The correlation of entrepreneurship characteristic, business innovation, and marketing strategy to the resilience of micro, small, and medium enterprises (MSME) in the new normal patterns

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Abstract. This study aims to determine the perception of the level of resilience of Micro, Small, and Medium Enterprises (MSME) and determine the factors related to the resilience of MSME in the new normal. This study was conducted on all MSME assisted by the Research, Publication, and Community Service (LP3M) of the University of Muhammadiyah Yogyakarta in community empowerment program in August 2020. The respondents were spread throughout Indonesia with a total of 135 MSME respondents. The method used is descriptive analysis. The analytical technique using Likert scale scoring and correlation analysis (Rank Spearman) used to determine the correlation of the factors to MSME resilience in the new normal. The results of the analysis show that the perception of the level of resilience of MSME during the Covid-19 pandemic is in the 'agree' category. The characteristics of entrepreneurship, business innovation, and marketing strategies have a positive and significant relationship with the resilience of MSME in the new normal era.

1 Introduction

MSME or Micro Small and Medium Enterprises are one of business that Indonesia people have interest in. The products are varied, ranging from handicrafts, food, beverages, fashion, beauty tools, etc. Every year, the number of people in business is increasing and spreading in various corners of the country [1]. MSME is the biggest gathering of financial entertainers in the economy of Indonesia, demonstrated to be a security valve for the public economy in emergency time, just as being a dynamist of monetary development after the monetary emergency [2].

Indonesian's present monetary essentials are not yet strong, provoking the government to keep enabling Micro, Small, and Medium Enterprises (MSME). This area can ingest a huge
specialist and give freedoms to MSME to create and rival organizations that utilization capital concentrated [21].

MSME additionally deal with numerous issues. There are restricted working capital, low HR, and absence of information on science and innovation. One more snags looked by MSME is the association with muddled business possibilities and temperamental arranging, vision, and mission. This happen in light of the fact that by and large MSME is pay gathering, implies expanding the pay with the accompanying qualities: is family-possessed business, utilizing moderately basic innovation, need admittance to capital and there is no detachment between business capital and individual necessities [3].

One more issues looked by MSME is the absence of admittance to data, particularly market data. This is a hindrance as far as promoting its producta, because of restricted admittance to showcase data which brings about low market direction and powerless intensity at the worldwide level [22]. The absence of data about the market makes MSME incapable to coordinate their business advancement obviously and concentrate, so that theor improvement is deteriorated [23].

Another issue confronted and turn into the hardest issue currently is making due in another ordinary example, which is a worldwide emergency looked by the entire world. One of the effects of Covid-19 pandemic is MSME in Indonesia, in light of the information from The Ministry of Cooperatives[20]. which delineates that 1.785 cooperatives and 163.713 Micro, Small, and Medium Enterprises are influenced by the (Covid-19) pandemic. A large portion of the cooperatives influenced by Covid-19 are occupied with day by day necessities, while the most influenced MSME area is food and drinks [24].

Despite the fact that Covid-19 pandemic has influenced a few issues for MSME and cooperatives, then again, openings have additionally arisen [25,26]. MSME and cooperatives can exploit data and correspondence innovation considering the electronic commerce in 2020 will arrive at US$ 130 billion. Electronic exchanging exchanges definitely expanded during Covid-19 pandemic. Items whose deal have expanded are wellbeing items expanded by 90%, items that supporting interests expanded by 70%, food expanded by 350%, and home grown food expanded by 200% [4]. Facing the new lifestyle and high competition makes MSME must be able to face global challenges, such as increasing the development of human resources and technology, product and service innovation, and also expanding marketing area [5].

Entrepreneurial characteristic can affect the development of MSME, entrepreneurial characteristic have a need for success, a desire to take the risk, self-confident, and strong desire to do a business [6]. In addition to entrepreneurial characteristics, there is business innovation. Innovation can be characterized as thought, practice, or item that is viewed as new or another client unit [7]. In addition to entrepreneurial characteristic and business innovation, marketing strategy is a field that can not be separated from the visually independent society. Marketing strategy includes strategy about the elements or variables in marketing mix which is the interaction of four main variables in marketing system, namely product/service, price, distribution, and promotion [6]. Based on this background, this study aims : determine the perception of the level of resilience of Micro, Small, and Medium Enterprises (MSME) and determine the factors related to the resilience of MSME in the new normal.

2 Research Methods

Basic method used in this study was descriptive analysis method, which was a research that formulates itself on solving problems in the present, the data were collected, compiled, explained, then analyzed [8]. This study was conducted purposively on MSME in Indonesia that had received the community empowerment program in August 2020 by the Institute for
Research, Publication, and Community Service (LP3M), University of Muhammadiyah Yogyakarta (UMY). Method that used for determining respondents was carried out by census of 135 respondents (MSME) who were actively involved in community empowerment program activities.

Scoring analysis using Likert scale was used to determine the level of resilience of MSME. Meanwhile, correlation analysis with Rank Spearman was used to analyze factors related to resilience of MSME in new normal era. The resilience of MSME was influenced by entrepreneurial characteristics, business innovation, and marketing strategies. Ho: rs = 0, meaning that there is no correlation between factors related to MSME resilience. Ha: rs ≠ 0, meaning that there is a correlation between factors related to MSME resilience.

3 Result and Discussion

3.1 Perception of The Level of MSME’s Resilience

Perception of the level of MSME’s resilience is a direct response (acceptance) from something received. According to Slamento and Handayani (2013)\(^{[9]}\), perception is process that involves the entry of messages and information in human’s brain continuously in contact with the environment. In this study, perception of the level of MSME’s resilience is seen from factors related to resilience of MSME, namely by entrepreneurial characteristics, business innovation, and marketing strategies.

3.1.1 Entrepreneurial Characteristic

Entrepreneurial characteristic is defined as attitudes and behaviors possessed by entrepreneurs to achieve success in business. Purwanti, (2013)\(^{[6]}\) explains that entrepreneurial characteristic and individual venture capital collectively have a significant effect on business development.

The score obtained in this study using questionnaire through six indicators which measured using Likert scale such as 1 = STS (Strongly Disagree), 2 = TS (Disagree), 3 = CS (Quite Agree), 4 = S (Agree), 5 = SS (Strongly Agree).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Distribution of Respondent’s score</th>
<th>Score Range</th>
<th>Score Average</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Characteristic</td>
<td>3 11 35 35 35</td>
<td>1-5</td>
<td>3.77</td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td>1 9 34 35 32</td>
<td>1-5</td>
<td>3.83</td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td>4 16 35 54 26</td>
<td>1-5</td>
<td>3.61</td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td>1 6 33 62 33</td>
<td>1-5</td>
<td>3.89</td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td>3 10 17 47 58</td>
<td>1-5</td>
<td>4.09</td>
<td>Agree</td>
</tr>
<tr>
<td></td>
<td>4 14 18 48 51</td>
<td>1-5</td>
<td>3.95</td>
<td>Agree</td>
</tr>
<tr>
<td>Total</td>
<td>6-30</td>
<td>23.13</td>
<td>Agree</td>
<td></td>
</tr>
</tbody>
</table>

Source: [20]
Note:
- Strongly Disagree 1.00-1.80 6.00 – 10.80
- Disagree 1.81-2.60 10.81 – 15.60
- Quite Agree 2.61-3.40 15.61 – 20.40
- Agree 3.41-4.20 20.41 – 25.20
- Strongly Agree 4.21-5.00 25.21 – 30.00
The entrepreneurial characteristic indicator consist of 6 (six) statements, 1) Planning and anticipation related to business, 2) Management of the resources owned, 3) The desire or self-motivation to develop business, 4) Preparation of the risks that may happen, 5) Ability to success, 6) Understanding of what is being done. The average score of 6 (six) indicators is 23.13 and can be categorized in ‘Agree’, so that the entrepreneurial characteristic variable helps people who have business to survive the pandemic.

Entrepreneurial character which is able to improve business according to Utomo, Cahyaningrum, & Kaujan [10] is based on personal characteristic (age, education, experience, cosmopolite) and psychological characteristic (hard-working, self-confident, discipline, innovative, etc). Strong entrepreneurial characteristic are able to help business actors to survive during a pandemic in line with the concept according to Bustan [11]. Bustan explains that an entrepreneur is characterized by the characteristic of having desire to business and socially resposible, commitment to tasks, choose the moderate risk, keeping the ability to success, quick to see the opportunities, orientation to the future, always looking back on past achievements, thirsty attitude of ‘money’, skill in organization, tolerance for ambition, have the high flexibility.

The result of this study are also supported by the opinion of Purwanti in the [12] that the entrepreneurial characteristic is the need for success, each person is different in the level of need for success. People who have a low level of the need for success will satisfied with their status. Meanwhile people with high level of the need for success like to compete with the standards of excellence and choose to be personally responsible for the tasks assigned to them. The motivation to success is evident in an ambitious person who starts a new business and then want to expand the business. The characteristic of the willingness to take the risks by entrepreneurs in starting or running business are different, entrepreneurs are willing to accept the risks as they face the possibility of failure. Self-confidence characteristic on people who have confidence on themselves feel that they can answer the challenges in front of them, many successful entrepreneurs are people who have self-confidence, admit that there is a problem but believe in their abilities to solve problems. Strong characteristic for doing business, many entrepreneurs pay attention to the level of curiosity which can be referred to a strong desire to do a business to work hard on developing their business.

3.1.2 Business Innovation

Business innovation is a thinking ability process, skills and resources from MSME actors to implement their thought from creative ideas so that it produces something new as products, services, processes, new ways, and opportunities. Innovativeness can be the starting point for entrepreneurial activities and is an essential characteristic of entrepreneurship [13]. The score that obtained from this study uses questionnaire through six indicators such as increasing quality of products, improving supply, improving the tools and production techniques, improving Standard Operating Procedures (SOP), maximizing digital marketing, and creating product innovation for new markets as measured using Likert scale.

In Table 2, it is explained that business innovation variable help MSME actors to survive the pandemic situation. Business innovation indicators consist of several statements, there are 1) Increasing quality of products, 2) Improving supply, 3) Improving the tools and production techniques, 4) Improving SOP, 5) Digital marketing (e-commerce), and 6) Creating new markets. The result of all indicators of business innovation showed by average score 4.30 that can be categorized as very high. This show that MSME actors are resistant to MSME by creating innovations. The innovations carried out are improving product quality, improving supply of raw materials and marketing system,
improving the tools and production techniques, improving Standard Operating Procedures, online marketing (e-commerce), and creating new markets.

Table 2. Business Innovation Variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>Distribution of Respondent’s Score</th>
<th>Score Range</th>
<th>Score Average</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Innovation Variable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 2 3 4 5</td>
<td>1-5</td>
<td>4.30</td>
<td>Very High</td>
</tr>
<tr>
<td></td>
<td>1 5 15 54 60</td>
<td>1-5</td>
<td>4.24</td>
<td>Very</td>
</tr>
<tr>
<td></td>
<td>1 9 24 45 56</td>
<td>1-5</td>
<td>4.08</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>2 6 20 52 55</td>
<td>1-5</td>
<td>4.13</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>4 11 20 50 50</td>
<td>1-5</td>
<td>3.97</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>2 9 21 56 47</td>
<td>1-5</td>
<td>4.01</td>
<td>High</td>
</tr>
<tr>
<td>Total</td>
<td>6-30</td>
<td>24.73</td>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

Source: [20]

Note:
- Very Low: 1.00 - 1.80
- Low: 1.81 - 2.60
- Moderate: 2.61 - 3.40
- High: 3.41 - 4.20
- Very High: 4.21 - 5.00

Strengthening the result of this study, Hadiyati [7] explains that innovation is an ability to apply creativity in order to solve problems and opportunities to improve and enrich life. Furthermore, the research conducted by [14] entitled “Pengaruh Inovasi dan Orientasi Kewirausahaan Terhadap Keunggulan Bersaing MSME Kuliner”. The result showed that innovation variable have a significant influence on culinary competitiveness of MSME. Entrepreneurship Orientation have a significant influence on the culinary competitiveness of MSME. Little and huge business enjoy various benefits and downsides with development, however private ventures give the most helpful climate to business and advancement that are not really supported by the ability and assets normal for enormous scope creation, yet require responsibility and close participation between organization individuals [27]. Morabito, Vincenzo [28], Rahman et al. [29], and Ilić, et al. [30] revealed that there is a need for business innovation through online marketing. The research Ungarman et al. [31] has empirically confirmed that businesses consider the greatest impact of innovative marketing to be the increase in enterprise competitiveness, which was the highest rated impact of the research.

3.1.3 Marketing Strategy

Marketing strategy is an essential instrument intended to accomplish organization objectives by fostering a practical upper hands through the business sectors entered and the advertising program used to serve these market targets. Morgan, et al. [32] marketing strategy lies at the conceptual heart of the strategic marketing field. It is also central to marketing practice and the area within which many of the most pressing challenges for marketers arise. This study use a questionnaire through six indicators, namely expanding market reach, improving products, improving the packaging, observing consumer behaviour, relationship with partners, creating new markets which are measured by Likert scale.
Table 3shows that the indicator of marketing strategy help business actors survive the pandemic situation. Indicator of marketing strategy consist of several statements such as 1) Expanding market reach, 2) Product improvement to make it more quality and safe, 3) Packaging improvement, 4) Consumer behaviour to be evaluated, 5) Cooperation with external partner, 6) Creating new market. The analysis result from indicator of marketing strategy produce an average score 23.84 and categorized as ‘Agree’, which means that marketing strategy are able to help MSME actors to survive during the pandemic.

Based on the research of Fauzi, Baga & Aprilla [15] reveals that marketing strategy can be determined by making strategy mapping through SWOT analysis and making recommendation programs based on the results of SWOT strategy analysis. The influence of marketing strategy on the development of MSME has been investigated by Purwanti, [6]. The research uses indicators of price determination, market determination, the promotion, and products quality. The result of this study concludes that marketing strategy individually has no significant impact on the development of MSME, however, marketing strategy collectively had a significant impact. Similar studies have also been conducted by Vijaya & Irwansyah, [6] and Faeni [17] which connected marketing strategy to business resilience and MSME development. The result of this study generally show that marketing strategy individually or collectively has a positive and significant impact on the development and resilience of MSME in business competition.

### 3.2 Factors Related to resilience of MSME

Factors related to the resilience of MSME during pandemic (new normal) comprise of the factors of pioneering trademark, business advancement, and advertising system. These elements will later influence the strength of MSME which felt by business visionaries to the strengthening program that have been executed. Coming up next is the information in regards to the degree of connection of components identified with the flexibility of MSME.
Based on the calculation data of the correlation of factors related to resilience of MSME above, it can be seen that:

3.2.1 The Resilience of MSME With The Entrepreneurial Characteristic

The result of the table 4 shows that the correlation coefficient between the resilience of MSME and entrepreneurial characteristic is 0.498 so that it has a significant correlation level and has a value $\alpha = 0.000 < 0.05$ or 0.01 or at 99% of confidence level. It means that $H_0$ is accepted and $H_a$ is rejected, so it concludes that there is an influence between the resilience of MSME and the entrepreneurial characteristic with the positive correlation value, which means that the correlation between these variables are unidirectional, so that the greater entrepreneurial characteristic, the higher resilience of MSME.

This is in line with the research of [6] which explains that there is a positive and significant impact of entrepreneurial characteristic factors on the resilience of MSME. This can be explained that in order to achieve business resilience as expected, an entrepreneur must have the ability to create innovation on looking for new things so there is not to be left behind with the development of products on the market and always have the desire to be able to compete with the opportunity, have a courage to be responsible for the quality of products produced, and have a courage to accept suggestion and challenges for the products produced. Satyarini [18] mentioned that entrepreneurial characteristic that has a strong influence on business future orientation is leadership spirit. Rimiyati & Munawaroh [19] also mentioned that having leadership spirit including the ability to delegate or entrust work to the workers and manage them so that they will have loyal workers and have a high productivity.

3.2.2 The Resilience of MSME with The Business Innovation

The result of the table above shows that the correlation coefficient between the resilience of MSME and business innovation is 0.509 so that it has a significant correlation level and has a value $\alpha = 0.000 < 0.05$ or 0.01 or at 99% of confidence level. It means that $H_0$ is accepted and $H_a$ is rejected, so it concludes that there is an influence between the resilience of MSME and the business innovation with the positive correlation value, which means that the correlation between these variables are unidirectional, so that the more business innovation, the higher resilience of MSME.

This is in line with the research of [14] which says that business innovation have a significant impact on business excellence and resilience to compete. This can be explained that businesses that are able to introduce the innovation can lead and minimize the possibility of the competitor to innovate early so that the business can survive and have competitiveness with other competitor.
3.2.3 The Resilience of MSME with The Marketing Strategy

The result of the table above shows that the correlation coefficient between the resilience of MSME and marketing strategy is 0.975 so that it has an extremely strong correlation level and has a value $\alpha 0.000 < 0.05$ or 0.01 or at 99% of confidence level. It means that $H_0$ is accepted and $H_a$ is rejected, so it concludes that there is an influence between the resilience of MSME and the marketing strategy with the positive correlation value, which means that the correlation between these variables are unidirectional, so that the wider marketing strategy, the stronger resilience of MSME.

This is in line with the research of [16] which says that marketing strategy have a significant impact on business development and resilience. This can be clarified that in confronting an undeniably open and serious market component, market control is an essential for expanding the intensity of MSME. To overwhelm the market, MSME need to get the data effectively and rapidly, both data about creation market and the market for creation factors. The data about production market is extremely important to grow the promoting organization of items by MSME. Complete and precise market data can be utilized by MSME to make legitimate business arranging. Along these lines, the job of government is extremely vital in empowering the achievement of MSME in accessing extend showcasing network.

4 Conclusion

The perception of the resilience of MSME with the variables of entrepreneurial characteristic, business innovation, and marketing strategy includes in ‘Agree’ category, which concluded that these 3 (three) variables help MSME actors to survive during pandemic. The indicators that have important role in each variables are (1) Having high productivity; (2) Having a courage for being responsible; (3) Product creativity development; (4) Market control. Factors related to the resilience of MSME are entrepreneurial characteristic, business innovation, and marketing strategy, each have positive value and significant, which means that there is influence on resilience of MSME during the pandemic in new normal.

References


