people are involved in is the culinary field which reached 12,847. Based on the initial observations of researchers with MSME traders in Jambi City, especially with the increase in these MSMEs, there are still many MSMEs that can continue to grow and survive, but also not a few MSMEs cannot stand up to establish their businesses and because there are several existing problems, the problem is the lack of innovation to develop business due to the low scope of entrepreneurial orientation and market orientation.

Innovation in financial matters during the PSBB period was the use of financial technology (fintech), this helped provide digital financial solutions that could drive Indonesia's economic recovery. The fintech industry has helped with financial transactions, especially during the large-scale social restrictions (PSBB). Not only individuals, micro, small and medium enterprises (MSMEs) are greatly helped by the presence of fintech payments that support payment transactions. In addition to digital payment transactions, fintech financing (lending) has developed and helped individuals and MSMEs obtain funding during the pandemic. The number of loans disbursed continues to increase. In June 2020, the amount reached IDR 113.5 trillion, equivalent to US\$ 7.6 billion, or an increase of 152 percent compared to last year (year on year)," said Karaniya citing OJK data.

Based on these problems, the researcher is interested in examining this research further with the title Strategy for Improving the Financial Performance of Culinary MSMEs in the Post-Covid-19 Pandemic Era in Jambi City.

Methods

The SWOT matrix is used to develop a business strategy by integrating and adapting the strengths and weaknesses of the business, with the external opportunities and threats faced by the business. This matrix can produce four possible alternative strategy cells, namely S-O strategy, W-O strategy, W-T strategy, and S-T strategy. SWOT matrix can be seen in Table

The analysis technique used by researchers in this case is Partial Least Squares (PLS), according to Abdilah & Jogiyanto (2015) PLS (Partial Least Square) is an analysis of structural equations based on variance which can simultaneously test measurement models as well as test structural models.

Measurement models are used to test validity and reliability, while structural models are used to test causality (hypothesis testing with predictive models). Furthermore, Abdillah and Jogiyanto (2015) state that Partial Least Square (PLS) analysis is a variant-based statistical method designed to solve multiple regression when a specific problem occurs in the data. Furthermore, Ghozali (2013) explained that PLS is an analytical method that is soft modeling because it does not assume data must be of a certain scale measurement, which means the number of samples can be small (under 100 samples).

There are several reasons that cause PLS to be used in a study. In this study the reasons are: First, PLS (Partial Least Square) is a data analysis method based on the assumption that the sample does not have to be large, namely the number of samples less than 100 can be analyzed, and the residual distribution, second, PLS can be used to analyze theory which is still said to be weak, because PLS can be used for predictions, third, PLS allows an algorithm using series ordinary least squares (OLS) analysis so that the calculation efficiency of the algorithm is obtained (Cresswell, 2016). Fourth, in the PLS approach, it is assumed that all variance measures can be used to explain.

Result and Discussion

Strategy for Improving the Financial Performance of Culinary MSMEs in the Post-Covid-19 Pandemic Era in Jambi City

The strategy for developing the performance of Culinary MSMEs in Jambi City is directed through a SWOT analysis. The SWOT analysis consists of 4 alternatives, including the S-O strategy (strength opportunities), the S-T strategy (strength-threats), the W-O strategy (weakness opportunities) and the WT strategy (weakness-threats), which is an analytical method that describes the strengths, weaknesses, opportunities and threats, as well as obstacles that must be faced during the planning process.

Existing strengths, besides having weaknesses, are able to reduce existing weaknesses and at the same time maximize strengths. This will take place in challenges and opportunities where when the challenges can be minimized, the opportunities that exist are actually enlarged. The strategy carried out by MSME actors in Jambi City to survive and develop an increase in the financial performance of Culinary MSMEs in the era during and after the Covid-19 pandemic in Jambi City included internal and external conditions, namely:

Alternative strategies to improve the financial performance of Culinary MSMEs in the era during and after the Covid-19 pandemic in Jambi City, namely:

1. SO Strategy (Strength Opportunity)
 - a. Maximizing product marketing by relying on the strengths possessed.
 - b. Increase customer trust with fast service and by complying with health protocol standards.

2. WO (Weaknesses Opportunity) Strategy
 - a. Interesting and unique means of promotion to increase consumers.
 - b. Bring up product characteristics to increase customer confidence.
 - c. Providing delivery services via the application to distribute attractive promo packages.
3. ST Strategy (Strength Threat)
 - a. Assistance in terms of capital to maintain business continuity.
 - b. Facing new competitors by relying on adequate personnel and fast service.
 - c. Providing new innovations to the arrangement of strategic places.
4. WT Strategy (Weaknesses Threat)
 - a. Creating product innovations to increase people's purchasing power.
 - b. Increasing cooperation networks to overcome weak capital.
 - c. Bringing out product characteristics to face new competitors.

Factors Affecting the Financial Performance of Culinary MSMEs in the Post-Covid-19 Pandemic Era in Jambi City

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the hypothesis is the value contained in the output result for inner weight. Table 4.7 provides the estimated output for testing the structural model.T

Tabel 1. Result for Inner Weights

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P Values
X ₁ – Z	.933	.918	.041	22.827	.000
X ₂ – Z	.064	.080	.049	1.311	.191
X ₁ – Y	1.406	1.403	.170	8.253	.000
X ₂ – Y	.001	.003	.041	.028	.977
Z – Y	.492	.489	.182	2.704	.007
X ₁ – Z – Y	.459	.449	.170	2.691	.007
X ₂ – Z – Y	.031	.038	.028	1.110	.267

In PLS statistical testing of each hypothesized relationship is carried out using a simulation. In this case, the bootstrapping method was carried out on the sample. Testing with bootstrapping is also intended to minimize the problem of abnormal research data. The results of testing with bootstrapping from the PLS analysis are as follows:

Hypothesis Test of the Effect of Entrepreneurial Orientation on Innovation

The results of hypothesis testing show that the relationship between Entrepreneurial Orientation and Innovation variables shows a path coefficient of 0.933. The P Values are 0.000 less than 0.05. With these results, it can be stated that the Entrepreneurial Orientation variable has a significant effect on innovation.

Hypothesis Test of the Effect of Market Orientation on Innovation

The results of hypothesis testing show that the relationship between Market Orientation and Innovation shows a path coefficient of 0.064. The P Values are 0.191 greater than 0.05. With these results, it can be stated that the Market Orientation variable has no significant effect on innovation.

Hypothesis Test of the Effect of Entrepreneurial Orientation on MSME Financial Performance

The results of hypothesis testing show that the relationship between the Entrepreneur Orientation variable and MSME Financial Performance shows a path coefficient of 1.406. The P Values are 0.000 less than 0.05. With these results, it can be stated that the Entrepreneurial Orientation variable has a significant positive effect on MSME Financial Performance.

Hypothesis Test of the Effect of Market Orientation on MSME Financial Performance

The results of hypothesis testing show that the relationship between the Market Orientation variable and MSME Financial Performance shows a path coefficient of 0.001. The P Values are 0.977 greater than 0.05. With these results, it can be stated that the Market Orientation variable has no significant effect on MSME Financial Performance.

Hypothesis Test of the Effect of Innovation on MSME Financial Performance

The results of hypothesis testing show that the relationship between the Innovation variable and MSME Financial Performance shows a path coefficient of 0.492. The P Values are 0.007 less than 0.05. With these results, it can be stated that the innovation variable has a positive and significant effect on MSME Financial Performance.

Hypothesis Test of the Effect of Entrepreneurial Orientation on MSME Financial Performance Through Innovation as a Mediating Variable

The results of hypothesis testing show that the relationship between the Entrepreneur Orientation variable and MSME Financial Performance with innovation as a mediating variable shows a path coefficient of 0.459 with a P Value of 0.007 which is less than 0.05. With these results, it can be stated that Entrepreneurial Orientation has a positive and significant effect on MSME Financial Performance with innovation as a mediating variable.

Hypothesis Test of the Effect of Market Orientation on MSME Financial Performance Through Innovation as a Mediating Variable

Then the results of hypothesis testing show that the relationship between the Market Orientation variable and MSME Financial Performance with innovation as a mediating variable shows a path coefficient of 0.031 with a P Value of 0.268 greater than 0.05. With these results it can be stated that Market Orientation has no significant effect on MSME Financial Performance with innovation as a mediating variable.

Conclusion

Based on the results of the analysis and discussion described in the previous chapter, it can be concluded that the SO strategy increases customer confidence, adds employees, maintains cleanliness. The WO strategy provides a discount on every purchase, providing a free order delivery service at a short distance. ST's strategy is adding new employees, decorating the room so that visitors are comfortable. WT's strategy is to add new products or add level variants to old products, looking for new investors to expand the business. Entrepreneurial Orientation has a significant effect on innovation. This shows that Entrepreneur Orientation can have an impact on innovation for Culinary MSME traders in Jambi City. Market Orientation has no significant effect on innovation. This shows that Market Orientation has no impact on innovation in Culinary MSME traders in Jambi City. Entrepreneurial Orientation has a significant effect on Financial Performance. Jambi. This shows that Entrepreneur Orientation can have an impact on the Financial Performance of Culinary MSME traders in Jambi City. Market Orientation has no significant effect on Financial Performance. This shows that Market Orientation has no impact on the Financial Performance of Culinary MSME traders in Jambi City. Innovation has a significant effect on Financial Performance. significant to the Financial Performance of Culinary MSMEs in Jambi City. Jambi. This shows that innovation can have an impact on the Financial Performance of Culinary MSME traders in Jambi City. Entrepreneurial Orientation has a significant effect on MSME Financial Performance with innovation as a mediating variable. This shows that Entrepreneur Orientation can have an impact on Financial Performance through innovation in Culinary MSME traders in Jambi City. Market Orientation has no significant effect on MSME Financial Performance with innovation as a mediating variable in Culinary MSME in Jambi City. This shows that Market Orientation cannot have an impact on Financial Performance through innovation for Culinary MSME traders in Jambi City.

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