

The analysis of Managerial factors of fund management and financial performance towards the growth of small businesses in the Rice Milling industry in the center of West Java.

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ABSTRACT---This study examines the phenomenon identified the weaknesses of small industrial entrepreneurs in terms of entrepreneurial spirit, competence, leadership and partnership role in the management of funds impact on the financial performance and the implications for business growth. The purpose of this study is to examine and analyze: (1). Entrepreneurial spirit, competence, leadership and partnership role. (2). The fund management. (3). Financial Performance (4). Business growth. (5). The influence of the entrepreneurial spirit, competence, leadership and partnership roles either partially or simultaneously to the management of funds. (6). Fund management influence on financial performance, (7). The influence of the financial performance of the business growth. The method used is descriptive verification. The technique used is the cross-section, the research carried out for a period of time (October 2010 - March 2011) of the 156 respondents entrepreneur's paddy rice mill in the center of the district of West Java Indramayu, Karawang and Subang district. The sampling technique used was cluster random sampling. Methods of data analysis used to test the hypothesis of the research is the analysis of the path (path Analysis). The results showed that: (1). Entrepreneurial spirit, competence, leadership and partnership role quite well, (2). The fund management is quite good, (3). Good financial performance, (4). Good business growth, (5). A significant difference between the entrepreneurial spirit, competence, leadership and partnership role for the management of funds (6). The effect of management of funds towards firm's financial performance, (7). A significant difference between the financial performance of the business growth.

Keywords---Spirit of Entrepreneurship, Competencies, Leadership Roles, business partnerships, fund management, financial performance, business growth.

I. Background

Rice plays an important role, to do with national food stocks, because the market share of rice for domestic consumption is the largest among other crops, the chain of institutional agribusiness rice involve some economic actors in large enough quantities, such as institutional at the farm level, the institutional actors trade system, both paddy and rice and institutional rice milling industry. (Saptana, 2003).

Rice mill has a very important role in agribusiness systems paddy / rice in Indonesia. Rice mill is the central meeting between production, post-harvest, processing and marketing of paddy / rice so it is an important link in the national rice

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supplies that are required to contribute to the supply of rice, in terms of both quantity and quality to support national food security.

Milling of paddy (*ricemilling*) is the type of business carried out by people in rural areas, in addition to produce rice as the main products, also produces byproducts (*co-product*) is bran, while waste from the production of rice milling is chaff that benefit small industries other.

West Java province had the highest contribution to the national rice supply, to be attractive to a place of research, especially regarding the rice milling business continuity, given the vast area of research, this study focused on districts that have the largest rice production in West Java. Based on data from Central Bureau of Statistics in 2010, the district recorded a rice production center West Java, Karawang, Subang, and Indramayu district. In 2009 and 2010, rice production reached more than one million tons per year.

Continuity and business growth for small companies is highly dependent on the role of entrepreneurs as well as managers of the company to improve financial performance by managing the company's financial good. Therefore the rice mill managers are required to have managerial factors that entrepreneurial spirit, competence, leadership and partnership.

Factors managerial above was instrumental in achieving its business objectives, both in the short term is to make profits, as well as the long-term goal is a sustainable business continuity. For that menajadi financial management is very important to note, especially concerning the effectiveness and efficiency of the use of funds.

Sound financial management will have an impact on the company's financial performance is the achievement of profit levels and high level of sales and rapid turnover of working capital. so that business growth will increase and be able to maintain viability in the long term.

Based on the above background, the authors examine the study variables namely; entrepreneurship, competence, leadership roles, business partnership, fund management and financial performance and growth of the business. This study aimed at rice milling industry are included in the classification of a small rice mill (KDP). The site selection study was conducted in the center of West Java's rice namely Karawang, Subang and Indramayu.

Topics raised in this research titled of "Analysis of managerial factors on fund management and financial performance and implications for the growth of small businesses in the rice milling industry in the center of West Java's rice".

II. Problem Formulation

Based on the above background, the research problems can be formulated as follows:

1. What factors of management, ie the entrepreneurial spirit, competence, leadership and partnership role in the small industrial centers of paddy rice mill in West Java.
2. How to fund management, financial performance and growth in small industrial centers of paddy rice mill in West Java.
3. How much influence the entrepreneurial spirit, competence, leadership and partnership roles either partially or simultaneously to the management of funds in the small industrial centers of paddy rice mill in West Java.
4. How much influence the management of funds on the financial performance on a small industrial centers of paddy rice mill in West Java.
5. How much influence the financial performance, the growth of small businesses in the industrial centers of paddy rice mill in West Java.

III. Relevant studies Theory

Gerry Yukl(2005: 26) conducted a comparative study of the findings of research experts about the nature of managerial work (Hales, 1986; McCall, Morrison & Hannan, 1978; Mintzberg, 1973). Finding the activity patterns typical in managerial jobs that move jobs quickly and is always increasing, the content of the work is varied and fragmented, many activities are reactive, interaction often involves peers and outsiders, many interactions involving oral communication, decision-making process is irregular and political, most of the planning is not formal and adaptive.

The opinions above as representative of the entrepreneurial spirit, competence, and leadership roles and business partnerships.

Dalimunthe (2004: 1) argued that entrepreneurship is the spirit, behavior and the ability to respond positively to the opportunity to gain advantage for themselves or a better service, as well as create and provide products that are more useful and implement ways of working efficiently, through courage to take risks, creativity and innovation, and management capabilities. Based on a review of the literature on entrepreneurship Covin and Slevin (1996) states that there are three dimensions that characterize the entrepreneurial orientation of an individual or an organization that is 1). Innovation, 2). Risk-taking and 3) proactive.

Suryana (2009: 5) states that competence is defined as the knowledge, skills and abilities of individuals who direct effect on the outcome. Based on a variety of theoretical basis, the dimensions of competence variables used in this study think Douglas Cloud (1993; 8) which states that the core competencies of entrepreneurs are technical competence, marketing competence, financial competence and the competence of human relationships.

Leadership is a process of influencing others towards organizational goals (Bartol, 1991 in Tika, 2006: 63). Dimensions leadership role in this study using multiple opinions among Bennis and Nanus, Zaleznik in Gerry Yukl (2005), Mintzberg (1973), Wirjana and Supardo (2005), Kotter (1990), in order to obtain the dimensions of the leadership role consists of directing, motivating, communication, evaluation, and exemplary solutions.

Tiktik S.Pramono (2002: 30) that a business partnership is a relationship business cooperation between the various parties are synergistic, are voluntary, and based on the principle of interdependence, mutual support and mutual benefit, accompanied by the promotion and development of SMEs by large enterprises. Dimensions of business partnerships used in this study using Suryoto opinion, (2008), which is composed of the dimensions of access to capital, coaching and relationship management business competitiveness.

Zimmirer (2008: 50) argues that to really know what is happening in the business, most entrepreneurs do not have to have a basic understanding of accounting and finance. The concept of variable fund management in this research is the ability to allocate funds effectively and the ability to look for alternative-altrnatif financing, while the dimensions are the effective use of funds and the efficiency of resource cost of this case refers to the idea Bambang Riyanto (2008) is the function of financial management within the company include 1) The function of the use of funds or fund pengalokasiaan(*use/ allocation offunds*)and 2) the function of the fulfillment of funding or financing functions(*financing;Obtaining offunds*).

The ratio of profitability(*profitability*)is one measure of financial performance in addition to the growth rate and size of the assessment (Weston & Copeland, 1995: 239). The ability of a company to make a profit will depend on how the company's management to manage the funds, both from within the company as retained earnings and reserves, as well as resources from outside the company in the form of loans, investments or other sources binding. The effectiveness and efficiency of the fund management will determine the financial performance. The concept of financial performance variable is the company's ability to earn a profit, while the dimensions are the net profit level, the level of net sales and turnover of working capital. While business growth with the growth dimension of assets (an increase in current assets and fixed assets) and sales growth (an increase in the number of customers and increased sales turnover).

IV. Research Methods Used

The research is **descriptive** and **verification**. Descriptive research is research that aims to get an overview and information on the research variables. Verification is a type of research study to determine the relationship between variables through hypothesis.

Study Population

The population in this study were all milling enterprises small-scale rice in Indramayu, Karawang and Subang district who have obtained permission from the Government of the local district, including the classification of Rice Milling Small (PPK), until the year 2010 has been operating continuously minimal five years. From 1,426 small-scale rice milling units which have been approved, a total of 257 units have been operating for at least 5 years and in accordance with the criteria that will be used as a population.

Sample Research

sampling technique is done by technique. *cluster random sampling* The sample size in each district has been proportionally with tarap significance of 5% as a basis for setting the sample used Slovin formula, then the resulting sample size of 156.43 rounded to 156 by proportional distribution of samples in each district.

Design Analysis

Questionnaires were used to collect the data of the variables studied using a Likert scale for each answer given a score of 1 to 5. In answer to the problem and reveal the purpose of research is to determine the magnitude of the effect of a good variable to another variable effect that is directly or indirectly performed with path analysis (*path-analysis*). to analyze the data necessary to measure at least the interval as a requirement in using path analysis tool (Hussain et al., 2019).

Reasons for the selection of statistical methods to the analysis carried out with consideration of these pathways, that this method is able to provide clarity and magnitude of the effect relationship between the variables that are useful for the efforts of researchers in more deeply explore the numerous variables studied. (Chun Li, 1975: 2).

Hypothesis

Hypothesis testing is done through a statistical test to determine the effect of inter-lines as set out in the draft analysis. Examination of the structure is done by using path analysis (*Path Analysis*). This analysis is used with the consideration that the relationship between variables in this study are correlative and causality.

V. Descriptive Analysis

Variable Description Spirit of Entrepreneurship (X1)

The concept of entrepreneurship variable is the change to create opportunity and face the challenge consists of three dimensions of innovative, proactive and risk-taking. Responder about the entrepreneurial spirit that are in the scale sometimes.

Variable Descriptions Competence (X2)

The concept of variable competence is knowledge and experience with the dimensions of technical competence, marketing competence, financial competence and the competence of human relationships. Responder's competence is at sufficient scale.

Description variable leadership role

Variable has six dimensions of leadership, to direct, motivate, communication, evaluation, and exemplary solutions. Responder on leadership are at sufficient scale.

Description of business partnerships variable

variable business partnership concept is the need for partnerships with various stakeholders, while its dimensions are access to capital, coaching and relationship management. Variable business partnerships are in the scale quite agree.

Description variable fund management

Variable penegelolaanfund with the effective use of funds and the dimension of the dimensions of cost efficiency of financial resources. Responder regarding variable fund management are at sufficient scale.

Description of the financial performance variables

of financial performance variables consist of dimensional net income, net sales and working capital, Responder regarding financial performance variables are at sufficient scale.

Variable Description Business Growth

Variabledimensional growth by asset growth and sales growth. Responder regarding business growth variables are at high scale.

VI. Verification Analysis

Magnitude Relationship Among Variables.

1. The relationship between the variables with the entrepreneurial spirit of competence, the amount obtained by the correlation coefficient is 0.314. (a positive relationship with the criteria of weak ties).
2. The relationship between the variables of entrepreneurial spirit with a leadership role, the amount of the value obtained correlation coefficient is 0.510 (a positive relationship with the criteria of the relationship enough).
3. The relationship between the variables with the entrepreneurial spirit of business partnership, the amount obtained by the correlation coefficient is 0.638. (a positive relationship with the high correlation criterion).
4. The relationship between the variables of competence with a leadership role, the amount of the value obtained correlation coefficient is 0.422. (a positive relationship with the criteria of the relationship enough).
5. The relationship between the variables of competency with business partnerships, the amount obtained by the correlation coefficient is 0.406. (a positive relationship with the criteria of the relationship enough).
6. The relationship between the variables of leadership roles with business partnerships, the amount obtained by the correlation coefficient is 0.786. (a positive relationship with the high correlation criterion).

Effect of Partial Spirit of Entrepreneurship, Competencies, Roles and Business Partnership with Variable Fund Management

1. The influence of positive (+) between the entrepreneurial spirit of the management of funds magnitude of 0.232 ($\rho_{Y_1 X_1}$).
2. The influence of positive (+) between the competence of the administration of funds magnitude of 0.221 ($\rho_{Y_1 X_2}$).
3. The influence of positive (+) between the fund management leadership roles with the amount of 0.184 ($\rho_{Y_1 X_3}$).
4. The influence of positive (+) fund management business partnership with the amount of 0.347 ($\rho_{Y_1 X_4}$)
5. the influence of outside variables studied by 0,016(ϵ 1)

Obtained path equation as follows:

$$Y_1 = 0,232X_1 + 0,221X_2 + 0.184 X_3 + 0,347X_4 + \epsilon_1$$

Effect of simultaneous Spirit of Entrepreneurship, Competencies, Roles and Business Partnership Against Fund Management.

1. The magnitude of the effect of partially entrepreneurial spirit both direct and indirect influence on the management of funds amounting to 14.31%.
2. The magnitude of the effect of partially competencies directly or indirectly influence the management of the funds amounting to 11.33%.
3. The magnitude of the effect of partially leadership role either directly or indirectly influence the management of the funds amounting to 12.31%.
4. The magnitude of the effect of partially good business partnerships directly or indirectly influence the management of the funds amounting to 25.31%.
5. Magnitude of variables simultaneously influence the entrepreneurial spirit, competence, leadership and partnership role towards the management of funds, either directly or indirectly influence amounted to 63.26%, while the remaining 36.74% is the influence of outside variables studied

Influence of Management Dana (Y_1) of the Financial performance (Y_2).

Line equation for variable management of funds on the financial performance, namely: $Y_2 = 0,848Y_1 + \epsilon_2$

Based on the equation above lines can be interpreted that there is positive (+) between funds pengelolaan variable (Y_1) of the Financial Performance variable (Y_2) amount is 0,848 ($\rho_{Y_2 Y_1}$) or the coefficient of determination R^2 amounting to 71.91%, while the remaining 28.09% is the influence of outside variables studied.

Effect of Financial Performance (Y_2) For Business Growth (Z).

Line Equations for Financial performance variables on the growth of business: $Z = 0,920Y_2 + \epsilon_3$

Based on the equation above lines can be interpreted that there is positive (+) between the financial performance variable (Y_2) to variable business growth (Z) the amount is 0.920 (ρ_{ZY_2}) or with dterminasi coefficient R^2 of 84.64%, the balance of 16.36% is the influence of outside variables studied.

VII. Hypothesis Testing

1. Hypothesis Testing Results Effect of Partial Spirit of Entrepreneurship, Competencies, Roles and Business Partnership Against Fund Management.

- b. Partial influence the entrepreneurial spirit of the management of funds, the value of t arithmetic (3.617) > t table (1.975) as well as the Sig. (0,000) < α (0.05), then H_0 is rejected. It can be concluded that the entrepreneurial spirit is partially significant effect on the management of funds.
- c. Partial effect on the competence of the management of funds, the value of t arithmetic (4.013) > t table (1.975) as well as the Sig. (0,000) < α (0.05), then H_0 is rejected. It can be concluded that the competence partially significant effect on the management of funds.
- d. Partial effect a leadership role on the management of funds, the value of t arithmetic (2.270) > t table (1.975) as well as the Sig. (0.025) < α (0.05), then H_0 is rejected. It can be concluded that leadership roles are partially significant effect on the management of funds.
- e. Partial effect on the fund management business partnership, t value (3.875) > t table (1.975) as well as the Sig. (0,000) < α (0.05), then H_0 is rejected. It can be concluded that the partnership is partially significant effect on the management of funds.

2. Hypothesis Testing Results Effect of Simultaneous Spirit of Entrepreneurship, Competencies, Roles and Business Partnership Against Fund Management.

F_{count} 65.056 is greater than F_{table} (2.431) as well as the Sig. 0,000 smaller than α (0.05). H_0 rejected and thus can diinterpretasikan that the entrepreneurial spirit, competence, leadership roles, and partnership simultaneously significant effect on the management of funds.

3. Hypothesis Testing Results Effect Against Fund Management Financial performance

t 19.861 is greater than t_{table} (1.975) as well as the Sig. 0,000 smaller than α (0.05). Thus H_0 rejected so that it can be interpreted that the management of funds have a significant effect on the financial performance

4. Hypothesis Testing Results Effect of Financial Performance Against Business Growth

that t 29.062 is greater than t_{table} (1.975) as well as the Sig. 0,000 smaller than α (0.05). Thus H_0 rejected so that it can be interpreted that the financial performance significantly influence business growth.

VIII. Discussion

This relationship between the independent variables are the highest between the variables of leadership roles with variable business partnership. This relationship shows that business managers have the flexibility of doing business with parties that are considered to give a positive for its business development

variable business partnership is a partial effect greatest among independent variables on the management of funds, this shows that the partnerships are informal more have a chance to get a cheap source of funds without being burdened by the requirements that are too heavy.

Simultaneously the independent variable is the entrepreneurial spirit, competence, leadership and partnership role influencing variables fund management amounted to 63.26%. This means that fund management requires manjerial factors of the business manager

of fund management path coefficient value and financial performance deteminasi 0.848 coefficient of 71,91%. The results support the theory Weston and Copeland (1995: 239), ie ability of a company to make a profit will depend on how the company's management to manage the funds.

Path coefficient value of financial performance by business growth 0.920 coefficient of determination of 84.64%, research on entrepreneurship Covin and Slevin (1997) showed that the growth of the business as an indicator of business success may affect financial performance. In contrast to this study, the growth of the business into the dependent variable is affected by financial performance. For small companies that do not have excessive financial resources and do not have access to the sources of the funds must first improve financial performance before achieving business growth.

IX. CONCLUSION

1. entrepreneurial spirit, competence, leadership and partnership role quite well.
2. The fund management quite well, while the financial performance and good business growth.
3. Entrepreneurial spirit, competence, leadership role and positive influence on the business partnership partially fund management respectively by 14.31%; 11.33%; 12.31%; 25.31%, simultaneously amounting to 63.26%.

4. There is a positive and significant influence amounted to 71.91% of the fund management to the financial performance
5. of financial performance and significant positive effect on the growth of 84.64% effort.

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