

Review Article

The Effect of Entrepreneurial Creativity and Innovation Determination on SME Entrepreneurship Performance in Semarang

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Abstract - This study aims to analyze the influence of entrepreneurship creativity and innovation on the performance of small and medium enterprises in Semarang city. The population of this study is micro, small, and medium-scale manufacturing entrepreneurs (MSMEs) in the field of food and beverages in Semarang City; with a sampling technique using proportional random sampling, the research sample was 99 entrepreneurs. Data was collected through questionnaires and clouds (primary data), documentation owned by the Office of Cooperatives, and Semarang City Trade Office (secondary data). Data analysis uses multiple linear regression. The results of the partial analysis show that the creativity of SMEs in Semarang city, on average, falls into good criteria. This is indicated by the respondents' perception by giving the highest value on the motivation indicator and the ability indicator giving the lowest value. So that creativity has a significant negative effect on entrepreneurial performance with a negative effect on the direction. The SME entrepreneurship innovations in Semarang city, on average, fit into the good criteria. This is indicated by the perception of respondents by giving the highest value to the organizational indicators and the logistic indicators giving the lowest values. Innovation has a significant effect on business performance in a positive direction

Keywords - creativity, innovation, entrepreneurship performance.

I. INTRODUCTION

Consensus in the strategic management and entrepreneurship literature has offered three basic dimensions of organizational tendencies for entrepreneurial management processes, namely the ability to innovate, the ability to take risks, and the proactive nature (Matsuno, Mentzer & Ozsomer, 2002). The need for achievement that underlies the ability of innovation as a strong psychological factor that triggers a person to carry out activities as long as his goals have not been achieved (Darmanto, 2012) is clearly a key

factor in determining the company's capability building activities. But the entrepreneurial orientation that is also identical to how it involves risk measurement and decision making regarding risk is certainly more direct effect on performance. Excellence in competition and recognition from customers explicitly have become an inseparable part (Weerawardena, 2003). Innovation as a manifestation of creativity and marketing capabilities that are not always identical or necessarily produce optimal customer performance/recognition certainly requires more in-depth research. But in general, entrepreneurial orientation has proven successful in increasing marketing capabilities (Weerawardena, 2003). This means that company management that has an application-level level of activity-oriented towards innovative results, proactive processes, and a tendency to take high risks is management that seeks to improve the performance of its business or company. Strategic programs, namely entrepreneurship programs and partnership programs.

The entrepreneurship program will be the basis for developing human resources (Bukirom et al., 2014). This is seen as important and strategic because human resources are the basic elements that are the subjects or agents of development. The scarcity of natural resources can be overcome if quality human resources. It turns out that in the calculus of economic development, entrepreneurship has become an important factor that has been somewhat forgotten. Entrepreneurship is a characteristic of humanity that functions greatly in managing a business because entrepreneurs who have an entrepreneurial spirit will exhibit a dynamic, innovative, and adaptive nature of change in the progress of science and technology. With high entrepreneurship, management will be able to be improved continuously. In general, the position of an entrepreneur is to put himself against the risks of shocks from the company he built (venture).



Entrepreneurs have risks to their own finances or the financials of others entrusted to them in starting a business. The essence of entrepreneurship is the ability to create something new and different through creative thinking and innovative action to create opportunities (Hadiyati, 2011). Creativity: the ability to develop new ideas and new ways of solving problems and finding opportunities (Suryana, 2003). Basically, creativity is thinking about something new and different. At the same time, innovation is the ability to apply creativity in order to solve problems and find opportunities. The point is innovation is the ability to do something new and different. An entrepreneur must have new ideas that result from creativity. This creativity will bring entrepreneurs to innovate their businesses.

Based on the background description above, this study was conducted to explain the determination of the influence of creativity and innovation on entrepreneurial performance in the food and beverage SME sector in Semarang city.

II. LITERATURE REVIEW

A. Creativity

Creativity is an initiative to a product or process that is useful, true, precise, and valuable to a task that is more heuristic, that is something that is an incomplete guide, guide, or guide that will lead us to understand, study, or find something new (Suryana, 2003). Attributes of creative people are: open to experience like to pay attention to see things in an unusual way, sincerity, accepting and reconciling something that is contrary, tolerance to something that is not clear, independent in making decisions, thinking and acting, require and assume autonomy, confident, not subject to group standards and control, willing to take calculated risks, persistent, sensitive to problems, fluent-ability to many generic ideas, flexible authenticity, responsive to feelings, open to unknown phenomena, motivated, free from fear of failure, think in imagination, selective. Understanding creativity (creativity) will provide a solid basis for creating modules or tools about entrepreneurship.

The central role in entrepreneurship is the existence of a strong ability to create (to create or to innovate) something new, for example, a new organization, a new view of the market, new corporate values, new manufacturing processes, new products, and services. New services, new ways of managing things, new ways of making decisions. Suryana (2003) states that creativity is: Thinking something new. Creativity is the ability to develop new ideas and to find new ways of solving problems in facing opportunities. Creativity is a topic that is relevant not only for start-up entrepreneurs but also for business and business activities in general. Creativity is an important source in creating competitiveness for all organizations that care about growth and change. A. Roe in Frinces (2004) states that the requirements of a creative person are: openness to experience, observance seeing things in unusual ways, curiosity, tolerance of

appropriates, independence in judgment, thought and action, needing and assuming autonomy, self-reliance, not being subject to group standart and control, willing to take calculated risks

B. Innovation

Innovation is something that is pleasing with goods, services, or ideas that are felt by someone new. Companies can innovate in the fields of products (goods, services, ideas, and places) and management (work processes, production processes, marketing finance, etc.).(Suryana, 2003).In doing innovation, it is necessary to pay attention to the following principles:(1) Analyzing opportunities (2) What needs to be done to satisfy opportunities (3). Simple and purposeful (4) Starting small (5) Leadership

Innovation is very important because there are the following reasons: (1) Technology changes very rapidly as new products, processes, and new services come from competitors, and this encourages entrepreneurial efforts to compete and succeed. What must be done is to adjust to new technological innovations (2) The effect of environmental changes on product life cycles is getting shorter, which means that old products or services must be replaced with new ones in quick time, and this may occur because there is creative thinking that creates innovation. (3) Consumers today are smarter and demand fulfillment. Expectations in meeting needs expect more in terms of quality of updates and prices. Therefore innovative skills are needed to satisfy the needs of consumers while maintaining customer consumption (4) With markets and technology changing rapidly, good ideas can be increased easily copied, and this requires methods of using products, new and better processes, and continually faster services (5) Innovation can result in faster growth, increase market segments, and create a better corporate position (Keeh& Nguyen, 2007).

C. Entrepreneurship

Entrepreneurship means the ability to innovate, reactivity, and courage in taking risks, as has been used in research by Weerawardena (2003). The word entrepreneurship which was often translated as entrepreneurship, has recently been translated as entrepreneurship. Entrepreneurs come from French, which is *entreprendre* which means to start or implement. Entrepreneur/entrepreneur comes from the word: Entrepreneur: main, valiant, noble; self: alone; sta: stand up; business: productive activities. Someone who is willing to take risks can be defined as someone who is opportunity-oriented in the uncertainty of the decision-making context. Risk barriers are a key factor that distinguishes companies from the entrepreneurial spirit and not. The main function of the high entrepreneurial orientation is how to involve risk measurement and risk-taking optimally.

D. Entrepreneurship Performance

Performance measurement in business and marketing research continues to develop on the basis of various indications. Absolute performance figures such as sales volume and market share are relatively difficult to compare between companies with different company size conditions, different market operating areas, the use of different accounting standards, and market determination that also has many differences. This study uses relative performance measurement and combines financial-based and market-based performance measurement (market-based performance). In the form of its implementation, 4 indicators are used, namely: Quality of Output, Quantity of output, Working time, Cooperation with colleagues

III. METHOD

The population in this study are the owners and entrepreneurs of food and small business Drinks in Semarang city. The sample in this study used a proportional random sampling method, and the respondents were from 16 sub-districts in the city of Semarang, each with 7 SME districts engaged in food and beverages, data that could be used as many as 99 SMEs engaged in food and beverages.

Data collection methods used in this study are: first, observation, namely collecting data by directly observing the activity of the object (respondent) to be studied. Second, a questionnaire (questionnaire) is a form of data collection that is done by giving a set of questions or written statements to the respondent to answer. Third, the interview (interview) is a form of data collection in the form of interviews or questions and answers (communication) directly with respondents. Data analysis uses multiple linear regression

IV. RESULT AND DISCUSSION

A. Respondent data

Respondents were male as many as 41 people (41.4%) and women as many as 58 people (58.6%), meaning that many women do entrepreneurship.

Age greatly affects the maturity and behavior of a person in carrying out their duties. The older a person is, the less his physical ability to work. From the data obtained, the respondent's age can be classified as follows: this study stated that the majority of respondents aged between 31-40 years, amounting to 46 people (46.5%), while the minority of respondents aged between 46-50 years, i.e., 7 people (7%), meaning that the age of 31-40 years is the productive age for an entrepreneur.

The level of education can affect one's intelligence and ability to carry out the tasks assigned to him. In addition, the level of education can also be used to measure the responsibilities of something chosen. This choice is based on careful analysis according to the level of education and

knowledge possessed. Data on the education level of the majority of respondents having a high school education were 39 people (39.4%), while the minority of respondents having an S1 education were 29 people (29.3%). They intend to run their own business.

Marriage can usually be a separate motivation for working so that the person can meet the needs of his family. The data regarding the marital status of respondents is known that the majority of respondents are married that is as many as 74 people (74.7%), while the minority of respondents are not married that is as many as 25 people (25.3%), from these data indicate that the status of respondents who are married feel many needs that must be met so that they try to do activities in order to meet their needs with entrepreneurs.

B. Multiple Linear Regression

The results of the calculation of the regression analysis with SPSS.vers.25 are presented in the following table.

Table 1. Multiple Linear Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.619	0.999		5.624	.000
	Creativity	-0.357	0.168	-0.348	-2.130	.036
	Innovation	0.552	0.091	0.985	6.035	.000

Dependent Variable: Entrepreneurship performance

Regression equation: $Y = 5.619 - 0.348 X1 + 0.985 X2$

Based on this equation can be explained as follows:

- The result of this constant of 5,619 shows that with creativity, innovation as an independent variable is considered constant (unchanged), entrepreneurial performance will not change.
- The regression coefficient of the creativity variable (X1) is -0,348 with a significance level of 0.036. This means that it has a negative and significant effect on entrepreneurial performance. This means that the effect is not unidirectional, i.e.,the creativity of one unit will affect the increase in entrepreneurial performance by -0.036 units assuming that X2 is fixed.
- The regression coefficient of the innovation variable (X2) is 0.985 with a significance level of 0.00. This means that it has a positive and significant influence. This means that the effect is unidirectional; that is, if innovation has increased, then entrepreneurial performance also increases.

D. Classic assumption test

a) Multicollinearity Test

This multicollinearity test aims to test whether the regression model found a correlation between independent variables. After testing with the SPSS version, 25 produces the VIF (Variance Inflation Factor), and Tolerance values are as follows: there is no multicollinearity. Because the Condition Index value is smaller than 10, and the VIF value shows the value of creativity and innovation of 4.921, which is greater than 1, and the tolerance value of 0.203 is greater than 0.1, meaning that between the independent variables do not have a strong and significant relationship.

b) Heteroscedasticity Test

A heteroscedasticity test is performed to test whether in the regression model there is an unequal variance of the residuals from one observation to another if $GIS > 0.05$. By using SPSS version 25, it is concluded that there is no heteroscedasticity because the significant value of Creativity is 0.561 and the Innovation sig is 0.079 greater than 0.05, meaning that between independent variables do not have a strong and significant relationship

E. Determination Test

The coefficient of determination is to measure the goodness of fit of the regression equation, which gives the proportion or percentage of the total variation in the variation of the independent variables Entrepreneurial Performance explained by the independent variables Creativity and Innovation. The calculation results obtained R2 values of 0.469 or 46.9 % means that 46.9% of the variation in changes in the SME entrepreneurship performance variables in Semarang City can be explained by the independent variables of Creativity and Innovation, while the remaining 53.1% is explained by other variables not examined in this study.

F. Hypothesis Test (t-test)

This test aims to ascertain whether the independent variables individually affect the dependent variable. The trick is to test the hypothesis of the regression coefficients of all independent variables. Based on data processing with the help of SPSS version 25.0, the regression coefficients are summarized as follows:

(1) Effect of entrepreneurial creativity on the entrepreneurial performance obtained t-count -2.130 significant level $0.036 < \alpha$ (5%), this means that the hypothesis is accepted, meaning that creativity has a significant negative effect on entrepreneurial performance, meaning that the higher the creativity, the lower the level of entrepreneurial performance. This is because the indicators of creativity variables consisting of openness to experience and the usual way to do it and independence in thinking and acting are still not

supportive, so the quantity and quality of products cannot help improve entrepreneurial performance as expected.

(2) The Effect of Entrepreneurial Innovation on Entrepreneurial Performance obtained by t-count 6,035 sig $0,000 < \text{accepted}$ (5%), Hypothesis is accepted, meaning that innovation has a significant positive effect on Entrepreneurial Performance, i.e., the higher the creativity, the higher the level of Entrepreneurial Performance. This is supported by the indicator used is innovation in producing products; the company is able to produce products in accordance with customer desires and is able to look for new opportunities as a market and can also create new products with adequate logistics supported by adequate market organizational structures, based on these indicators, then entrepreneurial performance can increase both in terms of quality and quantity as well as cooperation with colleagues can increase.

V. CONCLUSION

Entrepreneurial creativity of food and beverage SMEs in Semarang city, on average, fit into good criteria. This is indicated by the respondents' perception by giving the highest value on the motivation indicator and the ability indicator giving the lowest value. So that creativity has a significant negative effect on entrepreneurial performance with a negative effect on the direction. This means that the creativity of entrepreneurs increases, the entrepreneurial performance will decrease because the creativity variable indicators consisting of openness to experience and the usual way of doing and independence in thinking and acting are still not supportive, so the quantity and quality of the product cannot help the entrepreneurial performance accordingly which are expected.

SME entrepreneurship innovations in Semarang city, on average, fit into good criteria. This is indicated by the perception of respondents by giving the highest value to the organizational indicators and the logistic indicators giving the lowest values. Innovation has a significant effect on business performance in a positive direction. This means that innovation has a strong relationship with their entrepreneurial performance, or the higher the innovation of SMEs, the higher their entrepreneurial performance will be.

The performance of SME entrepreneurship in Semarang City is good. When viewed based on indicators, it appears that the percentage of respondent's score responses to most indicators included in the high or good category. Especially for indicators of product quality included in the very high category, this is because the quality of the product will determine customer satisfaction.

A. Suggestion

The creativity of Small and Medium Enterprises (SMEs) in Semarang city on average in good criteria. So it is expected that Entrepreneurs should maintain and even improve the skills of individual business actors both for human skills, conceptual skills, and technical skills possessed, so as to further improve the performance of their businesses.

Small and Medium Enterprises (SME) Innovations in Semarang city on average enter into good criteria. Individual entrepreneurs should be able to maintain it and even develop by always innovating because the development and demand of each consumer will always change with the changing times.

Entrepreneurship Performance of Small and Medium Enterprises (SMEs) in Semarang city on average into good criteria. Entrepreneurs should be able to maintain it and even improve the quality of products so that consumers are more trusting and not feel disappointed.

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