

The Influence of Entrepreneurial Characteristics, Operational Strategies, and Marketing Strategies on the Performance of MSMEs in the Preserved Fish Processing Industry in Sukabumi Regency

*Tera Lesmana¹, Yusuf Iskandar²

¹ Management Study Program, Faculty of Business and Humanities, Nusa Putra University, Indonesia

² Management Study Program, Faculty of Business and Humanities, Nusa Putra University, Indonesia

*Corresponding author. Email: tera.lesmana_mn18@nusaputra.ac.id

ABSTRACT

The goal of this research was to determine the impact of entrepreneurial characteristics, operational strategies, and marketing strategies on the performance of SMEs in the preserved fish processing industry in the Sukabumi Regency. The object of this research is all SMEs of the preserved fish processing industry in the Sukabumi district. This research method uses a quantitative approach. The data collection technique in this study used questionnaires. This study was analyzed using SEM (structural equation model) calculations with Smart PIs 3.2.9 software. This study obtained the results of the entrepreneurial characteristics variable having a positive but not significant effect, the operational strategy variable having a positive and significant impact, then the marketing strategy variable having a positive but not significant effect.

Keywords: *Entrepreneurial Characteristics, Operational Strategy, Marketing Strategy.*

1. INTRODUCTION

MSMEs are the backbone of the Indonesian economy, not only because of their widespread distribution, but also because of their central position due to the large number of workers employed by them [1]. Micro, small and medium enterprises (MSMEs) are part of national businesses essential in realizing national development goals [2]. MSMEs can become a solution to poverty alleviation in Indonesia, considering that small and medium enterprises have high involvement in absorbing the workforce and improving people's welfare. [3] The role of MSMEs in Indonesia is increasing employment opportunities, income distribution, rural economic development, increasing non-oil and gas exports, and contributing to an increase in GDP [4]. Micro, small and medium enterprises have a substantial impact on economic growth. Despite this, MSMEs confront various challenges in their development, including a shortage of operating capital, human resource capability, and science and technology competence [5]. Furthermore,

one of the most severe issues MSMEs face is a lack of finance [6].

One of the industries in the Sukabumi Regency is fisheries processing, which is a logical result of the existence of fishing activities. This sector has been around for a long time, and it has helped Sukabumi become one of the most critical preserved fish-producing centers in the country [1]. There are 1,574 MSME units in the fishery processing industry in Sukabumi Regency, with fish processing enterprises accounting for 88.7% of the total [1]. However, it is unfortunate that most companies are micro-businesses, and some are small businesses. In 2014, marine capture fisheries production reached 6.02 million tons, aquaculture reached 4.25 million tons, and seaweed production reached 10.08 million tons [7]. This makes Indonesia one of the largest fishery product-producing countries globally [7]. However, these advantages have not been followed by increasing added value [8]. Nationally and locally, this is a concern because the fact shows that in the Regions, achievements for 2019 are difficult to

achieve [9]. The performance of MSMEs, which seems to be hampered, is a particular concern of the Sukabumi Regency Maritime Affairs and Fisheries Service.

Yes, it is unknown because a number of MSME development programs for the fishery processing industry have been implemented, with disappointing results.

In light of the previous, the author recommends that a study be conducted on the growth of MSMEs, precisely the research title "**The Influence of Entrepreneurial Characteristics, Operational Strategies, and Marketing Strategies on the Performance of MSMEs in the Preserved Fish Processing Industry in Sukabumi Regency**".

2. LITERATURE REVIEW

2.1. Entrepreneurial Characteristics

Entrepreneurial characteristics are qualities or traits that remain continuous and eternal that can be used as characteristics to identify a person, an object, an event, integration or synthesis of individual characteristics in the form of a person or entity and a person's personality, considered from an ethical and ethical point of view moral [10]. Characteristics of entrepreneurship, in general, describe a person's personal or psychological uniqueness, which consists of dimensions of values, attitudes, and needs. The characteristics of entrepreneurship greatly determine business success [2].

Characteristics of Entrepreneurship consist of knowledge about business, imagination, practical knowledge, creativity, far-sightedness, ability to count, and communication [11]. Based on the explanation above, it can be concluded that the characteristics of entrepreneurship are the personality behaviors or attitudes of an entrepreneur, which affect a person's level of success in entrepreneurship [1]. Two factors influence human characteristics, namely personal characteristics and situational characteristics. Unique characteristics are inherent in the individual, while situational characteristics arise from outside and significantly affect a person's behavior.

2.1.1. Indicators of Entrepreneurial Characteristics

Entrepreneurial features consist of demographic, psychological, and cultural characteristics that have a positive and significant impact on the performance of MSMEs [1]. Indicators of entrepreneurial characteristics are according to the results of a literature study conducted. Some experts, namely

Entrepreneurial features, include demographic factors such as age and gender, and individual backgrounds such as education and previous work experience impact entrepreneurial intentions and efforts [12]. Entrepreneurial characteristics encourage success, willingness to take risks, self-confidence, and a strong desire for entrepreneurship [13].

Based on the explanation of previous research, the indicators of entrepreneurial characteristics are demographics (Age, Gender, Education), Psychological (Hard Worker, Confidence, Discipline, Risk Taking, Tolerance of Uncertainty, Innovative, Independent, Responsible), and Culture (Local Culture, Culture National).

2.2. Operational Strategy

Operational strategy is an aspect that must be met in the company's production system to encourage market demand. Operational strategy can be used as a basis for the company to introduce, develop and produce outputs following customer needs. The emergence of an active strategy is an objective of the operations function to determine the direction/impetus in the decision-making process [14].

Strategy is defined as a process of determining the plan of top leaders that focuses on the organization's long-term goals, accompanied by the preparation of a method or effort on how to achieve these goals [15]. Operations strategy is one of the crucial functional-level strategies, in addition to marketing, finance, human resources, and functional-level strategies [16].

Referring to the explanation above, operational strategy can be interpreted as a series of systematically arranged activities to achieve effective and efficient results in making decisions to achieve a goal.

2.2.1. Operational Strategy Indicators

Operational strategy is an aspect that must be met in the company's production system to encourage market demand. Operational strategy can be used as a basis for the company to introduce, develop and produce outputs following customer needs [14]. The emergence of an operational strategy is an objective of the operations function to determine the direction/impetus in the decision-making process. Cost in managerial economics reflects the efficiency of the production system, so the concept of cost also refers to the idea of operational strategy. Still, suppose in the production concept, we talk about the use of physical inputs in producing production output, then the cost concept. In that case, we calculate the use of that input in economic value [17].

A set of interrelated management activities that include product manufacturing and service delivery is called production and operations management. So it can be concluded that the indicators of operations strategy are decision making, production costs, and manufacturing [18].

2.3. Marketing strategy

Marketing Strategy is defined as a process of creating top executives' plans that focus on the organization's long-term goals and the development of a strategy or endeavor to achieve these goals [15]. A marketing strategy is a plan that specifies how the organization expects various marketing activities or initiatives to affect demand for items or product lines in specific target areas [19]. The marketing reasoning by which organizations aspire to develop consumer value and profitable connections is known as marketing strategy [20]. A marketing strategy is a set of marketing tools used continuously to achieve targeted goals. According to the explanations of several experts, it can be concluded that marketing strategy is a structured activity step to achieve the desired marketing goals [21].

2.3.1. Marketing Strategy Indicator

Promotion is part and process of marketing strategy to communicate with the market, using the composition of the promotion mix [22]. Sales are part of the promotion, and promotion is part of the overall marketing strategy system [23]. Consumer satisfaction can create a reasonable basis for repeat purchases and build consumer loyalty from word-of-mouth recommendations that can benefit the company [24]. Competitiveness is a marketing strategy notion related to a company's capacity to create value in competition with other companies. Competitiveness is a marketing strategy

concept that describes a company's ability to compete with other businesses to produce value [25].

2.4. MSME Performance

Referring to [26], performance is the achievement of results on implementing specific tasks. Company performance is the achievement of results to realize the company's goals. [27] mentioned that performance refers to a company's level of achievement or achievement over some time. The company's performance is critical in its development. Then, according to [28], MSMEs' performance is the result of an individual's work, which may be done with the individual's tasks inside the company and within a particular time frame, and is linked to the size of the value or standard of the firm for which the individual works. From the preceding explanation, it can be inferred that MSME performance is defined as a growth in achieving a micro, small, and medium enterprise's goals over time.

2.4.1. MSME Performance Indicators

According to [29], Performance measurement generally looks at complex financial indicators, so this does not entirely show the actual conditions that occur in the business. The claimed that sales, profit rate, return on capital, turnover rate, and market share achieved were all indicators of the company's performance [27]. Then, according to [30], the performance of MSMEs is highly dependent on the strategy's alignment with the external environment. As explained above, sales, operational costs, market share, and the external environment are the markers of MSME performance.

A research framework is formed from some of the explanations above, as shown in Figure 1.

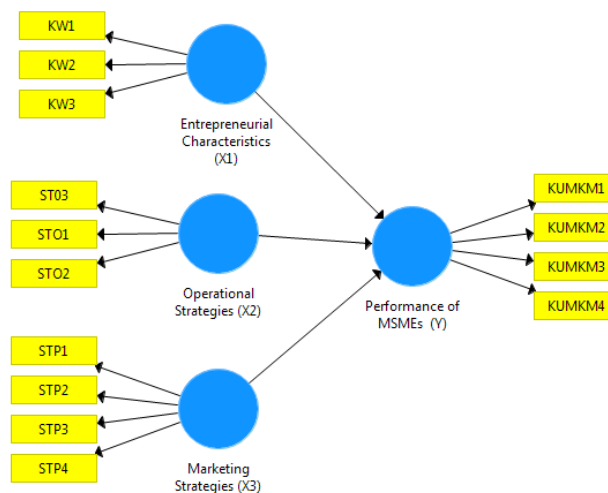


Figure 1. Research framework

3. METHODOLOGY

The author employs a quantitative strategy in this study, meaning research that employs a research design based on statistical processes or other forms of quantification to quantify the research variables. According to [31], quantitative research is based on assumptions, then variables are defined, and reliable research methodologies are used to examine the data, especially in quantitative research.

SEM (structural equation model) computations using Smart PIs software were used to analyze this study. SEM stands for structural equation model, a multivariate analysis model that allows researchers to examine the relationship between variables in a second-generation structural equation model [32].

The second generation of multivariate analysis approaches, structural equation modeling (Structural Equation Modeling), allows researchers to study the interaction between complex variables, both recursive and non-recursive, to create a full picture of the overall model, according to [33]. Structural Equation Modeling (SEM) can explain measurement errors in the estimate process that are not explained by the regression, according to [34]. SEM is a multivariate analysis technique that is more complex than multiple regression analysis and factor analysis for analyzing the connection between variables.

This research was conducted in Sukabumi Regency. The population in this study is the entire MSME industry, the preserved fish processing industry in the Sukabumi district. According to [35], a population is a group of people who share certain attributes and characteristics. From data sourced from [36], it is stated that there are 1395 fish processing business units in Sukabumi Regency.

The sample is part of the representative population that will be studied. If the research is carried out partly from the people, it can be said that the research is sample research [37]. According to [38] to determine the number of samples can be done using the Slovin formula as follows:

$$n = \frac{N}{N \cdot d^2 + 1} \tag{1}$$

Information :

n = Number of Samples

N = Total Population

d = Estimated Error

4. RESULTS AND DISCUSSION

After doing SEM analysis using smartpls 3.2.9 software, the following results are obtained:

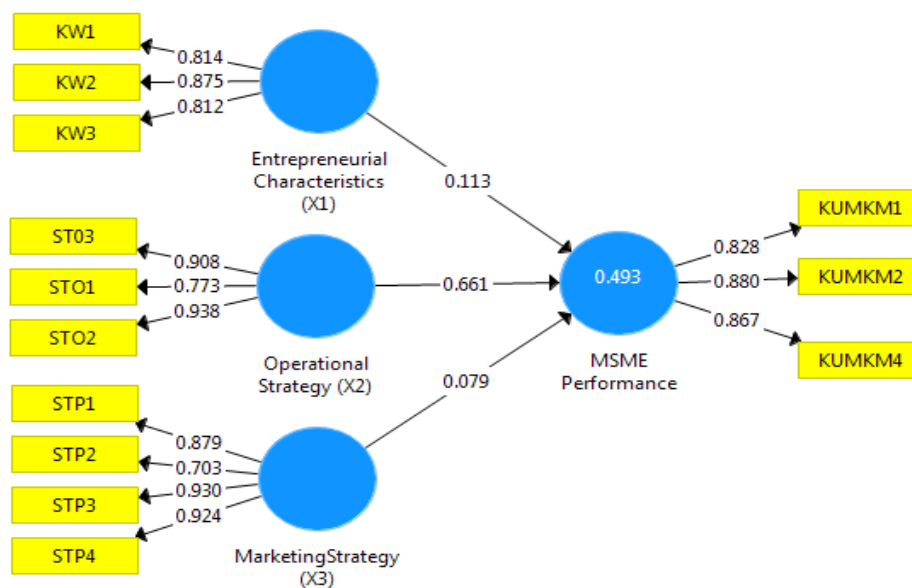


Figure 2 . Validation and level of closeness of the relationship between variables

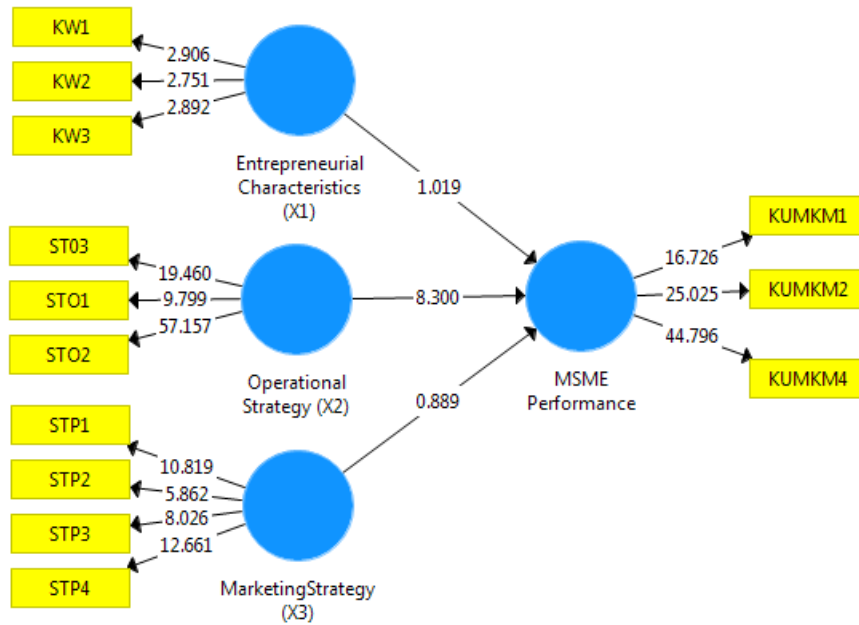


Figure 3 . Cross-model based on T-value

Table 1. Construct Reliability and Validity

	Cronbac's Alpha	Rho_A	Composite Reliability	Average Variance Extracted
Entrepreneurial Characteristics	0.798	0.898	0.873	0.696
MSME Performance (Y)	0.832	0.899	0.894	0.737
Operational Strategy (X2)	0.844	0.853	0.908	0.767
Marketing Strategy (X3)	0.895	1.005	0.921	0.746

The findings reveal that the characteristic entrepreneurial variable has a positive effect of 0.113, the operational strategy variable has a positive effect of 0.661. Based on the results of the SEM analysis given in Figures 2 and 3, as well as the structural modeling presented in Table 1, the marketing strategy variable has a positive effect of 0.079. The variables of Entrepreneurial Characteristics, Operational Strategy, and Marketing Strategy have a combined influence of 0.493 percent or 49.3 percent. The results show that the characteristic entrepreneurial variable has a T-value of 1.019, indicating that it is insignificant. The Operational Strategy variable has a T-value of 83.00. A T-value of 0.889 indicates that the Operational Strategy variable is significant, while the Marketing Strategy variable is inconsequential.

Several research findings have been published on the impact of entrepreneurial traits on MSMEs' performance. In particular, entrepreneurial considerations substantially impact MSME business

development in the Salatiga villages of Dayaan and Kalilondo. [13] Entrepreneurial qualities factors have a beneficial impact on business performance. This suggests that entrepreneurial traits have many unidirectional positive forces [39]. Entrepreneurial characteristics have a limited impact on Micro, Small, and Medium Enterprises (SMEs) [40]. Although entrepreneurial qualities have a largely favorable impact on entrepreneurial competence, they have no significant impact on MSME success [41]. In Buleleng District, entrepreneurial traits have a favorable and significant impact on the development of MSME firms [42].

From the results of related research, it can be concluded that there are similarities. The characteristics of entrepreneurs have a positive effect, meaning that the better the entrepreneurial character, the better the performance of SMEs. The difference in this study lies in the significance value. This can be

caused by differences in the type of business, MSMEs studied, culture, or social environment.

The following are the results of research related to the effect of operational strategy on the performance of MSMEs, namely that operating system has a significant influence on operational excellence [43]. The working procedure has a positive and considerable impact on the operation of pottery craft SMEs in Kasongan [44]. The results of related research are in line with the results of this study; namely, the Operational Strategy has a positive and significant effect; this means that the better the operational strategy, the better the performance of MSMEs.

Several research results related to the influence of Marketing Strategy, namely online marketing strategies, have a positive effect on Increasing MSME Profits [45]. The marketing strategy factor is not proven to significantly impact business development [13]. The effect of direct marketing on the performance of MSMEs moderated by technology shows the results of 0.000 (<0.05), meaning that the relationship between these variables is positive and significant [46]. Marketing strategies carried out by MSMEs positively affect business development [47]. The influence of direct marketing on the performance of MSMEs is positive and significant, where 45% of entrepreneurs believe that during the pandemic, direct marketing strategies with digital promotions and appropriate media will improve the performance of MSMEs in Medan Court workshops [48].

From the results of related research, it can be concluded that there are similarities, namely Marketing Strategy has a positive effect on the performance of MSMEs, this shows that the better the Marketing Strategy, the better the performance of MSMEs, the difference between the results of this study and related research lies in the T-value or level significance where in this study the operational strategy had a positive but not significant effect, this could be due to the type of business being studied, culture, or social environment.

5. CONCLUSION

According to the study's findings, entrepreneurial traits have a favorable but not significant impact on the performance of MSMEs, implying that the stronger the entrepreneurial character, the better the performance of MSMEs. On the other hand, the operational strategy variable shows a positive and substantial influence, implying that the better the operational strategy, the better the MSMEs' performance. The marketing strategy variable then has a positive but non-significant effect, indicating that the

better the marketing plan, the better the MSMEs' performance.

REFERENCES

- [1] Y. Iskandar, N. Zulbainarni, and S. Jahroh, "The Influence of Business and Entrepreneurial Characteristics on the Performance of MSMEs in the Fishery Processing Industry in Sukabumi Regency," *J. REKOMEN (Economic Research. Management)* , vol. 4, no. 1, pp. 1–12, 2020.
- [2] NMW Sari, HK Suwarsinah, and LM Baga, "The influence of entrepreneurial characteristics on the performance of palm sugar micro, small and medium enterprises (MSMEs) in West Lombok Regency," *J. Pengul.* , vol. 12, no. 1, 2016.
- [3] S. Supriyanto, "Empowerment of micro, small and medium enterprises (MSMEs) as an effort to reduce poverty," *J. Ekon. and Educator.* , vol. 3, no. 1, p. 17247, 2006.
- [4] T. Tambunan, "Women entrepreneurship in Asian developing countries: Their development and main constraints," *J. Dev. agric. econ.* , vol. 1, no. 2, pp. 27–40, 2009.
- [5] S. Sudaryanto and A. Hanim, "Evaluation of the readiness of SMEs to face the ASEAN free market (AFTA): Perspective analysis and theoretical review," *J. Ekon. Account. manaj.* , vol. 1, no. 2, 2002.
- [6] H. Hartono and DD Hartomo, "Factors Influencing the Development of MSMEs in Surakarta," *J. Bisnis and Manaj.* , vol. 14, no. 1, p. 15, 2016, doi:10.20961/jbm.v14i1.2678.
- [7] I. FAO, "The state of world fisheries and aquaculture 2016," *Contributing to food security and nutrition for all* . Publications of Food and Agriculture Organization of the United Nations Rome, p. 200, 2016.
- [8] P. Nurhayati, "The added value of processed fishery products in the traditional fishing industry in DKI Jakarta," *Bul. icon. fish.* , vol. 5, no. 2, 2004.
- [9] G. Nugraha, "Identification of the potential and constraints of the Palabuhanratu minapolitan area," *J. Online Mhs. bids. Perenc. Will. City* , vol. 1, no. 1, 2015.
- [10] HA Setyawati, "The Influence of Entrepreneurship Orientation and Market Orientation on Company Performance Through Competitive Advantage and Perception of Environmental Uncertainty as Predictions of

- Moderating Variables (Survey on MSME Trading in Kebumen Regency)," *Focus Media Business Review. manaj. and Accounts.* , vol. 12, no. 2, 2013.
- [11] Ardiansyah, "The Influence of Entrepreneurial Characteristics," vol. 5, no. 3, pp. 626–637, 2017.
- [12] Dirlanudin, "Entrepreneurial Behavior and Empowerment of Small Entrepreneurs in the Agro Industry," *Inst. Pertan. Bogor* , p. 202, 2010.
- [13] E. Purwanti, "The influence of entrepreneurial characteristics, business capital, marketing strategies on the development of MSMEs in Dayaan and Kalilondo Villages, Salatiga," *Among Makarti* , vol. 5, no. 1, 2013.
- [14] LJ Krajewski and LP Ritzman, *Administración de operaciones: strategy y analysis; including CD* . Pearson educacion, 2000.
- [15] H. Umar, *Strategic management in action* . Gramedia Pustaka Utama, 2001.
- [16] Muhardi, *Operations Strategy: For Competitive Advantage* . Yogyakarta: Graha Ilmu, 2007.
- [17] V. Gaspersz, "Managerial Economics: Business Decision Making," 2003.
- [18] SA Kumar and N. Suresh, *Operations management* . New Age International, 2009.
- [19] G. Chandra, "Marketing strategies and programs," *Yogyakarta andi* , 2002.
- [20] P. Kotler and G. Armstrong, "Principles of marketing volume 1 edition 12," *Jakarta: Erlangga* , 2008.
- [21] B. Sarjono, "New Product Marketing Strategy," *Orbith Maj. science. developer. Engineering and Sos.* , vol. 11, no. 3, 2015.
- [22] P. Kotler, "Principles of Marketing Management," *Jakarta: Prenhalindo* , 2000.
- [23] T. Abdullah and F. Tantri, "Marketing management," *Depok PT Raja Graf. Persada* , 2012.
- [24] EM Sangadji and S. Sopiah, "The Effect of Organizational Culture On Lecturers' Job Satisfaction and Performance: A Research in Muhammadiyah University throughout East Java," *Int. J. Learn. Dev.* , vol. 3, no. 3, pp. 1–18, 2013.
- [25] Y. Hadi, "Swot Analysis And Marketing Strategies To Increase Competitiveness Of Es Puter Smes In Malang City," *Kurawal-Jurnal Teknol. inf. and Ind.* , vol. 1, no. 1, pp. 52–57, 2018.
- [26] J. Simanjuntak Payaman, "Performance Management and Evaluation," *Jakarta Lemb. Publisher Fac. icon. Univ. Indonesia.* , 2005.
- [27] Rahayu Puji Suci, "Improving Performance Through Entrepreneurship Orientation, Management Ability, and Business Strategy (Study on Small and Medium Embroidery Industry in East Java)," 2009.
- [28] D. Aribawa, "The influence of financial literacy on the performance and sustainability of MSMEs in Central Java," *J. Business Strategy* , vol. 20, no. 1, pp. 1–13, 2016.
- [29] I. Ali, "A Performance Measurement Framework for a Small and Medium Enterprise," *University of Alberta Diss.* , 2003.
- [30] MK Nandakumar, A. Ghobadian, and N. O'Regan, "Business - level strategy and performance," *Manag. Decis.* , 2010.
- [31] SN and Ibrahim, *Educational Research and Assessment* . Bandung: Sinar Baru Algensindo, 2001.
- [32] R. Ramadiani, "Sem and Lisrel for Multivariate Analysis," 2010.
- [33] I. Ghozali and M. Fuad, "Structural equation modeling," *Ed. II, Univ. Diponegoro, Semarang* , 2008.
- [34] JF Hair, CM Ringle, and M. Sarstedt, "Partial least squares structural equation modeling: Rigorous applications, better results and higher acceptance," *Long Range Plann.* , vol. 46, no. 1–2, pp. 1–12, 2013.
- [35] M. Nazir, "Research Methodology," *Bogor Ghalia Indonesia.* , 2005.
- [36] Sukabumi Regency Maritime Affairs and Fisheries Service, "Data of the Sukabumi Regency Fisheries Processing Business Unit." Marine and Fisheries Service of Sukabumi Regency, Sukabumi, 2021.
- [37] S. Arikunto, "Practice approach research procedures," *Jakarta: Rineka Cipta* , 2006.
- [38] B. Bungin, "Qualitative Research: Communication, Public Policy, and Other Social Sciences," 2010.

- [39] E. Ludiya and AR Maulana, "The influence of entrepreneurial characteristics and innovation on business performance in fashion SMEs in the city of Cimahi," *KINERJA*, vol. 17, no. 1, pp. 113–120, 2020.
- [40] MF Apriliani and W. Widiyanto, "The Influence of Entrepreneurial Characteristics, Business Capital and Labor on the Success of Batik MSMEs," *Econ. Educ. anal. J.*, vol. 7, no. 2, pp. 761–776, 2018.
- [41] E. Dhamayantie and R. Fauzan, "Strengthening Entrepreneurial Characteristics and Competencies to improve MSME performance," *J. Management, Strategy, Business And Entrepreneurship*, vol. 11, no. 1, pp. 80–91, 2017.
- [42] DP Vijaya and MR Irwansyah, "The influence of psychological capital, entrepreneurial characteristics, business capital and marketing strategies on the development of MSME businesses in Buleleng sub-district in 2017," *Ekuitas J. Educator. icon.*, vol. 5, no. 1, pp. 45–51, 2018.
- [43] A. Irawan and E. Ludiya, "Influence Of Operating Strategy On Operational Advantages Of Msmes In Bandung District (Case Study On Food And Beverage Msmes In Bandung District)," *Ultim. Manag. J. Science Management.*, vol. 11, no. 1, pp. 16–26, 2019.
- [44] T. Safutri, "Analysis Of The Business Environment, Operation Strategy, And Operational Performance With Technology Adoption As Moderating Variables (Study On Craft Craft Smes In Kasongan, Bantul)." Upn "Veteran" Yogyakarta, 2016.
- [45] I. Setiawati and P. Widyartati, "The Effect of Online Marketing Strategy on Increasing MSME Profits," in *Proceedings*, 2017, vol. 1, no. 1.
- [46] S. Tirtayasa, I. Nadra, and H. Khair, "Marketing Strategy for Improving MSME Performance is Moderated by Technology during the Covid-19 Pandemic," *J. Ilm. manaj. and Business*, vol. 22, no. 2, 2021.
- [47] E. Elwisam and R. Lestari, "The application of marketing strategies, creative product innovation and market orientation to improve the marketing performance of SMEs," *J. Ris. manaj. and Business Faculty. icon. UNIAT*, vol. 4, no. 2, pp. 277–286, 2019.
- [48] IRA Nadra "Analysis Of The Influece Of Marketing Strategies During The Covid-19 Pandemic On Increasing Performance Of Medan City Msmes Moderated By Technology." 2020.