PERFORMANCE IMPROVEMENT MODEL WITH STRATEGY ORIENTATION MIX AND MARKETING MIX BASED ON THE USE OF INFORMATION TECHNOLOGY FOR SMALL BUSINESS BATIK CENTRAL JAVA

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Abstract: The purpose of this study is to produce a model for improving the performance of batik small businesses based on the use of information technology. The preparation of this model starts from proving the influence of the strategic orientation mix and marketing mix on the performance of Batik small businesses. The strategic orientation mix consists of organizational change capability, innovation orientation, competitive advantage and market orientation strategy. Market orientation strategy consists of customer and competitor orientation strategies. The marketing mix consists of product, price, distribution, promotion. The effect of this variable is determined by the use of information technology. Information technology consists of social media, e-commerce and information systems. The research population is Batik small business in Central Java. A sample of 100 was selected by convenience sampling technique, Structural Equation Model (SEM) analysis was used to examine the effect of independent variables on the performance of small batik businesses, the role of the use of information technology in moderating the strategic orientation mix and marketing mix on the performance of batik small businesses. This model proves that the strategic orientation variable and the marketing mix have a significant positive effect on the performance of small batik businesses by being moderated by the use of information technology.

Keywords: Model, Performance; Batik; Use of information technology, Small business

1. Introduction

Developed society is the main capital to achieve prosperity. This is highly coveted by all components of Indonesian society. This study seeks to design and implement a model for improving the performance of batik small businesses based on the use of information technology. This is expected to solve economic problems. Research by researchers in national and international scientific journals found that there are three models that can be used to improve the quality of small businesses.

The first model is to improve the performance of small businesses with a mix of strategy orientation. The strategic orientation mix consists of a change orientation strategy, innovation, competitive advantage, market orientation. This model states that improving the quality of SMEs can be done by implementing a customer orientation (Altindag, Zehir & Acar 2011).
Improving the performance of SMEs with a competitor-oriented strategy and innovation (Lewrick 1, Omar2 & Robert, 2011),

The second model is performance improvement with the marketing mix. The marketing mix consists of Product, Price, Place (Catálin Grădinaru & Sorin-George Toma & Paul Marinescu, 2016), Promotion is more focused on product performance than on corporate image, social goals do not have high importance and affect performance (Ioana Cecilia Popescu & Diana Maria Vrânceanu & Mihai Ioan Roșca, 2012)

The third model, Improving performance with the use of information technology. The use of information technology affects company performance (Sakauwrat Jongpattanakorn, 2018; Laith Walid Fatafta & Bader Obeidat & Ashraf Bany Mohammed & Raed Kareem Kanaan, 2019; Palma Fitria Fahlevi & Tigor Sitorus, 2020)

The use of social media has a positive and significant impact on company performance, both MSMEs and large companies (Nida Kamal & Sajeela Rabbani & Hina Samdani & Sobia Shujaat & Mubashir Ahmad, 2020; Asare Evans Kwabena & Kaodui Li & Osei. Assibey Mandella Bonsu & Screwdriver Belinda Faamaa & Baah Alexander, 2020; Onețiu Darius Daniel, 2020)


These three models are not comprehensive in nature. The researcher tries to combine and connect the three models so that they become a “performance improvement model with a mix of orientation strategies and marketing mix based on the use of information technology for small batik businesses in Central Java.

Research Problem Formulation

Based on this description, the problems of this research are as follows:

1. Does the mix of strategic orientation affect the performance of small batik businesses?
2. Does the marketing mix affect the performance of small batik businesses?
3. Does the use of information technology affect the performance of small batik businesses?
4. Does the use of information technology moderate the orientation and mix strategy Mix Marketing on the performance of batik small business?

Hypothesis Formulation

a. The mix of strategic orientation has a significant positive effect on the performance

Improved small business performance with a mix of strategy orientation. The strategic orientation mix consists of a change orientation strategy, innovation, competitive advantage, market orientation. This model states that improving the quality of SMEs can be done by implementing a customer orientation (Altindag, Zehir & Acar 2011). Improved performance of SMEs with competitor-oriented strategies and innovation (Lewrick 1, Omar2 & Robert, 2011). Based on this description, the first hypothesis can be formulated. The strategic orientation mix has a significant positive effect on the performance of batik small businesses
b. The marketing mix has a significant positive effect on the performance.

   Improved performance with the marketing mix. The marketing mix consists of Product, Price, Place (Cătălin Grădinaru & Sorin-George Toma & Paul Marinescu, 2016). Promotion is more focused on product performance than on corporate image, social goals do not have high importance and affect performance (Ioana Cecilia Popescu & Diana Maria Vrânceanu & Mihai Ioan Roșca, 2012). Based on this description, the second hypothesis can be formulated. Marketing mix has a significant positive effect on small business performance.

c. The use of information technology has a significant positive effect on the performance.

   Improving performance with the use of information technology. The use of information technology affects company performance (Sakauwrat Jongpattanakorn, 2018; Laith Walid Fatafta & Bader Obeidat & Ashraf Bany Mohammed & Raed Kareem Kanaan, 2019; Palma Fitria Fahlevi & Tigor Sitorus, 2020). The use of social media has a positive and significant impact on company performance, both MSMEs and large companies (Nida Kamal & Sajeela Rabbani & Hina Samdani & Sobia Shujaat & Mubashir Ahmad, 2020; Asare Evans Kwabena & Kaodui Li & Osei. Assibey Mandella Bonsu & Screwdriver Belinda Faamaa & Baah Alexander, 2020; Onețiu Darius Daniel, 2020). Based on this description, three hypotheses can be formulated. The use of information technology has a significant positive effect on the performance of batik small businesses.

d. Use of information technology moderates the mix of orientation and mix strategies marketing on the performance of batik small businesses.

   The use of information technology has a significant positive effect on the performance of batik small businesses. And conversely the performance of batik small businesses affect the use of information technology so that information technology can be used as a moderating variable. Based on this information, the fourth hypothesis can be formulated. The use of information technology moderates the orientation and marketing mix strategy mix on the performance of small batik businesses.

2. Metodology Research

   Research Flow Year 1


   Location and Time of Research

   This research was conducted on a small Batik business in Central Java. The research time used was a cross section because it was carried out at this time, not directly related to past and future research.

   Types of Research and Units of Analysis

   This type of research includes applied research that produces a performance improvement model with a mix of strategic orientation and marketing mix based on the use of
information technology for small-scale batik businesses in Central Java. The unit of analysis in this study is the individual because the respondent is the owner of the batik business

Population and Sample

The research population is batik business in Central Java. The number is always increasing and not a single agency has the right data. Sample set. 100 batik small business units were selected using the convenience sampling method. in 5 cities/districts, namely: 1 Pekalongan Batik, 2. Solo Batik, 3. Sragen Batik 4. Lasem Batik, 5. Semarang Batik.

Data Analysis

a. The analysis used Year 1 This study used a technical analysis of the Structural Equation Model (SEM) with Lisrel software, its use is appropriate if the model accuracy test is met in Table 4 Table 4 Goodness of Fit Source: Ghozali, 2010

b. The analysis used in the second year. In the second year, the analysis is carried out: feasibility, validation, evaluation, socialization, model dissemination.

The designed model can be accounted for both the ease of its application and its usefulness. This activity involves three experts, two practitioners, two environmental observers and a validator. Test the feasibility from the perspective of Technical, Statistics, Marketing, HR, Finance. Uhi validation between Model with theory, model with data.

3. Research Results And Discussion

Results of Modeling

In the sub-model, the variables of the model are presented first, these variables are explained as follows: Dependent Variable: The dependent variable is the variable that is affected. This model is the dependent variable, namely the performance of Batik Small Business Batik business in general. The indicators used to assess the performance of Batik Small Business in general are as follows: a. Sales growth. b. Customers are always growingc. Fulfilled sales target d. Broader marketing reach e. Profit growth is getting higher

The independent variable is the variable that fulfills the dependent variable. In this model, the independent variables in this study are the strategic orientation mix and the marketing mix. The Strategy orientation mix consists of: a. Organizational Change Capability The indicators of this variable are: a. Changes in organizational structure, b. Organizational change, c. Organizational change culture. d. Belief that change will improve performance, e. Changes in the use of substitute raw materials.

Innovation Orientation Strategy. The indicators of this innovation orientation strategy variable are: a. Providing new products, b. Providing new services, c. Implementing a new production process. d. Product quality is getting better, e. The discovery of raw materials

Competitive Advantage Orientation Strategy. The indicators of this competitive advantage variable are: a. Product quality advantages b. Low price. c. Low production cost High asset capability, e. skills ability,

Customer Orientation Strategy. he indicators of this variable are: Commitment to satisfy customers Gather information needs, Implement ways to satisfy customers, Accommodating customer complaints, Attention to customers

The Marketing Mix consists of price. product distribution, promotion. Price, the price is measured based on the high and low / price comparison of the same product from a different company. Products, Products are measured by quality. Perception Comparison of the
quality of business products small batik with the same products as the results of other business products. Distribution, Distribution is measured based on the number of distributor units used and easy to get product.. Promotion, promotion is measured based on the cost used

Moderating Variables. In this study, the moderating variables were Social media, E commercial and SIM. Social Media and E-commercial are measured based on the number or frequency of their use, while SIM is measured based on the perception of its use, namely very good, good, moderate or less.

2. Steps of Modeling
Model Development
Steps For Model Development
1) Determine the dependent variable
   Determination of the dependent variable starts from looking at phenomena that occur in the business world and tracing journals published both nationally and internationally.
   The dependent variable is the variable that is influenced by the independent variable.
   The level of the dependent variable is determined by the independent variable.
   The higher the independent variable, the higher the dependent variable. This study determines the organizational performance variable of Batik Small Business as the dependent variable.
   Marketing performance indicators consist of meeting sales targets, number of customers, sales growth from year to year, marketing reach, profit growth.

2) Determine the independent variable
   Variable Organizational change ability is the most important independent variable. If the company is going to improve its performance, it must increase this variable.
   The variables of innovation orientation, competitive advantage and market orientation are also independent variables. Determination of this variable is the same as determining the change orientation variable. These four variables directly affect the performance of Batik Small Business

3) Moderating Variables
   This variable is a variable that strengthens or weakens the influence of the independent variable on the dependent variable. To enlarge means to increase the effect, while to weaken is to reduce. Variables that can be used as moderation must have a reciprocal effect on the dependent variable. The moderating variable in this study is the variable; the use of information technology which consists of Social Media, E-commercial and Information systems variables. These three variables have a positive and significant effect on the performance of small batik businesses in Surakarta and generally in Central Java.

4) Determine the relationship variables.
   This research, after determining the variables and types of variables, the relationship is clear. The independent variable affects the dependent variable. Variables of organizational change capability, innovation, competitive advantage and customer orientation all affect the performance of batik small business. Marketing mix variables consist of Product, Price,
Distribution and Promotion. All of these variables have a significant positive effect on the performance of the batik business. The moderating variables for the use of information technology consist of Social Media, E-commerce and Information systems variables. These three variables have a positive and significant effect on the performance of batik small businesses.

Make a model drawing

Creating a model image is done by showing the variables that have been determined and the relationship of each variable in the image. The image of this model is named. Performance Improvement Model with Strategy Orientation Mix and Marketing Mix Based on the Use of Information Technology for Batik Small Business. The image of each variable is made an ellipse because it is perceptual. This model, although perceptual in nature, can be used as a consideration for SMEs in managing their business. Presenting Model Performance Improvement Model with Strategy Orientation Mix and Marketing Mix Based on the Use of Information Technology for Small Business Batik Central Java. This is presented in Figure 1 as follows:

Description:

From this figure, it can be seen that the independent variables (organizational change ability, innovation orientation, competitive advantage and customer orientation) and the Marketing Mix consisting of Product, Price, Distribution/place and promotion have an effect on the dependent variable (performance of small batik businesses). Moderating Variables, namely the use of information technology consisting of social media, e-commerce and information systems) enlarge/strengthen the influence of the independent variable on the dependent variable.

In the first year of research, it was carried out to find the relationship or influence of all the variables that were used as the model. The analysis using SEM was the same as looking for the effect or statistical feasibility test analysis.

Feasibility Study is a feasibility test. Feasibility referred to here is an activity that can guarantee that the model developed can be carried out and those who do it will get significant benefits. The feasibility test includes feasible from a marketing perspective, feasible from a technical perspective, feasible from a financial perspective, feasible from a Human Resources (HR) perspective and statistically feasible. In year 1, a statistical feasibility test will be held.
Feasibility Test From a Statistical Perspective

Feasibility test from a statistical perspective to determine that the goodness of fit model is good. Structural Equation Model is used to measure confidence with the validity of statistical techniques. Comparing the results of the model analysis with the provisions in the statistics can be seen in table 3 as follows:

Based on the results of goodness of fit in the SEM model, it is compared with the results of the analysis. This result states that the statistical feasibility test states that this model is feasible.

The statistical feasibility test can be used from the results of the SEM analysis of the t value and its significance. These results are presented in table 4 as follows:

### Table 3
**Goodness of Fit Model**

<table>
<thead>
<tr>
<th>Goodness of Fit Indices</th>
<th>Cut off Value</th>
<th>Result</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi - Square</td>
<td>Kecil</td>
<td>1261.22</td>
<td>Good</td>
</tr>
<tr>
<td>Probability</td>
<td>≥ 0.05</td>
<td>0.163</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.46</td>
<td>Good</td>
</tr>
<tr>
<td>PNFI</td>
<td>≥ 0.90</td>
<td>0.956</td>
<td>Good</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0.95</td>
<td>0.96</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>0-1</td>
<td>0.919</td>
<td>Good</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.910</td>
<td>Good</td>
</tr>
</tbody>
</table>

### Table 4
**Nilai Chi Square and Significance**

<table>
<thead>
<tr>
<th>Tabel 4 Nilai Chi Square dan variabel</th>
<th>Nilai chi square dan sign</th>
<th>Hasil</th>
</tr>
</thead>
<tbody>
<tr>
<td>The effect of organizational change on the performance of Batik Small Business</td>
<td>3.094</td>
<td>0.007</td>
</tr>
<tr>
<td>The influence of innovation orientation on the performance of Batik Small Business Performance</td>
<td>2.896</td>
<td>0.035</td>
</tr>
<tr>
<td>The Effect of Competitive Advantage on the Performance of Batik Small Business</td>
<td>2.859</td>
<td>0.039</td>
</tr>
<tr>
<td>The influence of customer orientation on batik business performance</td>
<td>2.86</td>
<td>0.036</td>
</tr>
<tr>
<td>The Effect of Products on the Performance of Batik Small Businesses</td>
<td>2.979</td>
<td>0.024</td>
</tr>
<tr>
<td>The effect of price on the performance of small batik businesses</td>
<td>12.3</td>
<td>0.000</td>
</tr>
<tr>
<td>The influence of distributors on the performance of Batik Small businesses</td>
<td>16.821</td>
<td>0.000</td>
</tr>
<tr>
<td>The Effect of Promotion on Batik Small Business</td>
<td>23.120</td>
<td>0.000</td>
</tr>
<tr>
<td>Social media influence on batik small business performance</td>
<td>2.831</td>
<td>0.035</td>
</tr>
<tr>
<td>Effect of E commercial on Batik Small business performance</td>
<td>3.083</td>
<td>0.011</td>
</tr>
</tbody>
</table>
The Effect of SIM on Batik Small Business Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>p-value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Use of Information Technology Variables Moderates the Effect of the Strategy Orientation Mix on Batik Small Business</td>
<td>43,372</td>
<td>.000</td>
<td>Pos &amp; sign</td>
</tr>
<tr>
<td>The Use of Information Technology Variables Moderates the Effect of Marketing Mix on Batik Small Business</td>
<td>146,185</td>
<td>.000</td>
<td>Pos &amp; Sign</td>
</tr>
</tbody>
</table>

Based on these results, it can be said that all variables, both independent and control variables, have a positive and significant effect, so statistically this model is feasible.

3. Discussion Of Research Results

The mix of strategic orientation (strategy orientation of change, innovation, competitive advantage of customers and competitors) has a significant positive effect on the performance of Batik Small Business. Increased customer orientation strategies can improve organizational performance (Kirca, et al., 2009; Kotler, P., 2010), competitor orientation strategies have a significant positive effect on organizational performance (Kirca, et al., 2009). Innovation strategy, competitive advantage and organizational change capability strategy have an effect on performance. These results are in accordance with the results of research from (Kotler, P., 2010; Simone N., Lengler, J., Pilar, M.F., 2013; Darmanto, 2014). The results of his research stated that the strategy of customer orientation, competitors, change, innovation is the development of current products and production processes, and innovation is basically the application of new ideas and new technologies. All of these affect the performance of the Organization.

The use of information technology has a positive and significant effect on the performance of batik small businesses. This means that the better the use of information technology, the better the performance of batik small businesses will be. Conversely, the lower the use of information technology, the lower the performance of batik small businesses. The high and low performance of the batik small business is determined by the high and low use of information technology.

The marketing mix has a significant positive effect on the performance of batik small businesses. Improved performance with the marketing mix. The marketing mix consists of Product, Price, Place (Cătălin Grădinaru & Sorin-George Toma & Paul Marinescu, 2016), Promotion is more focused on product performance than on corporate image, social goals do not have high importance and affect performance (Ioana Cecilia Popescu & Diana Maria Vrânceanu & Mihai Ioan Roşca, 2012)

The use of information technology has a significant positive effect on the performance of the batik small business. The use of information technology consists of Social Media, E-Commercial, Information systems moderate the orientation strategy mix and the marketing mix on the performance of the batik small business. The influence of the strategic orientation mix and the marketing mix on the performance of batik small businesses is strengthened by the use of information technology. This means that the level of influence of the strategic orientation mix and the marketing mix on the performance of the batik small business is determined by the level of use of information technology. The high use of information technology means that the
influence of the strategic orientation mix and the marketing mix on the performance of the batik small business will be higher. The use of low information technology will reduce the influence of the strategic orientation mix and the marketing mix on the performance of small batik businesses.


The use of information technology moderates the orientation and marketing mix strategy mix on the performance of batik small businesses. The use of information technology has a significant positive effect on the performance of batik small businesses. And conversely the performance of batik small businesses affect the use of information technology so that information technology can be used as a moderating variable.

The implementation of the model was carried out by 100 Batik Small Businesses in Central Java. Implementation of the model is not an easy thing. But it takes a strong will, high consistency and even extra time. The implementation of the model will determine the success or failure of a food business. Food SMEs that can do well means that they will succeed and those who are not willing to do so will fail.

4. Conclusion

Research on Performance Improvement Model with Strategy Orientation Mix and Marketing Mix Based on the Use of Information Technology can conclude: The strategic orientation mix consists of change orientation, innovation orientation, competitive advantage orientation, customer orientation and has a positive and significant impact on the performance of batik small businesses. This means that the better the strategic orientation mix, the better the performance of batik small businesses will be. On the other hand, the lower the strategic orientation mix, the lower the performance of batik small businesses will be. The high and low performance of batik small businesses is determined by the mix of strategic orientations.

The marketing mix consisting of product, price, distribution, promotion has an effect on the performance of batik small business. This means that the better the marketing mix, the better the performance of batik small businesses will be. On the other hand, the lower the marketing mix, the lower the performance of batik small businesses. The high and low performance of the batik small business is determined by the marketing mix.

The use of information technology has a positive and significant effect on the performance of batik small businesses. This means that the better the use of information technology, the better the performance of batik small businesses will be. Conversely, the lower the use of information technology, the lower the performance of batik small businesses. The high and low performance of the batik small business is determined by the high and low use of information technology.

The use of information technology consists of Social Media, E-Commercial, Information systems to moderate the orientation strategy mix and marketing mix on the performance of batik small businesses. The influence of the strategic orientation mix and the marketing mix on the performance of batik small businesses is strengthened by the use of
information technology. This means that the level of influence of the strategic orientation mix and the marketing mix on the performance of the batik small business is determined by the level of use of information technology. The high use of information technology means that the influence of the strategic orientation mix and the marketing mix on the performance of the batik small business will be higher. The use of low information technology will reduce the influence of the strategic orientation mix and the marketing mix on the performance of small batik businesses.

Limitations

This research was conducted with a population and sample of Batik Small Business in Central Java, so that the use of the model is still limited to Batik Small Business. This model is not necessarily suitable for small clothing businesses or other businesses. The use of sampling technique which is a technique that prioritizes convenience so that the results are not maximized because there are still many better sampling techniques.

Recommendation

This model is specifically designed for small food Batik businesses. so it is not necessarily suitable for use by clothing businesses or other MSMEs. Future researchers can conduct research with this problem, but the respondents are small clothing businesses or other small businesses. The sampling technique used is very simple, further researchers can use the purpose sampling method so that it will provide more optimal results.

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