

The Modeling of Micro Business Assistance by The Larger Business in The Cooperation Agency and Msme In Semarang

Dedi Rusdi, Khoirul Fuad

Sultan Agung Islamic University, Semarang

dedirusdi@unissula.ac.id khoirulfuad@unissula.ac.id

Abstract - This study aims to formulate a model of micro business assistance by a larger business in Semarang City. This model is useful for empowering micro business to grow as a form of CSR (Corporate Social Responsibility) of medium and large business. Based on the previous research roadmap, it shows that many micro businesses are "dead" at a young age because of their lack of understanding at conducting good business. A micro-business needs coaching and mentoring by a larger enterprise and its related types of business. Specific targets to be achieved are identifying micro-business problems and identifying solutions of mentoring by larger business. The sampling was done by purposive sampling technique i.e. sampling technique which is based on certain relevant criteria. This research used mixed method i.e. qualitative and quantitative. To know the effect of micro business mentoring by larger business, it used multiple linear regression analysis tools. The data of this research were obtained by using survey with the assistance of questionnaire and in-depth interview to micro business actors and big business actors selected in Semarang city. This research found that to improve micro business performance, it needs sustainable training skill management, and the help of flexible modal availability. This research also found that training skill management, modal availability, business training, business innovation development, marketing assistance, and micro business mentoring have positive effect on micro business performance. This empowerment model is expected to improve micro business performance at the Cooperation Agency and SME in Semarang.

Keywords: *Micro Business Training, Performance*

1. Introduction

1.1. Background of the Study

Currently, poverty becomes a global problem. Indonesia and 189 countries in the world declare poverty alleviation in the Millennium Development Goals (MDGs) and poverty alleviation targets in 2015. Based on the report of the coordinating ministry for economic affairs of Republic Indonesia, the efforts to improve the Indonesian people welfare has been carried out since the beginning of independence or from the Old Order to the Reform Order era. Almost all departments have poverty reduction programs, and the funds that have been spent by the government for the implementation of these programs have reached hundreds of billions of rupiah.

A healthy nation requires 2% of the population engaged in entrepreneurship, while Indonesia still has 0.5% of the total business compared to the Indonesian population (Kadin 2011). The number of micro businesses collapsed as often. Until the second, fifth and tenth years of each collapse, as much as 20%, 73% and 94% (Trenggono, 2011). Community micro businesses need business assistance to succeed by larger businesses, Adiwijaya, Hanafi and Rusdi (2010). Therefore, it is needed the research on how to model micro-

business assistance by larger businesses so that the micro businesses performance becomes better or in order to make it grow and develop.

Based on the results of effective and targeted poor community empowerment research conducted by Adiwijaya, Hanafi and Rusdi (2010), it shows that effective empowerment includes of:

- a. Empowerment programs should give jobs to the poor
- b. Empowerment programs should provide guidance and business capital
- c. The empowerment program should accompany the business until it gets successful
- d. Empowerment programs should be associated with greater effort

Based on these empirical references, the research that becomes urgent is how the right model for micro business assistance by larger businesses in Semarang. The results of this study are expected to improve and grow the micro businesses performance, and also can absorb a lot of labor.

1.2. Targeted Finding / Innovation:

The targeted findings in this study are a model of social engineering so that micro-business can grow or perform well through the assistance of larger businesses in Semarang so that employment increases and this becomes an effective way to reduce the amount of poverty.

2. Literature Review

2.1. Related Theory

Swasono, 2011 states that poor people will always be as poor despite being given new clothes, poor rice, free medicine or free school for 9 years. The poor ones will not be poor if they are empowered to be self-empowered. Based on theoretical references and the results of previous empirical research, it is revealed that the form of empowerment of the poor who can empower themselves and free from poverty are (1) employed, (2) given business capital and business training, (3) given business assistance with a larger object.

The recommendation of the research results to maintain micro businesses in order to survive is the protection and assistance of their businesses by medium and large-scale object. Based on empirical references, CSR can improve the company's image and can have partners supplying greater business needs. Related to the topic of this research, for micro-business, CSR in the form of business assistance is a micro businesses needs and even becomes references in order to grow and develop.

2.2. Previous Study

Research on the perception of managers of poverty alleviation in Semarang on productive-based management by Adiwijaya, Hanafi and Rusdi (2008) concluded that social fund managers in Semarang strongly agreed that management was more productive, programmed and coordinated massively. In the study, it is recommended that reliable governance is needed so that funds can be extracted from the community and the government and it can also be benefit for poverty alleviation.

Subsequent research conducted by Adiwijaya, Hanafi and Rusdi (2010) on effective and targeted poverty alleviation governance in the Semarang Social Service, produced new conclusions and findings for further research as follows: Transparent and accountable management is highly expected by stakeholders in

particular funds because it involves accountability of funds. Another interesting finding is that the better benefits are needed. So far, the management **is expected to be allocated to empowering the community both by being employed the poor community, carrying out assistance or incubation for micro businesses**, given training and micro-business capital without interest and collateral.

Research of Rusdi and Fuad (2017) found that most respondents wanted to be given the facilities to market their products through bazaars, exhibitions or introducing products from micro-businesses through internet media, following the current development of the internet world, besides that, this research made several points regarding main desires of business actor (MSME) in developing his business:

- a. Respondents want the help of business capital with low-interest rates that are relatively low even without interest and collateral.
- b. Training in management skills is needed by micro-entrepreneurs to increase their turnover. It can compete with other similar businesses and can be innovated to the products they create.
- c. It takes greater business assistance from businesses so that micro-business can be more developed, gain greater experience from entrepreneurs, develop products, increase business, and improve performance,

3. Research Methodology

3.1. Approach

This study uses a qualitative and quantitative approach to evaluate the model of micro-business assistance through greater effort and its impact on the performance of micro businesses in Semarang. Respondents in the second year were managers of micro-business assistance. They are the cooperation agency and MSMEs in Semarang. Academics and other stakeholders will contribute to the semination of the first year findings, to then formulate a standard model.

The research method and technique used is a combination of literary studies, previous empirical studies, observations of micro-business respondents and medium and large business respondents with in-depth interview methods with respondents in Semarang. All of these methods will be assisted by a Structural Equation Modeling approach based on Partial Least Square (SEM-PLS) with SmartPLS 3.0 software to make easier in analyzing data.

3.2. Research Flowchart

The research flowchart in the second year of the model produced in the first year will be followed up with qualitative research on model evaluation and continued with quantitative research on the impact of micro-business assistance by greater effort on the micro businesses performance in Semarang.

The flowchart of the research is illustrated in Figure 1 as follows:

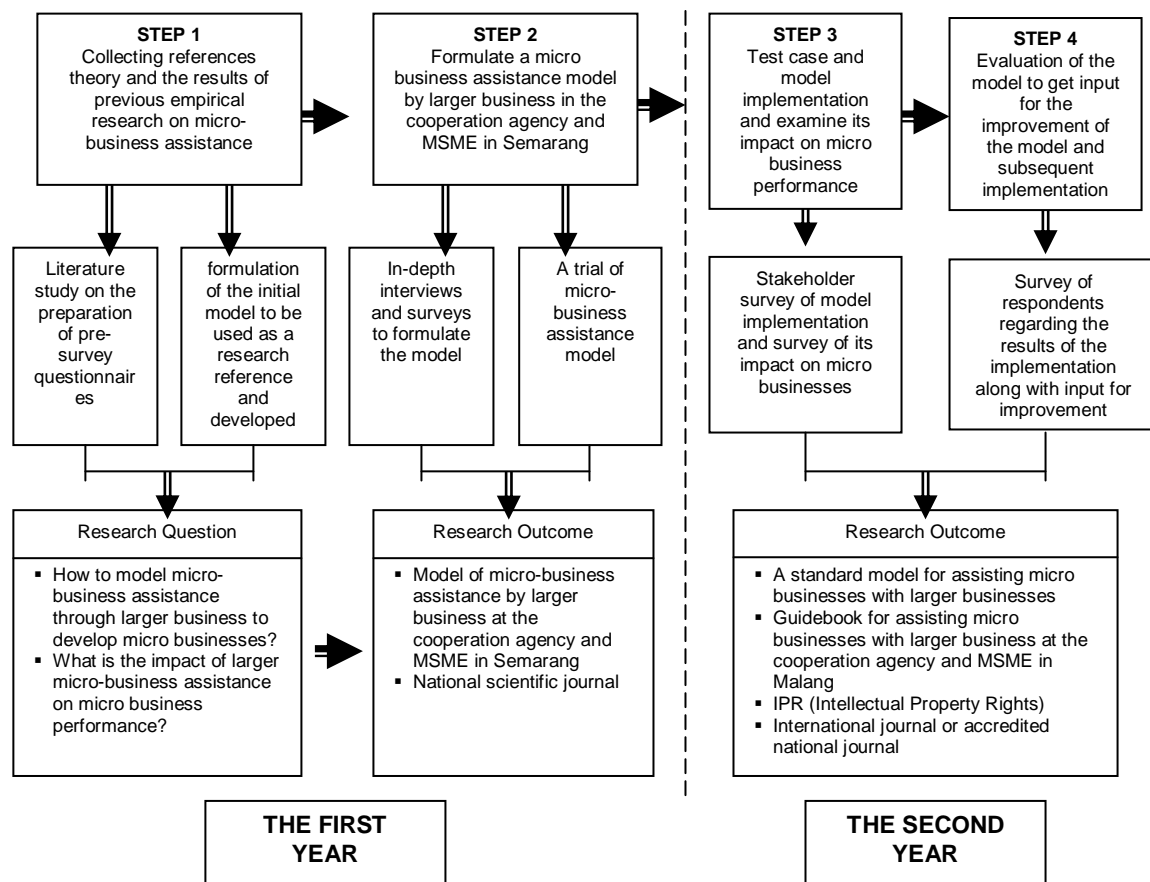


Figure 1. Research flow model for micro business assistance by larger businesses in the Cooperation Agency and MSME in Semarang

3.3. Population and Sample

The population is the sum of the entire unit of analysis whose characteristics will be expected (Coper, 1995). In this study, the population includes micro entrepreneurs and larger entrepreneurs in Semarang, the Cooperation agency and MSMEs in Semarang, Academics and other stakeholders.

A sample is a number of individuals who are representatives of the population to be studied. The sampling technique with purposive sampling where each micro, small and medium entrepreneurs will be selected by respondents who meet certain criteria in accordance with the relevance of researchers. Then, the sample size in this study was 68 respondents.

3.4. Analysis Method

The analysis used in this study is qualitative and quantitative analysis. Qualitative analysis has the advantage of answering the question of why poverty alleviation has not been significant, how to assist micro businesses with greater efforts at the cooperation agency and MSME in Semarang. The answers can be obtained through in-depth interviews with relevant respondents who are equipped with literature reference sources and the results of previous studies.

4. Result Achieved

4.1. Descriptive Analysis of Research Objects and Characteristics of Respondents

This study uses the cooperation agency and MSME in Semarang city and Central Java province as research objects. The questionnaires given to each of the cooperation agency and MSMEs was 110 distributed both by direct meeting and through online media with respondents, in addition to filling out questionnaires the researchers also conducted interviews to obtain qualitative data. From the sampling process, the researchers obtained data that could be further processed as much as 68 cooperation agencies and MSME in Central Java. Details of sample selection can be seen from the following table 1:

Table 1. Sample Selection

Note	Total
Total of questionnaires distributed	110
Incomplete and not returned questionnaire	42
Total of final samples	68

Source : Primary data, processed, 2018

4.2. Description of Latent Variables

4.2.1. Description of Management Skill Training Variable

The results of observations about training skill management variables through questionnaires are as follows:

Table 2. Description of Management Skill Training Variable

No.	Indicators	Respondents Opinion				
		1:STS	2:TS	3:CS	4:S	5:SS
1	Micro entrepreneurs need an understanding of business management	-	-	7%	55%	38%
2	Micro entrepreneurs need an understanding of tenacity and resilience	-	-	3%	57%	40%
3	Micro entrepreneurs need to adapt with change	-	-	6%	59%	35%
4	Micro entrepreneurs need to see the desires and consumers needs	-	-	6%	54%	40%
5	Micro entrepreneurs need to see the conditions of competition	-	-	3%	56%	41%

From the table above, it shows that the average overall respondents agree on the existence of skill training on micro business where the level of agreement that agrees and strongly agrees is 97%. This shows that the cooperation agency and MSME are expected to be able to facilitate in the form of training for businesses to improve their ability to do business.

4.2.2. Description of Capital Availability Variables

The results of observations about capital availability variable through questionnaires are as follows:

Table 3. Description of Capital Availability Variables

No.	Indicators	Respondents Opinion				
		1:STS	2:TS	3:CS	4:S	5:SS
1	Every micro business always needs money capital	-	3%	26%	46%	25%
2	Micro businesses that do not have or have less capital need to be helped by their capital provided that the business prospects are good	-	3%	4%	74%	19%
3	Micro business financing should be low or no interest	3%	1%	16%	49%	31%
4	Micro business financing does not have to have a guarantee	3%	7%	21%	50%	19%

Based on the table above, it shows that the Cooperation Agencies and MSME agree that micro businesses always need money capital to develop their businesses with low interest with a percentage of 80% and in financing, they do not have collateral.

4.2.3. Description of Business Training Variables (Business)

The results of observations on business training variables through questionnaires are as follows:

Table 4. Description Of Business Training Variables (Business)

No.	Indicators	Respondents Opinion				
		1:STS	2:TS	3:CS	4:S	5:SS
1	Microentrepreneurs need to conduct technical training on business	-	3%	10%	53%	34%
2	Business training is useful for improving business quality	-	2%	3%	66%	29%
3	Business training to reduce the level of error in doing business	-	2%	10%	53%	35%

Based on the table above, it shows that 87% of Cooperation Agency and MSMEs agree that there is a need for technical training in business that will improve business quality and reduce the level of error in doing business. As many as 2% of respondents disagreed with business training.

4.2.4. Description of Business Innovation Development Variables

The results of observations about the variables of business innovation development through questionnaires are as follows:

Tabel 5. Description of Business Innovation Development Variables

No.	Indicators	Respondents Opinion				
		1:STS	2:TS	3:CS	4:S	5:SS
1	Micro entrepreneurs need	-	2%	4%	57%	37%

No.	Indicators	Respondents Opinion				
		1:STS	2:TS	3:CS	4:S	5:SS
	to understand product modifications					
2	Micro entrepreneurs need to develop products or create new product ideas	-	2%	7%	50%	41%
3	Micro entrepreneurs need to develop business creativity	-	-	12%	40%	48%
4	Business products are always varied and different from others	-	-	16%	55%	29%

Based on the table above, it shows that 94% of cooperation agency and MSMEs agree that there is a need for an understanding of product modification and the creation of creative ideas that produce varied products.

4.2.5. Description of Marketing Assistance Variables

The results of observations about marketing assistance variables through questionnaires are as follows:

Table 6. Description of Marketing Assistance Variables

No.	Indicators	Respondents Opinion				
		1:STS	2:TS	3:CS	4:S	5:SS
1	Organizing a micro business exhibition	-	3%	10%	50%	37%
2	Making attractive packaging for micro business commodities	-	1%	6%	40%	53%
3	Give marketing briefing	-	2%	10%	72%	16%
4	Provide product quality training	-	1%	8%	56%	35%

Based on the table above, it shows that 87% of cooperation agencies and MSME agree that there is a need to organize a micro business exhibition that is packaged as attractive as possible to attract customers for always paying attention to product quality.

4.2.6. Description of Micro Business Assistance Variables

The results of observations about the micro-business assistance variables through questionnaires are as follows:

Table 7. Description of Micro Business Assistance Variables

No.	Indikator	Pendapat Responden				
		1:STS	2:TS	3:CS	4:S	5:SS
1	Protecting the needs of the family of micro-business	-	1%	7%	60%	31%
2	Protect competitors' attacks	-	3%	12%	60%	25%
3	Make improvements to things that are not good at running a business	-	-	10%	57%	33%
4	Give direction to existing market opportunities	-	1%	9%	65%	25%

Based on the table above, it shows that 91% of cooperation agency and MSMEs agree that there is a need for protection against competitor attacks and make improvements related to things that are not good in running a business and in accordance with existing market opportunities.

4.2.7. Description of Micro Business Performance Variable

The results of observations about micro business performance variables through questionnaires are as follows:

Table 8
Description of Micro Business Performance Variable

No.	Indikator	Pendapat Responden				
		1:STS	2:TS	3:CS	4:S	5:SS
1	After business assistance, turnover will increase	-	1%	9%	72%	18%
2	After business assistance, profit will increase	-	1%	9%	63%	27%
3	The number of workers after business assistance will increase	-	3%	13%	56%	28%

Based on the table above, it shows that 90% of cooperation agency and MSMEs agree that there is an increase in turnover, profit and an increase in the number of workers after business assistance.

MICRO BUSINESS BUSINESS ASSISTANCE DIAGRAM

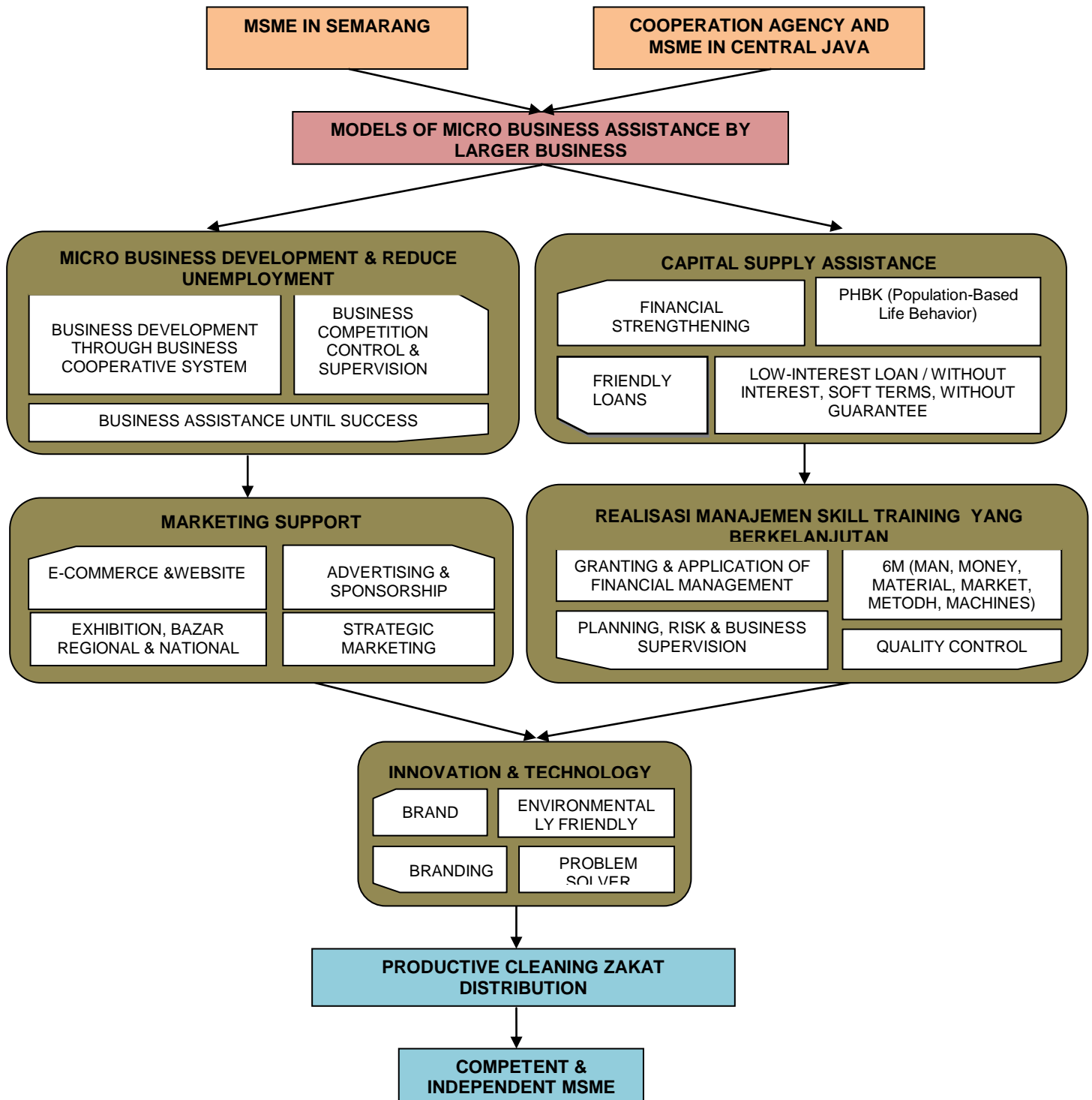


Figure 2. Merging Micro Business Assistance Models by Larger business

4.3. Data Quality Testing

4.3.1. Validity test

Convergent validity is used to see the correlation between indicators and their construct. This measurement can be seen through the value of the outer loading. The indicator can be said to be good and valid if it has a correlation value > 0.50 . The results of the validity of this study can be seen in the following table 9:

Table 9. Validity Test Result

Name of Variables	Outer Loading	Status
1. Management Skill Training		
MST 1	0.750	valid
MST 2	0.709	valid
MST 3	0.440	invalid
MST 4	0.599	valid
MST 5	0.543	valid
2. Availability of capital		
KM 1	0.169	invalid
KM 2	0.733	valid
KM 3	-0.299	invalid
KM 4	-0.415	invalid
3. Business training		
PU 1	0.571	valid
PU 2	0.827	valid
PU 3	0.908	valid
4. Business Innovation Development		
PIU 1	0.358	invalid
PIU 2	0.784	valid
PIU 3	0.917	valid
PIU 4	0.608	valid
5. Marketing Assistance		
BP 1	0.754	valid
BP 2	0.564	valid
BP 3	0.803	valid
BP 4	0.849	valid
6. Micro business assistance		
PUM 1	0.686	valid
PUM 2	0.765	valid
PUM 3	0.730	valid
PUM 4	0.604	valid
7. Micro-business performance		
KUM 1	0.781	valid
KUM 2	0.844	valid
KUM 3	0.785	valid
After the Outlier		
Name of Variable	Outer Loading	Status
1. Management Skill Training		
MST 1	0.727	valid
MST 2	0.735	valid
MST 3	0.624	valid
MST 4	0.560	valid
2. Availability of capital		
KM 1	1.000	valid
3. Business training		
PU 1	0.560	valid

Name of Variables	Outer Loading	Status
PU 2	0.827	valid
PU 3	0.910	valid
4. Business Innovation		
Development	0.783	valid
PIU 1	0.915	valid
PIU 2	0.614	valid
PIU 3		
5. Marketing assistance	0.750	valid
BP 1	0.571	valid
BP 2	0.805	valid
BP 3	0.849	valid
BP 4		
6. Micro-business assistance	0.688	valid
PUM 1	0.759	valid
PUM 2	0.739	valid
PUM 3	0.611	valid
PUM 4		
7. Micro-business Performance	0.766	valid
KUM 1	0.833	valid
KUM 2	0.807	valid
KUM 3		

Source : primary data, processed, 2018.

Based on the output of the outer loadings in table 9, it can be seen that each indicator after the outer layer has a value greater than 0.5. This shows that each construct indicator has fulfilled the requirements of convergent validity and the indicator is said to be good and valid.

4.3.2. Reliability Test

Composite reliability is used to assess indicator reliability from a latent construct. Latan (2015) states that a latent construct can be said to be good and reliable if it has a composite reliability value > 0.7. Reliability test results are shown in the following 10 table:

Tabel 10. Reliability Test

Name of Variables	Composite Reliability	Conclusion
Management Skill Training	0.759	Reliable
Availability of capital	1.000	Reliable
Business training	0.818	Reliable
Business Innovation Development	0.794	Reliable
Marketing assistance	0.835	Reliable
Micro-business assistance	0.794	Reliable
Micro-business Performance	0.844	Reliable

Source : primary data, processed, 2018.

The table above shows that the composite reliability value for each variable has a value greater than 0.7. This proves that the construct meets the reliability test requirements.

4.4. Hypothesis Testing

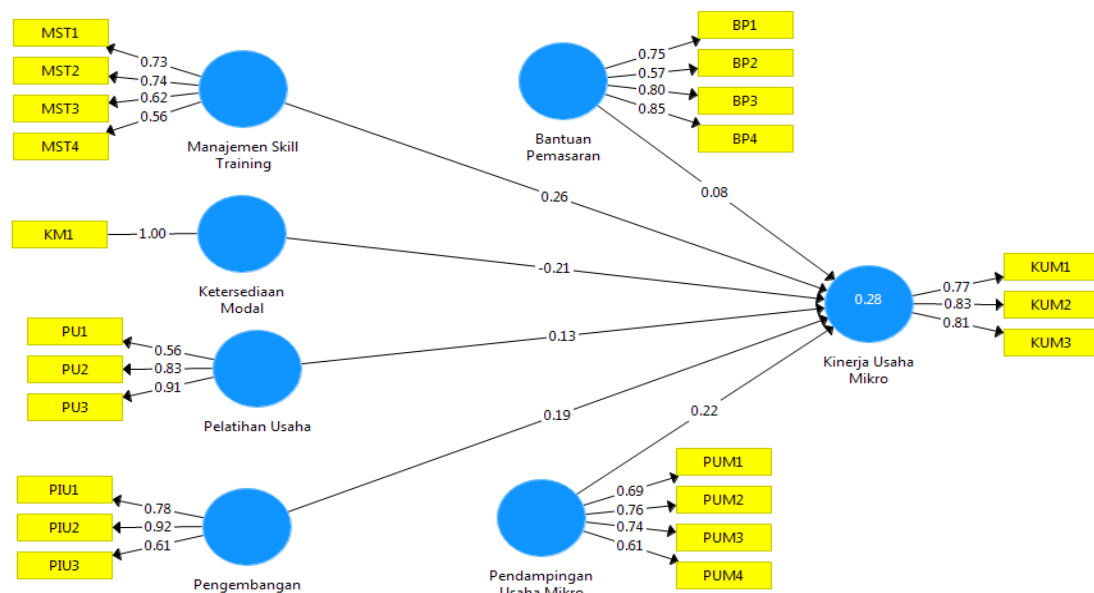
4.4.1. Determination Coefficient (adjusted R²)

Tabel 11. R-Square (R²)

	R Square	R Square Adjusted
Micro Business Performance	0.280	0.209

Source: Primary data processed, 2018

From the table, it can be seen that the magnitude of R-Square (R²) is 0.280. This means that 28% of the variation in micro business performance can be explained by the six Independent variables. The remaining 72% is explained by other reasons outside the model.

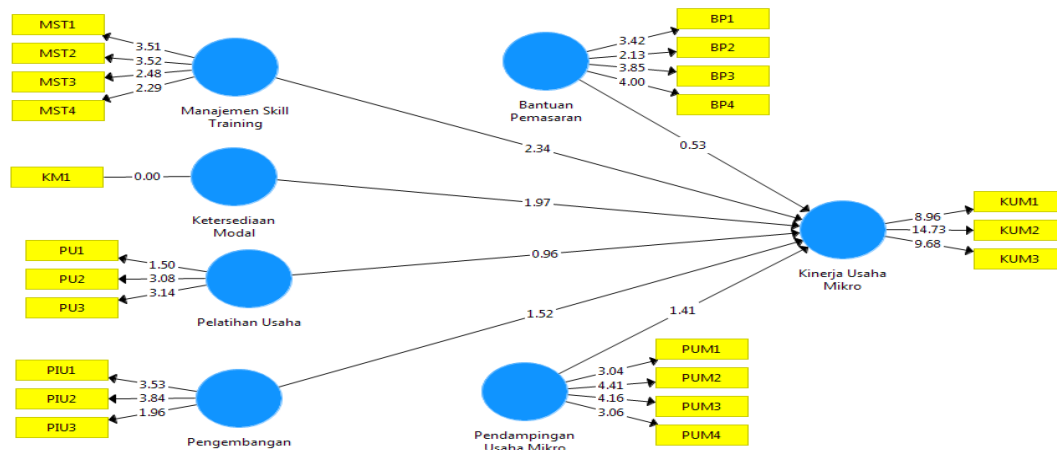


Source : The Output result processed by SmartPLS 3.0 (2018)

Figure 3. PLS Algorithm Path Model

4.4.2. Hypothesis Test Results (T-Test)

Hypothesis testing can be seen in the P Values obtained through the bootstrapping method on the Path Coefficients table. Latan (2015) states that to test the hypothesis can use a significant probability of 0.05. The hypothesis can be said to be accepted if it has a probability value or p values <0.05. The results of the data processing can be seen in Figure 4 and strengthened in the 12 Path Coefficients table as follows:



Source: The Output Result processed by SmartPLS 3.0 (2018)

Figure 4. PLS Bootstrapping Path Model

Table 12. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
Management Skill Training → Micro-business Performance	0.259	0.259	0.111	2.338	0.010
Availability of capital → Micro-business Performance	-0.207	-0.187	0.106	1.965	0.025
Business training → Micro-business Performance	0.130	0.151	0.135	0.962	0.168
Business Innovation Development → Micro-business Performance	0.220	0.227	0.157	1.405	0.080
Marketing assistance → Micro-business Performance	0.075	0.125	0.144	0.526	0.300
Micro-business assistance → Micro-business Performance	0.186	0.184	0.122	1.525	0.064

Source: Primary data processed, 2018

Based on the output in Figure 4 and data processed in table 12 above, it can be interpreted as follows:

- The effect of training skill management on micro business performance. The calculation results obtained by the significance value for financing is p values = 0.010 < 0.05 and has a parameter coefficient of 0.259 which indicates that training skill management has a positive and significant effect on the micro businesses performance.
- The effect of capital availability on micro business performance. The calculation results obtained significance value for capital availability is p values = 0.025 < 0.05 and the parameter coefficient is -0.207 which indicates that capital availability has a negative and significant effect on the micro businesses performance.
- The influence of business training on micro business performance. The calculation results obtained by the significance value for Innovation is p values = 0.168 > 0.05 and the parameter coefficient is 0.130 which indicates that business training has a positive and insignificant effect on the micro businesses performance.

- d. The effect of business innovation development on micro business performance.
The calculation result obtained by the significance value for innovation is p values = $0.064 > 0.05$ and the parameter coefficient is 0.186 which indicates that the development of business innovation has a positive and insignificant effect on the micro businesses performance.
- e. The effect of marketing assistance on micro business performance.
The calculation results obtained by the significance value for marketing assistance are p values = $0.300 > 0.05$ and the parameter coefficient is 0.075 which indicates that marketing assistance has a positive and insignificant effect on micro business performance.
- f. The influence of micro-business assistance on micro business performance.
The calculation results obtained by the significance value for micro business assistance is p values = $0.080 > 0.05$ and the parameter coefficient is 0.220 which indicates that micro-business assistance has a positive and insignificant effect on micro business performance.

5. Conclusion and Suggestion

5.1 Conclusion

The results of the second year research are important factors in micro-business through business assistance by larger businesses as follows:

1. The more frequent management of training skills can be to develop financial management and know the risk management faced so that it can develop business and improve the micro businesses performance.
2. Business capital obtained from credit has an impact on business actors who only focus on repayment of credit and interest expense that must be paid so as to override the increase in performance.
3. The method of training that is carried out is not maximal which has an impact on the knowledge gained is not implemented optimally by business actors so that it cannot improve the micro businesses performance.
4. Innovations produced by business actors are not in line with market demand so that the resulting product does not become a problem solver in the community.
5. The marketing carried out by business actors is considered inappropriate in the technology era so that there is little interest in the marketed products and causes a decline in the micro businesses performance.
6. Inadequate assistance so that the limited business ideas and inaccurate solutions provided in the face of competition among business actors have an impact on the decline in business performance.

5.2 Suggestion

Based on the results of the research that has been described, a suggestion is given to complete the results of this study:

1. Respondents want the provision of capital not always in the form of money but also in the form of facilities and infrastructure needed.
2. The need to conduct training management that is integrated from the elements of business planning, business risk, quality control, utilization of information technology and prioritizing 6M (Man, Money, Material, Machines, Method, and Market).

3. Innovation assistance is needed that is not only creative and innovative but also maintains quality and takes into account selling prices and is environmentally friendly. The product produced must also be a problem solver of the community.

References

- Adiwijaya, Hanafi dan Dedi Rusdi (2008), Persepsi pengelola pengentasan kemiskinan di Kodia Semarang tentang pengelolaan berbasis produktif, Hasil Penelitian
- Adiwijaya, hanafi dan Dedi Rusdi (2010) mengenai tata kelola pengentasan kemiskinan yang efektif di Dinas Sosial Kota Semarang,
- Asian Development Bank, (1999), *Governance : Sound Development Management*,
- BAPPENAS, *Pembangunan Daerah Dalam Angka 2010*, Jakarta : BAPPENAS,2010
- Berle and Mean, Carlson, Dawn S. &Perrew, Pamela L., 2008, Institutionalization of organizational ethics through transformational leadership, *Journal of Business Ethics*. 14 (10).
- BPS, 2010, *Statistik Indonesia* , Jakarta, Badan Pusat Statistik, BPS- Statistics Indonesia
- Cooper, D. R. dan W. C. Emory. (1995), *Business Research Methods*, Irwin Prentice Hall, US.
- Dessler, G., 2005, *Managing Organizations in An Era of Change*, The Dryden Press
- Eisenhart,2008, *Public Participation in Development, Planning and Management : Cases from Africa and Asia*, London : Westview Press
- Ferdinand, Augusty. 2000. *Strategic Patways Toward Sustainable Competitive Advantage*: Unplished DBA Thesis, Soutern Cross, Lismore, Australia.
- Hair, Jr., F. Joseph, R. E. Anderson, R. L. Tatham dan W. C. Black. (1992), *Multivariate Data Analysis with Readings*, Macmillan.
- Keraf, 2009, *Etika Bisnis, Citra Bisnis sebagai Profesi Luhur*, Yogyakarta,Kanisius
- Latan, I. G. (2015). *Partial Least Squares Konsep, Teknik Dan Aplikasi Menggunakan Program SmartPLS 3.0*. Semarang: Badan Penerbit Universitas Diponegoro.
- Letza and Sun, Jay M. Shafritz, 1997, "*Introducing Public Administration*", USA : Longman
- Minogue,2008, artikel "*The management of public change: from old public administration to new public management*" , British Council Briefing.
- Menon A, Bharadwaj S.G, Adidam P, J, Edison S.W; 1999" Antecedents and Consequence of Marketing Strategy Making : Model and Tes ". *Journal of Marketing*. Vol 63.p.18-40.
- Meyer, J.P.,Irving,G., & Allen, N.J. 2008. Examination of combined effects of work values and early work experience on organizational commitment. *Journal of Organizational Behavior*, 19: 29-52
- Peters, Ganie-Rochman, Meuthia, 2010 "*Good Governance : Prinsip,Komponen dan Penerapannya*", dalam *HAM : Penyelenggaraan Negara Yang Baik dan Masyarakat Warga*, Jakarta : KOMNAS HAM.
- Sekaran, U., 2008, *Research Methods For Business: A Skill Building Approach*, New York, John Wiley & Sons Inc.