

STRATEGIC ASSETS AND ELECTRONIC COMMERCE IN MSME PERFORMANCE

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ABSTRACT

The Covid-19 Pandemic has paralyzed many industries in the trade sector in the world. The industrial world has limited movement with government policies asking people to stay home, so many industrial economies have fallen sharply and even died. After the Covid-19 pandemic, the business sector began reviving, followed by an increase in MSME sales turnover and income. MSMEs must utilize digital technology to increase sales during the Covid-19 pandemic through electronic commerce platforms. In addition, the strategic assets owned by MSMEs can also improve MSME performance. This study aims to see the effect of quality strategic assets and electronic commerce in improving MSME performance. The research sample was SMEs in Banyumas Regency with a random sampling technique and data analysis techniques using SPSS. The sample used was 85 SMEs as respondents. Research gives results where the higher the quality of the strategic assets owned by owners or managers of SMEs, the higher the use of electronic commerce as a sales strategy will increase product sales turnover and improve performance of batik MSME in Banyumas district. .

Keywords: strategic assets, electronic commerce, MSME performance.

1. Introduction

Competition from various parties must be faced by MSMEs in Indonesia. Competition occurs among fellow industries that have the same scale, the same sector, and competition with more prominent industries. To face these challenges, MSMEs need breakthroughs such as new markets, determining the right market strategy, improving product quality and product competitiveness (Yuliaty, 2020). Globalization and intense competition require MSMEs to face global challenges, increase product and service innovation, develop people and technology used and expand the market area to empower MSMEs (Sedyastuti, 2018).

Significant strength in industry competition will determine the quality of competitive strategy formulation. Strategic assets are resources owned to create competitive advantages such as intellectual property rights, brands, culture, reputation, creativity, uniqueness, and knowledge that can drive business success (Sinaga, 2016). On the one hand, strategic assets can determine a company's activities to achieve excellence, such as innovation, a cohesive culture, or implementing a good marketing strategy. On the other hand, this competitive factor can be a source of failure if a business cannot overcome the strength of industry competition through a

quality competition strategy. The biggest weakness of SMEs is the low mastery of knowledge in SMEs which is influenced by internal factors and external factors. In addition, the problems that are often faced by MSMEs are capital, marketing, simple technology, lack of knowledge, and low quality human resources.

MSME businesses are adapting to economic conditions during the Covid-19 pandemic. Hanum & Sinarasri (2017) recommend strategies for maintaining the sustainability of MSMEs during the Covid 19 Pandemic by improving product quality, service quality, and technology utilization. One of the uses of this strategy is to change marketing orientation. There has been a shift in orientation from offline marketing to marketing through electronic commerce to increase sales and revenue turnover. Many MSMEs are starting to switch to selling their products online. This is supported by Hardilawati's findings (2020) which recommended that MSMEs trade via e-commerce and engage in digital marketing to survive the pandemic. Many MSMEs try to market offline, online, or a combination of both. Internet access and the digital readiness index for business actors initially show that MSMEs need longer time to be fully ready to immediately switch to digital. However, the use of the internet for e-commerce is very important as a medium of promotion, marketing and sales.

2. Literature Review

2.1 MSME performance

Aribawa (2016) states that MSME performance is the result of the work individuals do in completing individual tasks within a given time period and is related to corporate values or standards. According to Hasibuan in Dinar (2017), MSME performance is the work that individuals or organizations do in performing tasks based on skill, experience, integrity, and time. Performance is the result of work done by an individual or organization in carrying out assigned tasks based on competence, experience, integrity, and time (Hasibuan, 2002). On the other hand, according to Veithzal Rivai (2005), performance is the overall human result or degree of success over a period of time in performing tasks such as job results, specifications, specifications, or specified criteria.

Performance is the final result obtained by the company as a result of several internal activities. Every company realizes the need to utilize the company's resources to maximize performance in the face of competition. According to the resource-based perspective, the determinants of firm performance are firm-specific capabilities and assets, as well as intangible assets, such as technological and managerial skills (Teece et al., 1997). The performance of MSMEs as a result of work activities achieved includes work results, targets, goals or objectives, and criteria set and agreed upon in an industry with asset and turnover criteria set by standard size.

2.2 MSME Strategic Assets

Many MSMEs are family businesses which are the basis for creating unique resources to create sustainable competitive advantages over time (Akib, 2003). MSME strategic assets as something that belongs to the company, such as brand name or technology, network, corporate social traditions, and management practices that are superior to customers. Strong family ties in business are an asset that allows companies to outperform their competitors. Strategic assets can be understood as resources that are scarce, durable, not easily traded, difficult to imitate, and can be used to convert value into profit (Ferdinand, 2003). There is now recognition that the only

resource capable of providing an organization with a sustainable competitive advantage lies in the ownership of intangible resources. According to Becker, Huselid, and Ulrich (2001), the HR Scorecard states that ownership of intangible assets will provide tangible benefits such as profitability. Wijayanto (2008) explains that the intangible assets owned by the organization include human resource competencies, knowledge management, organizational capabilities, and the owner's experience in family businesses for generations.

2.2 Electronic Commerce

The use of information technology in commerce is known as electronic commerce (e-commerce) (Barkatullah, 2017). According to Kotler & Armstrong (2012), e-commerce is an online channel that can be accessed by individuals via computers, used by business people to conduct business activities, and used by consumers to obtain information using computers. This starts with providing consumers with information services of their choice. According to Wong (2010), e-commerce is the process of buying, selling, and marketing goods and services through electronic systems such as radio, television, computer networks, and the Internet. Electronic commerce is further defined as the process of buying, selling, transferring, or exchanging products, services, or information over computer networks on the Internet (Kozinets et al., 2010). The process of business strategy using social networks on the internet is successful if executed properly. This ultimately leads to more subscribers, more brand awareness and sales. Customer purchasing decisions are influenced by perceptions, motivations, experiences, attitudes and beliefs. Perceptions reflect how customers select, organize, and interpret information to shape their knowledge and motivate them to satisfy their desires.

1. Research Methodology

1.1 Method

This type of research is a quantitative research using research techniques. Data sources are primary data from respondents' completed survey responses on strategic asset use, electronic commerce, and MSME performance. A closed questionnaire containing a series of statements on strategic assets, electronic commerce, and MSME performance was used as a research tool. Speech value calculations from questionnaires were measured using a Likert scale of 1 to 5. That is, we selected “strongly disagree”, “disagree”, “neither agree”, “agree” and “strongly agree” as response options. The study targeted tie-dye SMEs in the Banyumas Regency area, and the survey sample included a total of 85 respondents who met the requirements. Sampling techniques, purposive sampling methods and the use of the following survey sampling criteria. As a batik MSME with a minimum of 3 employees and more than 2 years of establishment, you can know the past performance of the company. Data equipment testing begins with validity and reliability tests on equipment questions to determine whether the equipment used in the questionnaire is valid and reliable. Data analysis is then performed by performing standard acceptance tests, i.e. normality test, heteroscedasticity test, multicollinearity test, followed by some linear regression analysis and statistical tests. All tests use the SPSS program.

3.2 Research Variables and Indicators

Strategic asset variable indicators include human resources, management, capabilities, experience, and family values. Electronic commerce variable indicators consist of proficiency in electronic commerce, ease of electronic commerce, duration of internet media use, number of

online transactions, and device availability. MSME performance variables indicate increased sales, increased profits, increased consumers, and market expansion.

3.3 Illustrations

H₁: The higher the strategic assets MSME, the higher the MSME performance.

H₂: The higher the electronic commerce, the higher the performance of MSMEs.

H₃: The higher the strategic assets and electronic commerce, the higher the performance of MSMEs.

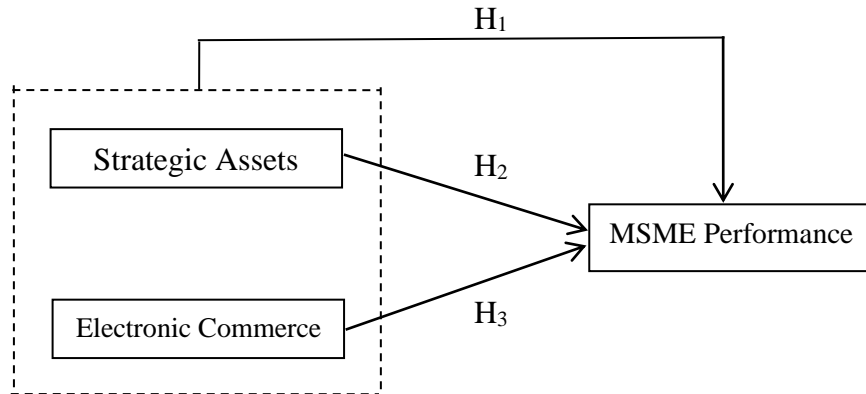


Figure 1. Framework

4. Results

4.1 Result of Data Analysis

They tested the questionnaire device using validity and reliability tests. The total product correlation value with the results of the validity test of five elements of strategic asset variables, five elements of electronic commerce variables, and four elements of MSME performance variables are more significant than the value of r-table (0.213). It shows that the indicators used to measure strategic asset variables, electronic commerce, and MSME performance variables can be called proper measuring tools. Furthermore, the strategic asset variable reliability test results showed that Cornbach's alpha value of 0.736 was more significant than 0.60. The electronic commerce variable reliability test results showed that Cornbach's alpha value was 0.687, which was greater than 0.60. The MSME performance variable reliability test results showed that Cornbach's alpha value of 0.659 was more significant than 0.60. Questionnaires that measure strategic asset variables, electronic commerce, and MSME performance variables are consistent or reliable measurement tools. The data normality test in this study used Kolmogorov-Smirnov statistics with Asymp results. Significant. Two-way 0.125, which is greater than 0.05 and meets the normality criteria.

Then the conclusion is that the distribution of data is usually distributed. The results of the heteroskedasticity test, performed using the Glejser test, showed a significance value of 0.178 for each independent strategic asset variable and a significance value of 0.212 for electronic

commerce. This is more significant than the significance value used, which is 0.05. We therefore conclude that the independent variables used in this study do not have heteroscedasticity. Tolerance and VIF (Variance Inflation Factor) are used to check the multicollinearity of the regression model. Multicollinearity does not exist when If the VIF value is less than or equal to 10 and the minimum allowed value is 0.1. The calculations yield a variable strategic wealth tolerance of 0.316 and an e-commerce tolerance of 0.488. None of the independent variables have a tolerance less than 0.10, so there is no correlation between the independent variables. Variance Inflation Rate (VIF) calculation results do not show independent variables with VIF values greater than 10. This shows that the strategic assets variable has a VIF of 3,245 and the e-commerce VIF has a VIF of 3,714. It was therefore concluded that the independent variable regression model used in this study was free of multicollinearity.

4.2 Equations

Multiple linear regression analysis to test impact models of strategic assets and electronic commerce on MSME performance. The results of the multiple regression analysis are shown in the table below.

Table 1. Results of Multiple Linear Regression Analysis

Variable	Regresion Coefficient	t _{count}	Sig.
Strategic assets	0,244	2,489	0,002
Electronic commerce	0,285	2,634	0,000
Constanta	4,854		
Adjusted R Square	0,675		
F _{count}	91,033		

Source: Primary data processed in 2023

Multiple Linear Regression Analysis Model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y = 4,854 + 0,244X_1 + 0,285X_2$$

Information:

Y = MSME Performance

α = Constant

β₁- β₂ = Regression coefficient

X₁ = Strategic assets

X₂ = Electronic commerce

5. Discussion

5.1 The Effect of Strategic Assets on MSME Performance

The results for the first hypothesis (H1) show that the variable Strategic Assets has a significant value of 0.002 < 0.05 and a regression coefficient of 0.244. Therefore, the first hypothesis is

accepted, implying that strategic assets have a positive impact on improving MSME performance. A strategic asset as a resource of scarce, durable, not easily traded, and difficult to imitate skills, can be used to convert value into profit. The only resource that can provide a sustainable competitive advantage to an organization is owning intangible resources that ultimately yield tangible benefits. An organization's intangible strategic assets include people skills, knowledge management, organizational skills, and ownership experience. In this study, leveraging the knowledge and experience of owners as MSME actors is a key factor in improving MSME performance.

5.2 The Effect of Electronic commerce on MSME Performance

The results of the second hypothesis (H_2) show that the electronic commerce variable has a significance value of $0.001 < 0.05$ and a regression coefficient of 0.285, so the second hypothesis is accepted, meaning that electronic commerce positively improves MSME performance. During the Covid-19 pandemic and until now, electronic commerce is recommended for MSMEs in trading and marketing digitally to survive. Electronic commerce provides excellent benefits in marketing and selling batik products more broadly to survive the increasingly fierce competition in the batik business. Electronic commerce is used for social media Whatsapp, Instagram, Tiktok, and marketplaces Shoppe, Tokopedia, and others. Electronic commerce is maximized because it can save batik business actors no longer needing offline stores. It can use sales through the live shopping feature in several electronic commerce media.

5.3 The Effect of Strategic Assets and Electronic commerce on MSME Performance

Processing the data with the SPSS program reveals a Fcount of 91.033 at $\alpha = 5\%$, or 0.05 degrees of freedom $1(k-1)$ and 2 degrees of freedom $(n-k)$. We know the value of Ftable is 3.10. Since Fcount is larger than Ftable ($93.068 > 3.10$), we can conclude that strategic wealth variables and e-commerce simultaneously have a positive impact on the performance of Batik MSMEs in Banyumas district. Therefore, the third hypothesis is accepted.

6. Conclusion

The purpose of this study is to demonstrate the impact of utilization of strategic assets and electronic commerce on performance of Batik MSMEs in Banyumas district. Here are the results of his research:

1. Strategic assets have a positive impact on performance of Batik MSME in Banyumas district.
2. E-commerce will have a positive impact on the performance of tie-dye SMEs in the Banyumas area.
3. Strategic assets and e-commerce have a positive impact on the performance of Batik SMEs in Banyumas district.

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