The effect of industrial management implementation on msme operational performance in the gresik region

M. Azizul Khakim

Manajemen, STIE Mahardhika, Surabaya, Indonesia

A R T I C L E   I N F O

ABSTRACT

This study aims to determine the effect of management application on the company's operational performance which includes planning (planning), organizing (setting), leading (leadership), and controlling (controlling) on operational performance in Micro, Small, and Medium Enterprises (MSMEs). The subjects in this study were 50 Micro, Small, and Medium Enterprises (MSMEs) in Gresik. Another data source from this study was obtained through questionnaires distributed to owners and actors of Micro, Small, and Medium Enterprises (MSMEs). The data analysis method in this study uses multiple linear regression with the SPSS version 21 application. The results of this study can illustrate that industry management as a whole has a positive and significant effect on operational performance. Partially there is a positive and significant influence on planning, and organizing (setting).), and controlling (controlling), but in this study leading (leadership) has a negative effect on operational performance but is not significant.

Corresponding Author:

M. Azizul Khakim,
Department of Management, ,
STIE Mahardhika, Surabaya,
Graha Pena, Jl. Ahmad Yani No.88, Ketintang, Kec. Gayungan, Kota SBY, Jawa Timur 60234
Email: m.khakim@stiemahardhika.ac.id

INTRODUCTION

Currently, the economy is not only controlled by large or multinational companies, in the line sector the role of MSMEs is very dominant in strengthening the country's economy. This development has become more real and dominant since the start of the COVID-19 pandemic, where layoffs have increased, space for movement is limited and people have to rack their brains to survive. Because of this factor, public interest in MSMEs is increasing again.

Micro, Small, and Medium Enterprises (MSMEs) have a very important role as the backbone of the country's economy, where MSMEs participate in supporting the economic growth and development of the state and society. MSMEs also have an extraordinary number and have great potential to absorb workers. When the crisis hit the world, MSMEs were also able to withstand economic pressures. MSMEs are proven to make a significant contribution to gross domestic product (GDP). This shows that the MSME sector is capable and has great potential value in realizing economic growth now and in the future.

According to Bismala and Handayani (2014), MSMEs play a role as the foundation of the Indonesian economy, which affects the wheels of the economy. Therefore, the existence of MSMEs must be

supported and supported by various programs aimed at developing them, both from the government and the private sector.

Considering that the role of MSMEs in supporting the economy is quite high, however, we need to realize that the MSME actors lack knowledge in living management and business values. In this case, it relates to industrial management. Based on the author's interview with MSME actors, many of them do not understand the value of industrial management. In general, the majority of MSME actors experienced a decline in income and even went bankrupt due to the Covid-19 pandemic (Sugiarti, Sari, & Hadiyat, 2020). Even though we also understand, that with good management, the business or business will run successfully and continue to grow. Therefore, the authors took the initiative to conduct research by combining the influence of industrial management factors on operational performance.

According to the www.mas-software.com page, there are four main concepts in industrial management, namely planning, organizing, leading, and controlling. The page also explains that industrial management is an action or method that the industry takes effectively and efficiently in achieving its business goals. In other words, management is a tool used by business actors to achieve a goal. Therefore, the researcher argues that if MSMEs apply management values and the factors mentioned earlier, the MSME business will be bigger and stronger. Companies that are able to utilize all the resources owned by the company will find it easier to find existing innovations, both product, process, and administrative innovations (Rajapathirana & Hui, 2018).

The things described in the industrial management dimension all affect operational performance, operational performance is related to the use of every resource used by the company, namely the use is carried out optimally to achieve profit or achieve the vision and mission. Based on the description above, the authors are interested in conducting research under the title "The Effect of Industrial Management Implementation on MSME Operational Performance in the Gresik Region"

RESEARCH METHODS

Research Locations

This research was conducted on Micro, Small, and Medium Enterprises (MSMEs) located in Gresik Regency, especially in Menganti District.

Independent Variable

Planning (X1) is the initial process in business, planning is a situation where an entity begins to enter the market for the first time. Organizing (X2) is managing all activities and resources owned so that business processes can start running and be monitored. Leading (X3) is building a level of responsibility for the occurrence of business activities, by implementing this system, business entities will be easier to control and account for. Controlling (X4) is the last action due to the occurrence of business activity, controlling is intended to maximize the entity's business activities properly, exercising control over the resources spent on the resources produced.

Dependent Variable

Operational performance (Y) is the foundation for the success of a business in the field of production operations.

Data collection methods

Primary data, According to Sugiyono (2018:456) Primary data are data sources that directly provide data to data collectors. The data were collected by the researcher directly from the first source or the place where the research object was carried out. It can be concluded that primary data sources are data sources that directly provide data from the first party to data collectors, usually through questionnaire interviews. In this study, primary data was obtained from the results of a questionnaire to be given to MSME entrepreneurs in Gresik City.

Secondary Data, Qualitative method is a method for research based on post positivism philosophy, which is used to examine a condition of a natural object, (experiment is the opposite) the key instrument is

2087-6327

the researcher himself, while the data collection technique uses triangulation (combined), the nature of the analysis the data is inductive/qualitative, and the results of this qualitative research emphasize more on the meaning section than on the generalization section (Sugiyono, 2019).

Data Collection Techniques
The data collection technique used in this research is using a questionnaire, which according with (Sugiyono (2017: 137) when viewed in terms of data collection methods or techniques, data collection techniques can be carried out by means of interviews (interviews), questionnaires (questionnaires), observations (observations), and a combination of all three. This questionnaire is a data collection technique used by the author to find out the perceptions and information of MSMEs in Gresik City

RESULTS AND DISCUSSION

This study used primary data and the results of the research data were obtained through direct answers from MSME actors through questionnaires. The results and answers from respondents will become information on answers to the problems in the previous chapter. From the problems and formulation of the model that has been described in the previous chapter, as well as for the sake of testing the hypothesis in this study, the technique used is multiple linear analysis.

Multiple Linear Regression Analysis

Tabel 1. Multiple Linear Regression Test Results

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
	(Contants)	11,489	2,385		4,715	,000
	Planning	,178	,051	,342	3,014	,004
1	Organizing	,075	,053	,311	3,187	,001
	Leading	-,132	,037	-,083	-1,341	,000
	Controlling	,142	,049	,241	3,421	,004

a.   Dependent Variable: Operational Performance
Source: results of research data processing, 2020.

Y (operational performance) = 11,489 + 0,178X1 + 0,075X2 – 0,132X3 + 0,142X4

The above equation can be interpreted as follows :
a) Constant (a) = 11.489
   It means: that if the X variable is equal to zero (no change) then the Y variable in MSMEs in Gresik City is 11.489.
b) Planning regression coefficient (b) = +0.178
   This means that the regression coefficient is positive (unidirectional) of 0.178. If planning (X1) increases by one unit, then the operational performance (Y) of MSMEs in Gresik City will also increase by 0.178. It can be concluded that if planning increases by one unit, the operational performance will increase by 0.178.
c) Organizing regression coefficient (b) = +0.075
   This means that the regression coefficient is positive (unidirectional) of 0.075. If planning (X2) increases by one unit, the operational performance (Y) of MSMEs in Gresik City will also increase by 0.075. It can be concluded that if planning increases by one unit, the operational performance will increase by 0.075.
d) Leading regression coefficient (b) = -0.132
   It means: that the regression coefficient is negative (opposite) of 0.132. If process innovation (X3) increases by one unit, then the operational performance (Y) of MSMEs in Gresik City will decrease by 0.132. It can be concluded that if the process innovation increases by one unit, the operational performance will decrease by 0.132.
e) Controlling regression coefficient (b) = 0.142

This means that the positive regression coefficient (unidirectional) is 0.142. If planning (X4) increases by one unit, then the operational performance (Y) of MSMEs in Gresik City will also increase by 0.142. It can be concluded that if planning increases by one unit, the operational performance will increase by 0.142.

F Test (Simultaneous Test)

Tabel 2. F . Test Results
ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	103,432	7	17,632	15,224	,000
	Residual	46,332	43	1,032		
	Total	149,764	50			

a. Dependent Variable : Operational Performance
b. *Predictors : (Constant), Planning, Organizing, Leading, Controlling*
Source: research data processing, 2022

The calculation results in the table above explain that the p-value of the F test results is 0.000 and because the p-value is smaller than the significant level a = 5% (0.05) or 0.000 is smaller than 0.05 then H1 is accepted.

The above results are obtained from the test benchmarks:
H0: Variable V together does not affect Variable Y.
H1: Variable X together has a significant effect on variable Y.

Normality test
According to Ghozali (2005) if the Kolmogorov-Smirnov value is greater than a = 0.05, then the data can be called normal.

Tabel 3. Kolmogorov Smirnov Test Results One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			60
Normal Parameters		Mean	,0000000
		Std. Deviation	1,000547890
Most	Extreme	Absolute	,080
Differences		Positive	,080
		Negative	-0,80
Test Statistic			,082
Asymp. Sig. (2-tailed)			,179

a. Test distribution is Normal.
b. Calculated from data.
c. Liliefors significance Correction.
d. This is a lower bound of the true significance.
Source: the results of research data processing, 2022.

From the results of normality using the Kolmogorov Smirnov method, the significant result of the normality test was 0.197 where the result was greater than the 0.05 significance level. So it can be concluded that this research is normally distributed.

Multicollinearity Test

Ghozali (2005 explained in his scientific article that what should happen is that there is no correlation between the X variables. The standard that is often used to show multicollinearity is the tolerance value greater than 0.10. The VIF value is less than 10.

Tabel 4. Multicollinearity Test Results
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. error	Beta			Tolerance	VIF
1	(Contants)	11,49	2,39		4,715	,000		
	Planning	,178	,051	,342	3,014	,004	,631	1,532
	Organizing	,075	,053	,311	3,187	,001	,852	1,021
	Leading	-,132	,037	-,083	-1,341	,000	,882	1,321
	Controlling	,142	,049	,241	3,421	,004	,729	1,031

From the calculations and observations in the table above, it can be concluded that the tolerance value is greater than 0.10. VIF value is less than 10/ so that from all variables there is no multicollinearity.

Correlation Coefficient and Determination Coefficient
The correlation coefficient is used to find out the relationship between the independent variable (X) and the dependent variable (Y). The calculated results can be seen in the following table

Tabel 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,811	,673	,619	1,051

a.   Predictors: (Contant), Planning, Organizing, Leading, Controlling.
b.   Dependent Variable : Operational Performance
Source: the results of research data processing, 2022.

From the depiction of the table above, it is shown that the R-value is 0.811 which indicates that the independent variable (X) simultaneously has a correlation of 81.1% to the dependent variable (Y). While the adjusted R square value of 0.619 shows that the contribution of the independent variable (X) is able to explain the dependent variable (Y) of 61.9% and the remaining 38.1% is explained by other variables outside the six variables above.

Discussion
According to the analytical thinking related to MSMEs in Gresik City, the regression equation and the planning, organizing, leading, and controlling variables on operational performance are obtained, which will be described in the following points.
a)   The influence of Planning (planning) on operational performance
      Planning, which is variable X, can be concluded based on the previous explanation, which has a significant effect on variable Y, which is operational performance. This also shows that the overall variable X can increase the variable Y.
b)   Effect of Organizing (settings) on operational performance
      Organizing also has a positive and significant effect on operational performance. The value of the leadership orientation coefficient is positive. This shows that every increase in organizing by one unit will increase positive performance as well.
c)   The influence of Leading (leadership) on operational performance
      Based on data processing and analysis by researchers, it was found that leading (leadership) had a negative and insignificant effect on the operational performance of MSME actors in Gresik City.

Obtaining a negative result is -0.132, this means that every increase in leading by one unit will reduce operational performance by -0.132.

d)   Effect of Controlling on operational performance
Controlling has a positive and significant effect on operational performance. The coefficient value of this factor is 0.142. This can be interpreted as puja that every increase in controlling by one unit, will increase operational performance by 0.142.

CONCLUSION

Based on the results of research on the effect of management implementation on the company's operational performance. Then it can be concluded as follows: The results of hypothesis testing prove that there is a positive and significant influence on overall planning on the operational performance of MSMEs in Gresik City. According to Enny Diah Astuti (2019) The more mature the planning strategy applied to industry The smaller the SME, the better the performance resulting company. But if applied strategic planning bad then the company's performance generated will go down too.

The results of hypothesis testing prove that there is a positive and significant influence between organizing (regulation) on the operational performance of MSMEs in Gresik City. The results of hypothesis testing prove that there is a negative and significant influence between leading (leadership) on the operational performance of MSMEs in Gresik City. This strengthens the results of Bilgah's research (2018) which reveals that there is a very strong relationship between performance appraisal and work motivation which can be explained in other words that employee performance is inversely proportional to leading factors.

According to (Siregar 2017) "Performance appraisal is evaluating the performance of an employee both present and past are linked with the performance standards of the employee". so it can be concluded that leadership factors indirectly do not affect this. The results of hypothesis testing prove that there is a positive and significant influence between controlling (controlling) as a whole on the operational performance of MSMEs in Gresik City.

References

Amelya, Laura (2017). Pengaruh Komitmen Organisasional, Motivasi dan Kompetensi terhadap Kinerja Manajerial Pada Rumah Sakit Swasta di Kota Pekenbaru. JOM Fekon. Vol:4, No:1, Hlm: 6-10.

Astuti, Enny Diah (2019). Perencanaan Strategi Bisnis Dengan Penerapan Corporate Entrepreneurship Dalam Meningkatkan Kinerja Perusahaan Studi Empiris Pada : Ukm Industri Pakaian Jadi Kota Bekasi. Jurnal Lentera Bisnis. Vol: 8, No. 1.

Bilgah (2018). Pengaruh Penilaian Kinerja Terhadap Motivasi Kerja Pegawai Pada PT Astra International Jakarta Utara. Jurnal Humaniora Bina Sarana dan Informatika. Vol. 18 No. 2, Pages 218.

Ghozali, Imam (2005). Analisis Multivariate dengan Program SPSS. Semarang: Badan Penerbit Universitas Diponegoro.

Mukti, Muhammad Arifin. Dkk. (2011). Pengaruh Strategi Inovasi terhadap Kinerja Operasional Industri Knalpot di Kabupaten Purbalingga. Jurnal & Proceeding FEB Unsoed. Vol:1, No:1, Hlm: 2-6.

Pratiwi, Deifa Arshanti dan Zaenal Fanani (2019). Peran Mediasi dari Inovasi: Pembelajaran Organisasi dan Kinerja Perusahaan. *Jurnal Reviu Akuntansi dan Keuangan*, vol 9 no 2, p. 177-191.https://doi.org/10.22219/jrak.v9i2.54

Rajapathirana, RPJ And Hui, Y (2018). Relationship between innovation capability, innovation type, and firm performance. Journal of Innovation & Knowledge Vol:3, Issue 1, Pages 44-55.

Riyanto, Slamet (2018). Analisis Pengaruh Lingkungan Internal dan Eksternal Terhadap Keunggulan Bersaing Dan Kinerja Usaha Kecil Menengah (Ukm) Di Madiun. Jurnal Manajemen Bisnis dan Inovasi. Vol:5, No:3, Hlm:165-166.

Saptutyningsih, Endah & Esty setyaningrum (2019). Penelitian Kuantitatif Metode dan Alat Analisis. Sleman: Gosyen publishing

Siregar, Sofiyan (2017). Statistik Parametik Untuk Penelitian Kuantitatif. Jakarta: PT Bumi Aksara.

Sugiarti, Y., Sari, Y., & Hadiyat, M. A. (2020). Peranan E-Commerce untuk Meningkatkan Daya Saing Usaha Mikro Kecil dan Menengah (UMKM) Sambal di Jawa Timur. Jurnal Kumawula: Jurnal Pengabdian Kepada Masyarakat, 3(2), 298–309. https://doi.org/https://doi.org/10/24198/k umawula.v3i2.28181

Sugiyono. (2017). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung : Alfabeta, CV.

Sugiyono. (2018). Metode Penelitian Kombinasi (Mixed Methods). Bandung: Alfabeta, CV.

Sugiyono (2019). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung : Alfabet, CV.

Suhaeni, Tintin (2018). Pengaruh Strategi Inovasi Terhadap Keunggulan Bersaing di Industri Kreatif (Studi Kasus UMKM Bidang Kerajinan Tangan di Kota Bandung). Jurnal Riset Bisnis dan Investasi. Vol:4, No:1, Pages 57-71.

Sumiati (2018). Peran Lingkungan Internal Dan Fleksibilitas Strategi Untuk Meningkatkan Inovasi Usaha Mikro, Kecil Dan Menengah. Jurnal Ilmiah Manajemen. Vol:8, No:3, Hlm:696-699.

Utami, Yekti (2009). Pengaruh Strategi Inovasi Terhadap Kinerja Operasional Industri Batik Di Yogyakarta. Jurnal Fakultas Ekonimi UPN Veteran Yogyakarta.

Verardi, Rita. (2010). Pengaruh Strategi Inovasi terhadap Kinerja Operasional Perusahaan Manufaktur. journal of Binus Business Review. Vol:1, No:2, Hlm: 474-479.

Vitaloka, Risti (2020). Pengaruh Strategi Inovasi terhadap Kinerja Operasional Perusahaan. Skripsi. Tidak DIterbitkan. Manajemen. Universitas Islam Indonesia.

Zahra, S. A. And Das, S. R. (1993). Innovation Strategy and Financial Perfomance in Manufacturing Companies: An Empirical Study.Journal of Production and Operation Management, Vol: 2, No:1, Hlm: 15-37.