Analysis of Internal and External Factors as a Form of Strategy to Improve the Performance of UKM Gropak Banyumas

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ABSTRACT

The purpose of this study is to analyze the internal and external factors felt by the Gropak Banyumas SMEs and find the best strategies that can be applied to improve the performance of the Gropak Banyumas SMEs during the Covid-19 pandemic. The research method used to analyze these objectives is to use a quantitative descriptive approach. The main target of this research is the Banyumas gropak entrepreneur. The results of the research conducted that in Gropak SMEs, all aspects originating from external factors include aspects of government policy, socio-cultural and economic aspects, aspects of the role of related institutions and internal factors which include aspects of human resources, financial aspects, technical aspects of production and operations, market aspects. and marketing can have a considerable influence on improving sales performance, labor growth and marketing in SMEs. In the production process, most of which use a handmade process, so that the technical aspects of production and operation with the use of technology have little influence on the performance of SMEs.

Keywords: Banyumas Gropak, SME Performance, Covid-19

1. Introduction

Small and Medium Enterprises (SMEs) are business activities that can expand employment opportunities and provide general economic services for the community. Therefore, the existence of SMEs also plays a role in the process of equitable distribution and increase in people's income, encouraging economic growth and realizing national stability in general and financial stability in particular (Ardiana, Brahmayanti, and Subaedi, 2010).

The food and beverage industry (primary) is projected to be the locomotive of the processing industry's Gross Domestic Product (GDP) growth in the third quarter of 2020. The speed of implementation of the stimulus is the key so that these projections are realized. Referring to data from the Central Statistics Agency (BPS), the manufacturing industry's contribution to GDP reached 19.87 percent in the second quarter of 2020. The government has also determined the food and beverage industry to be one of the five manufacturing sectors whose development is prioritized according to the Making Indonesia 4.0 road map.

Small and Medium Enterprises engaged in the food and beverage sector began to innovate their products. This was done to produce a delicious taste and is readily accepted

by the wider community. The main point in the competition for food business actors is that business actors only sell traditionally (buying and selling in general) and are only result-oriented without being market-oriented or otherwise (Sentiago and Hidayatulloh, 2019).

Gropak is one of the typical foods from Banyumas Regency, which is made from processed cassava which is processed and flattened and mixed with various secret spices and then dried in the sun to dry. This food is one of the typical Banyumas foods because it is not found in other areas and its distinctive taste makes this snack much in demand by consumers. This gropak-making SME is located in Karangdadap Village, Kalibagor Village, Banyumas Regency. Entrepreneurs are interested in processing gropak because the materials and processes are not complicated and the profits are pretty large for every one kilogram of production. For one kilogram of production, the entrepreneur earns a profit of Rp. 59,917.

During the COVID-19 pandemic, which hit all countries globally, one of the countries that were significantly affected was Indonesia. Entering covid-19 into Indonesia immediately made the economy sluggish, there were massive layoffs carried out by companies that created unemployment. Economic sectors that have the potential to contribute to Indonesia's income are immediately paralyzed. This makes Indonesia now entering a recession which is marked by a decline in economic growth to -5.32 (BPS, 2020).

The decline in economic growth also has an impact on food SMEs, one of which is the Cassava Gropak UKM in Banyumas Regency. Prior to the Covid-19 pandemic, the performance of grobak entrepreneurs was quite good. This is indicated by the average profit obtained by gopak entrepreneurs of Rp. 59,917 per one kilogram of production. During the Covid-19 pandemic, the performance of SMEs has changed. This is in accordance with research conducted (Amri, 2020) which said that the profits of food and beverage MSMEs in Indonesia decreased during the pandemic period by 1.77 percent. The decline in performance can be seen from the internal and external side. Internal factors can be translated into human, financial, technical and operational resources as well as markets. Meanwhile, external effects can be seen from policies, socio-economics, the role ofrelated institutions (Sentiogo, 2019).

Therefore, researchers are interested in analyzing the internal factors experienced by business actors and external factors faced by business actors on the performance of entrepreneurs during the covid-19 pandemic at the SME Gropak Cassava, Banyumas Regency.

2. Research Methods

This study uses a quantitative descriptive method. The sampling technique used is the total saturated sampling technique. Saturated sampling is part of the number and characteristics possessed by the population (Sugiyono, 2015). Meanwhile, to determine the influence of internal factors and external factors, each of which has specific criteria to measure the performance of UKM Gropak Banyumas, PLS is used. PLS is an alternative approach that shifts from a covariance-based SEM approach to a variance-based process. Covariance-based SEM generally tests causality or theory, while PLS is

more predictive. However, there is a difference between covariance-based SEM and component-based PLS is in the use of structural equation models to test a theory or develop a theory for prediction purposes (Latan and Ghozali, 2012).

3. Results And Discussion

The number of research samples collected was 30 gropak entrepreneurs, based on gender, 85.2% or 20 people were female respondents. According to the age of the respondents, aged 31-40 years, there were 7 people (25%), ages 41-50 years the most respondents with 18 people (45.6%) and the remaining 5 people aged more than 50 years. Based on education level, 33.8% undergraduate (23 people) while respondents with the latest education diploma 23.5%, high school with a percentage of 30.9% and did not finish school with a rate of 11.8% (7 people). Based on the length of entrepreneurship, as many as 24 SMEs with a percentage of 85.3% of their businesses have been established for more than 2 years.

Partial Least Square is a multivariable analysis method that can be used to describe the simultaneous linear relationship between observational variables, which also relates latent variables that cannot be measured directly. There is also information processing in this study, which was tried with a second order factor analysis model which was tried with a repeated indicators approach, so that the analysis of the outer model was tried on the first order construct and the second order construct. There are also stages of analysis using this procedure, namely: 1) Analysis of the measurement model (outer model or also called measurement model) to evaluate the relationship between the construct variable and its marker or manifest variable, 2) Structural analysis (inner model) to evaluate the results of the estimated parameters. path coefficiency and level of significance.

Outer Model Assessment Results

The outer ring model is called the outer relation or measurement model which defines each indicator related to its latent variable. There are three criteria for assessing the outer model, namely Convergent Validity, Discriminant Validity and Composite Reliability (Ghozali, 2011). The following is the result of calculating the outer model with SmartPLS 2.0 software.

Table 1. Results of Assessment of External Factors

Variables and indicators	Mea	Std.De	Std
1. Aspects of Government Policy (X1)			**0.93**
Access to capital and financing (X11)	3.37	1.05	0.81
Coaching Activities through related offices/SKPD (X12)	3.32	1.18	0.84
Pro-business rules and regulations (X13)	3.22	1.02	0.83
Preparation of business locations and provision of information	3.4	1.11	0.78
2. Social, Cultural and Economic Aspects (X2)			**0.95**
Community income level (X21)	3.35	1.19	0.77
Availability of employment opportunities (X22)	3.35	1.18	0.81
Business and investment climate (X23)	3.47	1.1	0.87
Economic growth (X24)	3.25	1.15	0.84
3. Aspects of the Role of Related Institutions (X3)			**0.95**
Capital assistance from related institutions (X31)	3.49	1.04	0.83
Technical guidance / training (X32)	3.47	1.04	0.81
Mentoring (X33)	3.28	0.97	0.82

Monitoring and Evaluation (X34)	3.37	1.05	0.83

Source: Primary Data Processed (2021)

Table 2. Results of Assessment of Internal Factors

Variables and indicators	Mean	Std.Dev	Std Loading
1. Aspect of Human Resources (Y1)			**0.94**
Level of formal education (Y11)	3.31	1.07	0.86
Leadership spirit (Y12)	3.43	0.97	0.79
Experience/year in entrepreneurship (Y13)	3.29	1.09	0.82
Motivation and skills (Y14)	3.38	1.04	0.8
2. Financial Aspect (Y2)			**0.93**
Own capital (Y21)	3.46	1.13	0.81
Borrowed capital (Y22)	3.43	1.1	0.82
Profit rate and capital accumulation (Y23)	3.43	0.98	0.74
Distinguishing personal/family expenses (Y24)	3.46	1.07	0.84
3. Technical and Operational Aspects (Y3)			**0.93**
Availability of raw materials (Y31)	3.46	1.08	0.84
Production Capacity (Y32)	3.28	0.97	0.81
Availability of machines/equipment (Y33)	3.25	1.14	0.85
4. Market & Marketing Aspect (Y4)			**0.94**
Market demand (Y41)	3.26	1.18	0.85
Competitive pricing (Y42)	3.4	1.17	0.76
Promotional activities (Y43)	3.44	1.06	0.8
Distribution channel and marketing area (Y44)	3.12	1.09	0.84

Source: Primary Data Processed (2021)

Table 3. Results of Assessment of SME Performance

Variables and indicators	Mean	Std.Dev	Std Loading
1. SME Performance (Z)			
Sales growth increased (Z1)	3.29	1.09	0.83
Capital growth increases (Z2)	3.43	0.98	0.82
Addition of manpower every year (Z3)	3.78	0.96	0.88
Market and marketing growth is getting better (Z4)	3.78	0.84	0.84
Profit growth/operating profit is getting better (Z5)	3.68	0.95	0.88

Source: Primary Data Processed (2021)

Based on table 1, table 2 and table 3 for the calculation of the mean and standard deviation for the assessment of external factors for indicators in the sub-variables Social, cultural, and economic aspects are the highest value on the business and investment climate (X23) 3.470 and the lowest value of growth indicator economy (X24) 3,250. While the assessment of internal factors shows the average value for indicators in the sub-variable Technical Aspects of Production and Operations, namely the highest indicator on the availability of raw materials (Y31) 3,455 and the lowest value indicator in this sub variable is distribution channel and marketingarea (Y44) 3,117.

Inner Model Assessment Results

The inner model (structural model) can be evaluated by looking at the R- Square for the dependent construct, and indicated by the t-value and path- coefficient whether it has a substantive effect (Ghozali, 2008). Based on Figure 2, the results of the outer model test on the variables of Government Policy Aspects in the SME sector (X1), Social, cultural, and economic Aspects (X2), Aspects of the Role of Related Institutions (X3), HR Aspects (Y1), and Financial Aspects (Y2)

, Technical Aspects of Production and Operations (Y3), Market and Marketing Aspects (Y4) and SME Performance (Z) have met the convergent validity value with a

loading factor of 0.70 which is shown by the Standardized Loading value. In the indicator (X23) the business and investment climate has a standardized loading value of 0.868, the highest for external factors as presented in Table 1, this is because there is more and more competition in business and people's desire to invest by doing entrepreneurship is increasing. While the indicator (Y11) has the education level, which is presented in Table 2, the standardized loading value is 0.858, the highest for internal factors where the education level of business actors has an impact on the quality of the business being run. Meanwhile, Discriminant Validity is achieved because the square root value of AVE in each construct is greater than 0.7. Composite Reliability of all research variables is 0.70, this

indicates that the variables in this study have met the criteria for Composite Reliability. So it can be concluded that all data in the full model diagram are valid and have good convergence. And overall the model has met the criteria for the Outer model (Measurement model) and the Inner Model Criteria (Structural model).

In this study, the test used is the Goodness Of Fit Test which is a suitability test that aims to test whether the observations are in accordance with the model used in the study. And based on the calculation, the Goodness of Fit value is 0.758. So it can be concluded that the results of observations made are in accordance with the model used or substantially fit / good fit. Hypothesis testing is obtained from Bootstrap testing using the help of SmartPLS 2.0 software. Based on calculations using the smartPLS software presented in table 5, where the overall value of the conceptual model of this testing research is based on testing the hypothesis of the path coeficient value and t-value.

Table 4. Hypothesis Testing Results

Path	Path Coeffisien	Std Error	t-value	Keterangan
X → Y	0,821	0,014	64,286	Sig.
X → Z	0,347	0,113	3,273	Sig.
Y → Z	0.579	0,112	5,275	Sig.

Source: Primary Data Processed (2021)

After testing the hypothesis on the variables Internal Factors (X), External Factors (Y) and UKM Performance (Z) then if described in the form of a diagram as follows.

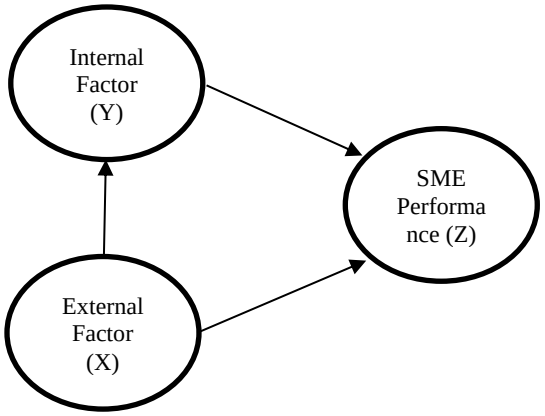

Figure 1. A causal relationship of external factors, internal factors, and SME performance

Based on the results of the hypothesis presented in Table 4, testing Hypothesis 1 the magnitude of the direct influence of the External Factors on the Internal Factors of SMEs is 0.821 with a t-value of 64,286. So it can be explained that there is a direct influence of the External Factors on the Internal Factors of SMEs. In Hypothesis 2, the magnitude of the direct influence of External Factors on SME performance is 0.347 with a t-value of 3.273. Because the t-value ± 1.96 then Hypothesis 0 is rejected, so it can be explained that there is a direct influence of the External Factors variable on the performance of SMEs. In Hypothesis 3, the magnitude of the direct influence of the Internal Factors variable on the performance of SMEs is 0.579 with a t-value of 5.275. Because the t-value ± 1.96 then Hypothesis 0 is rejected, so it is explained that there is a direct influence of the Internal Factors variable on the performance of SMEs. The coefficient is positive, so it can be concluded that the impact of Internal Factors on SME Performance is positive. This means that the higher or better the Internal Factors, the performanceof SMEs will increase.

4. Conclusions And Suggestions

In Gropak SMEs, all aspects originating from external factors include aspects of government policy, socio-cultural and economic aspects, aspects of the role of related institutions and internal factors which include aspects of human resources, financial aspects, technical aspects of production and operations, market and marketing aspects can have an influence which is quite large in increasing sales performance, labor growth and marketing in SMEs. In the production process, most of which use a handmade process, so that the technical aspects of production and operation with the use of technology have little influence on the performance of SMEs.

The overall results of model testing show that external factors can contribute to the development of SMEs through training programs and access to information that make management easier, especially in obtaining capital. And on internal factors, the quality of skilled human resources and the production process that focuses on targets will improve the performance of SMEs.

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