

Analysis of Business Strategy and Entrepreneurial Motivation in Small Businesses In Indonesia

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ABSTRACT

This study aims to determine the impact of business strategy and entrepreneurial motivation on the performance of small businesses in the city of Pekanbaru. In this study, data were collected through questionnaires to 95 motorcycle repair business owners in the city of Pekanbaru. The data analysis technique used is simple regression analysis which serves to prove the research hypothesis. Partially, business strategy has a significant effect on the performance of small businesses in the city of Pekanbaru. And also entrepreneurial motivation has a significant effect on the performance of small businesses in the city of Pekanbaru. Based on the results of multiple regression, it can be concluded that the business strategy and entrepreneurial motivation variables together have a significant influence on the small business performance variables in the city of Pekanbaru.

Keywords: Business Strategy, Entrepreneurial Motivation, Business Performance

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INTRODUCTION

Changes in the business environment that occur today have required entrepreneurs to be able to adapt and open themselves to the demands of changes that occur, by formulating strategies and policies as well as work programs that are in line with the direction of changes that occur. The success of formulating organizational strategies and policies will be largely determined by the ability of the human resources involved in the process of preparing the company's strategic plans who are also the main actors in the organization. On the other hand, advances in science and knowledge and technology also encourage every organization to be able to take advantage as a means to compete and develop companies effectively and efficiently. both through the transformation of science and technology as well as through the preparation of human resources as the main actors who demand higher expertise (Iskamto, Ghazali, & Afthanorhan, 2020; Iskamto & Ghazali, 2021; Iskamto & Jenita, 2020).

Micro or Small and Medium Enterprises (MSMEs) are business groups that have a large percentage and contribution in Indonesia. In addition, the advantage of this business group is that it has proven to be resistant to various kinds of economic shocks. So it has become imperative to strengthen the MSME group that involves many groups (Haedzar P et al., 2022; Herman, 2021; Iskamto, 2022; Iskamto, Ghazali, & Aftanorhan, 2020). The criteria for businesses that are included in MSMEs have been regulated in the legal umbrella based on the law. MSMEs have a significant contribution or role,

namely: Expansion of job opportunities and employment. MSME entrepreneurship is very relevant to conditions in Riau Province because basically the peak achievement of this entrepreneurial achievement is being able to manage existing resources so that it can become a business opportunity that is able to absorb labor and help advance the nation's economy (Bakhri, 2021; Basriani et al., 2021; Chahal et al., 2021; Herman, 2021; Siregar, 2021). Developing MSMEs means more or less developing the regional economy in a better direction, because one of the pillars of the regional economy is supported by the development of the MSME sector which has become the pillar of the country's economy.

LITERATURE REVIEW

Business strategy

Business strategy is the company's ability to analyze the company's external and internal environment, formulate strategies, implement plans designed to achieve company goals, and conduct evaluations to get feedback in formulating future strategies. According to Glueck and Jauch (1989) strategy is a unified, broad and integrated plan that links the company's strategic advantages with environmental challenges, which is designed to ensure that the main objectives of the company can be achieved through proper implementation by the organization. According to Hariadi (2003), whereas the notion of business strategy is a strategic plan that takes place at the divisional level which is intended to build and strengthen a competitive position in the company's products and services in certain markets or industries served by the division. According to Solihin (2012), that business strategy is not the same as strategy at the corporate level. The strategy at the business level focuses more on improving the competitive position of the company's products and services in certain market segments. According to Joewono (2012), that the definition of business strategy is a strategy to achieve a goal which is analogous to a chess strategy, where there is a systematic strategy of thinking, planning, alertness in stepping, courage in taking risks and passion to be able to win a game.

In Rahayu Puji Suci's research (2009) entitled Performance Improvement Through Entrepreneurship Orientation, Management Ability, and Business Strategy (Study on Small and Medium Embroidery Industry in East Java). The findings show that business strategy has a negative and significant effect on the performance of the small and medium embroidery industry in East Java. Kumar (1997) shows that the focus cost leadership strategy produces the best performance in the hospital industry. Focus cost leadership strategy adalah kombinasi dari strategi low cost (overall cost leadership) dengan strategi focus yang diambil dari strategi Generik Porter, yaitu overall cost leadership, differentiation dan focus yang disebut dengan strategi bisnis murni atau Pure, sedang yang kombinasi atau gabungan disebut dengan Hybrid Strategy.

According to Porter (1985) there are two basic types of competitive advantage that a company can have, namely low cost and differentiation. On that basis there are three generic strategies to achieve better than average results in an industry. The three generic strategies consist of: cost leadership, differentiation and focus. Coupled with two variations of the focus strategy, namely: cost focus and differentiation focus.

Entrepreneurial Motivation

Entrepreneurial motivation is an impulse from within a person that encourages that person to do something, including becoming a young entrepreneur (Sarosa, 2005 in Rosmiati, 2015:22). Baum, Frese and Baron (2007) in Rosmiati (2015: 22) explain that motivation in entrepreneurship includes motivation directed at achieving entrepreneurial goals, such as goals involving the introduction and exploitation of business opportunities. Motivation to develop a new business is required not only by

confidence in one's ability to succeed, but also by one's ability to access information about entrepreneurial opportunities. According to Wikanso (2013), motivation is something that can influence or encourage someone which is the energy in a person to achieve the expected goals. Motivation can also be said to be a series of efforts to provide certain conditions, so that a person is willing and wants to do something and if he doesn't like it, he will try to negate or avoid the feeling of dislike. So, the motivation can be stimulated from outside but the motivation is to grow within a person.

According to Uno (2008; 23) the indicators of entrepreneurial motivation are as follow: 1. There is a desire and desire to succeed, 2. There is a drive and need for entrepreneurship, 3. There are hopes and aspirations for the future

Business Performance

Business performance or business performance refers to the level of achievement or achievement of the company in a certain period of time. Helfert (1996) company performance is a result made by the management continuously. In this case, the result in question is the result of the decisions of many individuals. The performance of a company is a very decisive thing in the development of the company. The company's goals are to remain standing or exist (survive), to gain profit (benefit) and to be able to develop (growth), can be achieved if the company has good performance. The company's performance (performance) can be seen from the level of sales, profit rate, return on capital, turnover rate and market share achieved (Jauch and Glueck 1988). According to Moerdiyanti (2010),

Performance can be interpreted as the results achieved by a person according to the size applicable to the work in question. Business performance in small businesses has two goals, namely financial and non-financial targets, so that performance measurement is based on a balance between the two, as written by Siropolis in Mulyaningsih et al (2017) Entrepreneurs have two kinds of goals: Financial Goals (Such as Return on Sales and Return On Investment), and non-financial Goals (such as Psychic Satisfaction and total Quality Management). Entrepreneurs should , of course, Balance these goals in measuring their ventures' performance.

The opinion expressed by Keith Davis quoted by Mangkunegara (2011: 67), the factors that affect performance are formulated as follows: the first is the ability factor. Psychologically, the ability consists of potential ability (IQ) and reality ability (knowledge and skills). Leaders must have adequate education for the position and are skilled in doing daily work, it will be easier to achieve maximum performance. The second is the motivation factor, motivation is defined as an attitude that leaders and employees have towards work situations in their organizational environment. They will show positive and negative values to their work situations, and all of this can show how high and low the motivation of leaders and employees is. According to I Putu Lanang et al (2014) there are two factors that affect the performance of MSMEs, namely internal factors and external factors. The most dominant factors influencing the performance of MSMEs are internal factors, which include: marketing, access to capital, entrepreneurial competence, human resources, financial knowledge and business plans. Business performance refers to the level of achievement or achievement of the company in a certain period of time. The variables in this study were developed from the performance that has been studied by Less and Tsang (2001:599), which consists of sales growth, business profit growth. The indicators used to measure the business performance variables are: 1. Increased sales volume, 2. Increase in company assets, 3. Profitability of us

RESEARCH METHOD

This research was carried out on a small motorcycle repair business in Pekanbaru City which was carried out from January 2022 to March 2022. The population in this study is the owner of a small workshop business in Pekanbaru City, the number of samples in this study amounted to 95 workshops. This research uses quantitative methods, according to Arikunto (2015:12) quantitative research is research that uses numbers starting from data collection, interpretation of the data and the appearance of the results, with variable measurement using Liker's scale grouped with interval scores using 5

categories, namely: Strongly agree (SS) score 5, Agree (S) score 4, Moderately Agree (CS) score 3, Disagree (TS) score 2 and Strongly Disagree (STS) score 1.

RESULTS AND DISCUSSION

Multiple linear regression analysis was used to determine the linear relationship between the independent variable and the dependent variable, and to predict the dependent variable. Here are the results of SPSS output:

Table 1. Multiple Linear Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.211	.8150		-.394	.696
	Motivation_Entrepreneurship	.661	.143	.538	4.628	.000
	Business strategy	.403	.146	.322	2.767	.008

a. Dependent Variable: Performance_Business

Based on the table above, the multiple linear regression equation is as follows: $Y = -3.211 + 0.661X_1 + 0.403X_2$

This equation can be interpreted as follows:

1. Constant of -3,211 means without business strategy and entrepreneurial motivation then the performance of small businesses in the city of Pekanbaru is reduced 3,211 units.
2. The regression coefficient value for the business strategy variable is 0.661 indicating a positive direction of relationship. that is, if the business strategy variable increases by one unit, it will increase the performance of small businesses in the city of Pekanbaru by 0.661 units.
3. The value of the regression coefficient for the entrepreneurial motivation variable of 0.403 indicates a positive direction of the relationship, that is, if the entrepreneurial motivation variable increases one unit, it will increase the performance of small businesses in Pekanbaru city by 0.403 units

Partial Hypothesis Test

This test is used to see whether the independent variable has a significant effect on the dependent variable with a significance of 0.05 are:

1. Based on the acquisition value t_{count} for the business strategy variable is 2,767 while the t_{table} value is 1,984. it can be concluded that business strategy has a significant effect on performance of small businesses in the city of Pekanbaru.

2. Based on the acquisition value $t_{\text{calculated}}$ entrepreneurship motivation variable is 4.628 while for t_{table} value is 1.984. it can be concluded that the entrepreneurial motivation variable has a significant effect on performance of small businesses in the city of Pekanbaru.

Simultaneous Hypothesis Testing (F Test)

Simultaneous test or F test is a joint test to test the significant effect of business strategy and entrepreneurial motivation variables together on small business performance variables in Pekanbaru city.

Table 2. F_Test (Simultaneous)
ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	730,959	2	365,479	18,994	.000a
	Residual	788,927	41	19,242		
	Total	1519,886	43			

a. Predictors: (Constant), Business_Strategy, Entrepreneur_Motivation

b. Dependent Variable: Performance_Business

Based on the results of multiple regression from the table above, it shows the value of Sig. $0.00 < 0.05$, at an error rate of 5%. Or the F_{count} value of 18.994, it can be concluded that the business strategy and entrepreneurial motivation variables together have a significant influence on the small business performance variable in the city of Pekanbaru.

The coefficient of determination is used to see the contribution or influence given by the independent variable to the dependent variable.

Table 3. Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.693a	.481	.456	4.38659

a. Predictors: (Constant), Business_Strategy, Entrepreneur_Motivation

Based on the table above, the value of Adjuster R Square of 0.456 or 45.60% which means that the magnitude of the influence of business strategy and entrepreneurial motivation on performance of small businesses in the city of Pekanbaru by 45.60%.

CONCLUSIONS

From the results of data processing for the variables of business strategy and entrepreneurial motivation together have a significant influence on the variable performance of small businesses in the city of Pekanbaru. The direction of the relationship between the two business strategy variables and entrepreneurial motivation shows a positive relationship direction, which means that if the business strategy and entrepreneurial motivation variables are increased, it will be able to improve the performance of small businesses in the city of Pekanbaru.

From the research results obtained, the authors provide suggestions that small business actors in the city of Pekanbaru improve its strategy in competing for the achievement of its business goals, it is also necessary to increase entrepreneurial motivation so that it is not easily discouraged in running a business.

The weakness of this research is that the research sample only focuses on small motorcycle workshop businesses in Pekanbaru city, for further research it can be developed again for research on other aspects such as small trading businesses, small service businesses, small product manufacturing businesses and so on.

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