

Improving Business Performance through Creative Entrepreneur, Superior Business and Entrepreneurial Networks

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Abstract - The study is both testing empirically and analyzing the effect of creative entrepreneur, superior business, and entrepreneurial networks to the business performance on micro-small and medium-convection enterprises in Central Java. According to the results of the research gap on the influence of entrepreneurial networks toward performances, it has occurred proposition. Superior business is the ability of a company to give more value than the competitors, which are the products quality development, producing more varieties products, better services, creating consumers loyalty and determining competitive price for the product with the spirit of cooperative which gives both mutual benefit and advantages. Superior business has potential ability to improve performance. The grand theories used are social capital theory, superiority competitive theory and dynamic capabilities and organizational approaches. Population in the study is the micro-small and medium convection enterprises in Central Java. The study took 200 sample respondents; they are the owners/managers of convection enterprises. The samples were taken based on the company which has characteristics of Central Java Trade and Industry Departments clusters targets. Furthermore, data analysis applied Equation Model (SEM) with AMOS software version 18. The

results of the study show creative entrepreneur influence to superior business, to entrepreneurial networks, and to the business performance. Than entrepreneurial networks influence to superior business and to the business performance of micro-small and medium convection enterprises; while superior business influence the business performances of micro-small and medium convection enterprises. Nevertheless, entrepreneurial networks have no impact to creative entrepreneur.

Keywords - Business Performance, Creative Entrepreneur, Superior Business, Entrepreneurial Networks

I. INTRODUCTION

The development of Small and Medium Micro Business (UMKM) based on entrepreneur is extremely potential as foundation to improve the national economic growth in free trade era. McClelland (1987) states that a country may develop if that country has entrepreneur actors minimally 2% of the total population. Based on Global Entrepreneurship Monitor (2010), Indonesia has entrepreneur actors of only 0.18% of the total population. Conceptually, Small and Medium Micro Business of garment is informal sector with a basic orientation of creating job opportunities for themselves and

others. Demartoto (2000:23) in Isnaeni (2009) states that informal sector is a small scale business producing and distributing goods and services with a main objective of creating job opportunities for themselves, in which the business is greatly limited by the capital and skills. Furthermore, to face more competitive and complex global industry, entrepreneur resources are greatly required.

This research discusses the implementation of strategic planning of research and public service institution in the year of 2015 - 2019 on "Resource and development of quality of life", covering the empowerment of public economy and economic growth. The Research gap is related to business performance and business phenomena of Moghli and Muala (2012) who state that entrepreneurship network has significant influence on business success or performance. Meanwhile, Parida dan Westerbeg et al. (2010) states that entrepreneur network does not have positive influence on business performance. Business phenomena in Small and Medium Micro Business of garment in Central Java have several problems: (1) limited capital, (2) lack of professional tailors, (3) limited designs for new products, (4) lack of knowledge on product marketing affectivity and efficiency, and (5) lack of business management trainings. Based on the research gap and business phenomena, the research questions are formulated as follows: "How to create a model to improve business performance through the development of business creativity, business superiority, and entrepreneur network of Small and Medium Micro Business of garment in Central Java Province?".

II. THEORETICAL BASES AND MODEL DEVELOPMENT

Strategic creativity is an essential aspect in performing activities mainly in the strategic arrangements. Creativity enables an individual or organization to come up with new ideas in every planning arrangement (Fillis and McAuley, 2000). Similarly, in marketing world creativity is considered essential in every marketing strategic arrangement. A

research conducted by Woodman et al. (1993) states that a creative individual open to share information. An individual who explores himself and tries to be creative may be helpful in problem solving (Woodman, et al., 1993). Those may support creativity of an organization to determine the strategy. Cooperation within a group known as teamwork is the antecedent of innovation creativity group in strategic creativity of business.

Based on the explanation above, this research focuses on efforts to improve business performance through creativity. Creativity is the first step of innovation which is a success in implementing a novelty and harmonization of ideas. Innovation is highly essential for the success of changes generally in business environment. Porter (1985) states that competitive superiority basically develops from the value possibly created by the company that costumers are willing to buy products with prices determined by the company producing the products, while superior value is the price bid which is lower than that of competitors for similar advantages of products or giving more particular advantages than just to equalize the price which is higher. Meanwhile, Kotler (1999) states that competitive superiority is the company ability to hold one or more competitive activities which may not or cannot be equalized by the competitors. The company may create competitive superiority through creativity, service, price control, speed, and innovation (Slater and Nerver, 1994). Competitive superiority is particular position developed by an organization as an effort to beat competitors (Swierz and Spencer in Purnama, 2000).

Network is the main method that resource is greatly essential to be transferred for entrepreneur activities (Hoang and Antonic, 2003). Network is defined as associations of individual, group or organization which communicates each other aiming to result in mutual advantages and utilization (Aldrich and Zimmer, 1986; Burt, 1992; Hitet al., 2001). Network consists of no destand links. In social context, node can be individual, group, or organization; while links can correlation,

transaction, or flow. Krebs and Holley (2002) states that to create a sustainable community through network and concludes that interaction development in a complex community system may be reached through introduction, collaboration, and mentoring which result in partnership, cluster, innovation, and economic creativity. The development of interaction may improve new knowledge for organization (organizational learning).

III. RESEARCH METHODS

Population used in this research is all business owners, managers, and both owners and managers of Small and Medium Micro Business of garment in Central Java province with the total respondents of 779 business men from 5 garment centrals in Central Java Province (Cooperation Office - Small and Medium Micro Business; and Central Statistic Bureau, 2014). The total samples are 200 respondents who are collected using a purposive sampling method. The research location is in Semarang City / Regency, Kudus, Pekalongan, Pemalang, and Sragen Regency. Data analysis is conducted using a Full model of Structural Equation Modeling (SEM) Analysis.

IV. RESULT OF THE RESEARCH

The first hypothesis on this research shows that business creativity influences business superiority. It means that the higher the business creativity, the higher the business superiority will be. The result indicates that the development of business superiority is due to the development of business creativity. Based on the descriptions of respondents' answers, business superiority variable indicated by six indicators has been performed very well. The second hypothesis of this research shows that there is a positive and significant influence of business creative it yon entrepreneur network. It means that the higher the entrepreneur actor's creativity, the higher the entrepreneur network will be. The result indicates that the development of entrepreneur network is due to the development of business creativity. Based on descriptions of respondents' answers,

entrepreneur network variable indicated by five indicators has been performed very well.

The third hypothesis of this research shows that there is a positive and significant influence of business creativity on business performance. It means that the higher the business creativity, the higher the business performance will be. The result indicates that the development of business performance is due to the development of business creativity. Based on descriptions of respondents' answers, business performance variable indicated by three indicators has been performed very well. The fourth hypothesis of this research shows that there is a positive and significant influence of entrepreneur network on business superiority. It means that the higher the entrepreneur network, the higher the business superiority will be. The result indicates that the development of business superiority is due to the development of entrepreneur network. Based on descriptions of respondents' answers, business superiority variable indicated by three indicators has been performed very well.

The fifth hypothesis of this research shows that there is a positive and significant influence of entrepreneur network on business performance. It means that the higher the entrepreneur network, the higher the business performance will be. The result indicates that the development of business performance is due to the development of entrepreneur network. Based on descriptions of respondents' answers, marketing performance variable of Small and Medium Micro Business indicated by three indicators has been performed quite well. The sixth hypothesis of this research shows that business superiority influences business performance. It means that the higher of the business superiority, the higher of the business performance will be. The result indicates that the development of business performance is due to the development of business creativity.

V. CONCLUSION

The research results on the influence of business creativity, business superiority, and

entrepreneur network on business performance of Small and Medium Micro Business of garment in Central Java.

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(Arranged in the order of citation in the same fashion as the case of Footnotes.)

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