Effect Of Company Resources And Capabilities Of The Company's Performance Sme's In East Java Batik

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Abstract: This research aims to explain the effect of company resources and capabilities on company performance. This study uses a quantitative approach with a population of 120 batik SME's and sampling using the Slovin formula with a total of 92 batik SME's in East Java. Data analysis using linear regression. The results showed that the variable company resources had a significant effect on company performance with a t value of 2.7 and capability had a significant effect on company performance with a t value of 2.2. The originality of this study measures the company's performance from a separate resource and capability perspective in batik SME's in East Java.

Keywords: company resource; capabilities; company performance; batik

INTRODUCTION

Batik is one of the creative products of the Indonesian nation that has the support of resources because batik is an expression of the intertwining of cultural values, knowledge and skills of society, with commercial values. Batik has been able to become a field of work that supports millions of Indonesians. Batik has been recognized as an intangible Indonesian cultural heritage by UNESCO in 2009 [1]. UNESCO's recognition is not the batik cloth but the philosophical values hidden behind the visible ones.

The current performance of the batik creative economy business is facing serious challenges when the ASEAN market has been implemented since the end of 2015 and the ACFTA since 1 January 2010 [2]. This reality can be seen because the countries that are members of ASEAN have similar products to batik, as well as China. Indonesia has even become the largest Chinese textile market in Southeast Asia [3].

Based on these conditions, it takes a high level of seriousness on the owners / leaders / entrepreneurs of batik creative economy to knit a number of variables that are thought to have a direct or indirect effect on business performance. Knitting (implying nets) or more precisely stringing, compiling into a series [4], can be conceptualized as an activity of managing, caring for and placing a number of important variables that have a direct or indirect effect on performance into a comprehensive thinking or model. Many models knit the performance of the batik creative economy business. One model of knitting / assembling the performance of the batik creative economy business is by placing the variables of company resources and capabilities into a system [5], [6], [7].

Batik creative economy business, as a business entity, must also have resources because it can increase the company's internal strength. Without having strategic resources, internal strength in product creation cannot be maximized, so that it can threaten the existence of its business. Strategic company resources can increase competitiveness and improve company performance in the batik creative economy business. In the aspect of company capability, it is not obtained from talent or biological heritage but is obtained from learn-

ing and experience. Through the resources and capabilities in the creative economy business, batik can be increased so that in the end it will improve company performance.

A number of studies at home and abroad have been carried out that separately analyze parts of the knitting model of business performance as mentioned in part above. However, there has been no research on the setting of the batik creative economy business by placing company resources and capabilities into a model of knitting business performance. The research problem is whether placing company resources and capabilities into the model of knitting the performance of the batik creative economy business can improve company performance.

The general objective of this research is to explain the effect of placing company resources and capabilities into a model for knitting the performance of creative economy enterprises. The specific objective of this research is to produce an empirically tested model of knitting the performance of the batik creative economy business. The urgency of the research is that the model of knitting the performance of the batik creative economy business needs to be used as an operational basis for batik companies and an academic basis for further research to be explored and developed again.

Company Performance

Business performance can be conceptualized as the end of all business activities within a certain, measurable period of time [8]; [9]; [10]. There are a number of performance determinants, namely profitability, growth, market value, customer satisfaction, employee satisfaction, environmental satisfaction, governance, and social [11]; [12]. Because performance is the end of all activities, all the dynamics and variables in the company are related to or affect performance. Among the variables that are thought to have an effect on business performance are company resources and capabilities.

Company Resources

Types of resources can be divided into tangible resources and intangible resources [13]. Tangible resources generally involve capital, access to capital and factory locations as well as other physical forms, while intangible resources consist of knowledge, expertise, reputation, and entrepreneurial orientation [14]. Tangible resources according to are as follows [15].

Table I. Tangible Asset

Financial Recources	▪ Firm capacity to borrow ▪ Company's ability to generate internal funds
Organization recources	▪ The company's formal reporting structure and formal planning, control systems and coordination systems
Physical recources	▪ Sophistication and location of factories and company equipment ▪ Access to raw materials
Technology recources	▪ Technology supplies such as patents, copyrights, trademarks, and trade secrets

Intangible resources are as below.

Tabel II. Intangible Recources	
Human recources	▪ knowledge ▪ trust ▪ manajerial capabilities
Innovation recources	▪ ideas ▪ scientific capabilities ▪ capabilities to innovate
Reputation recources	▪ reputation with customers ▪ brand ▪ perceptions of product quality, and durability ▪ Reputation with suppliers

Intangible resources are very important because they can be considered as the "spirit" of life for the company so that without the spirit the company will die [16]. This intangible resource is what actually brings change for the better for the company. According to Kasali, the characteristics of intangible resources are as follows: 1) It is not easy to obtain in a short time, 2) Once obtained, it can continue to be developed in certain areas, 3) It cannot just be hijacked or seized through employee hijacking, 4) Requires an information channel in a language that is understood by the people in the company, 5) The only source of company excellence that is real and sustainable, 6) Attached to humans and information-based, 7) Can be in the company, attached in employees in the form of skills, teamwork, corporate values and culture, reputation, and technology, 8) Can be outside the company, attached to customers in the form of brand image, customer loyalty and support.

Company resources affect company growth, company growth becomes stunted if resources are not adequate. The view of Barney which states that in developing the principles of RBV [17], it must be explained in detail that the resources in the company make it a source of competitive advantage. Company resources must have VRIN characteristics (valuable, rare, inimitable, and nonsubstituable). Second, the growth stage, at this stage the RBV theory received input from several experts.

Capabilities

Company capability is a bond of a number of expertise and accumulated knowledge that allows the company to coordinate activities and use company assets to create economic value and competitive advantage [18]. Determination of dynamic capabilities depends on the core competencies built in the company [19].

Capability, for a number of authors, is not only a company resource but also as a competency [20], and an invisible asset [21]. The concept of capabilities is often used to define groups of individual qualifications, assets and accumulated knowledge, training through organizational processes that enable better coordination of activities and better use of resources [22].

Research Hypothesis

Company Resources and Company Performance

Strategic resources of the company have the characteristics of valuable, rare, inimitable and irreplaceable is the source of the performance of this [23]; [24]; [25]. This explanation indicates that there is a relationship of company resources (especially intangible resources) and company performance [26]. Based on the description above can be hypothesized

H_1: resources company are valuable and rare significant effect on company performance

Capabilities and Company Performance

Strategic company capabilities are capabilities that have valuable, rare, and inimitable, characteristics that are closely related to performance creation [27]; [28]. This is confirmed by Protogerou [29] which explains that dynamic capability is something that is done to carry out functional competencies in a sustainable manner which has a significant effect on company performance. Based on the description above can be hypothesized.

H2: capabilities are valuable, rare, and inimitable significant effect on company performance

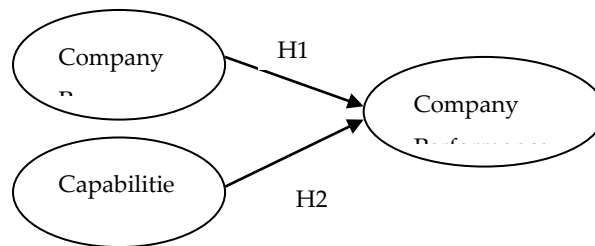Based on theoretial and empirical studies, figure 1 shows the framework and research hypothesis.

Figure 1. Conceptual Framework

METHOD

Based on the problems and research objectives, this study used quantitative methods. Research using quantitative methods [30]. Indriantoro emphasis on testing theories through the measurement of research variables with numbers and perform statistical data analysis procedures.

Population and Sample

The study population numbered 120 SME's batik in Banyuwangi, Bangkalan, Sumenep, and Tuban. According to Slovinto determine the number of samples proportional sampling method using the proportionate method, namely, Banyuwangi 19 units, 31 units Bangkalan, Sumenep 27, and Tuban 15 units. Research analysis unit at the level of the represented company owner.

Measurement

The company's resources are corporate assets tangible and intangible, measured by indicators of precious and rare. Product innovation is the result of production in product variety and quality of products. Measurements on the questionnaire using Likert scale.

Method of Data Collection and Analysis

Collecting data using enclosed statement. Enclosed statement has five answer choices according to likert scale. Analysis of data using regression.

RESULTS AND DISCUSSION

Table III. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.389a	.164	.150	1.93846	1.849

a. Predictors: (Constant), Capabilities, Company Resources

b. Dependent Variable: Company Performance

Model table contains summary about the strength of the relationship between the dependent and independent variables. The regression model has:

a) The R value of 0.389 means that the relationship between independent variables and the dependent variable was a positive value. Rated R is the value of multiple correlation coefficient. R value ranging from -1 to 1. If the value closer to -1 or 1 indicates the relationship is getting stronger, if the value closer to 0 indicates weaker relationships. The relationship between independent variables and the dependent variable is positive it means increasing the value of the independent variable causes an increase in the value of the dependent variable.

b) For regression with more than two independent variables, in the use value of adjusted R^2 (R^2 adjusted) as the coefficient of determination of 0.15 means that the diversity of independent variables (company resources and capabilities) can explain 15% of the diversity of the dependent variable (the variable company performance). Here means that only 15% of the company's performance can be explained by company resource and capabilities. While the rest (100% -15% = 85%) is explained by other causes.

Table IV. Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.888	2	30.944	7.437	.000[a]
	Residual	327.188	89	3.676		
	Total	389.076	91			

a. Predictors: (Constant), Capabilities, CompanyResources

b. Dependent Variable: Company Performance

The results of the above analysis obtained F value of 7437 and p (0.000) <α (0.05) means that H0 is rejected. It can be deduced that simultaneously (simultaneously) the independent variables affect the dependent variable or companny resource (X1) and capabilities (X2) together (simultaneously) affect Company performance (Y1)

Table V. Coefficients

Model	B	Std. Error	Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1 (Constant)	11.705	2.940		3.982	.000		
Company Resources	.103	.038	.276	2.736	.027	.928	1.077
Capabilities	.138	.062	.223	2.213	.022	.928	1.077

a. Dependent Variable: Company Performance

Partial test shows that

- Company Resource has a p-value (0.27) <α (0.05) so H0 is rejected means that there is influence of corporate resources to company performance.
- Capabilities has a value of p (0.22) <α (0.05) so H0 is rejected means that there is the influence of capabilities and company performance.

So that the partial test (effect of each independent variable on the dependent variable partially) produce that all independent variables affect the dependent variable

Model discovered is

$y = B0 + \beta1 + \beta2\ X2\ X1$

$y = 11,705 + .103\ X1 + 0,138\ X2$

CONCLUSION

Company Resources have significantly affect the performance of the company. This means that more resources are valuable and rare owned by batik SME's resulting in higher performance. capabilities in valuable, rare, and inimitable has a positive value significantly affect the company performance, this means that the capabilities that are valuable, rare, and inimitable owned by batik SME's generating company performance. better limitation of this study is homogeneous samples, therefore, for future research, the study sample must be heterogeneous. This means that the ability / skill higher than microenterprises batik produce better corporate performance of the company.

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