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THE INFLUENCE OF BUSINESS STRATEGY AND PROACTIVENESS ON THE MARKETING PERFORMANCE OF KELULUT HONEY ON MSMES IN BANJARMASIN

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Abstract

The background is the Marketing Performance of MSMEs. Currently, many problems arise related to the Marketing Performance of MSMEs. Therefore, problems related to performance need to find a solution. Focus on two issues, namely (1) Is there an influence of Business Strategy on MSME Marketing performance, and (2) Is there a Proactive influence on MSME Marketing performance. Research conducted on companies includes Anttila J., Jussila K., 2018, Ramayah T., The long-term objectives of previous research have focused on Business Strategy and Proactivity issues regarding Marketing Performance. Meanwhile, this research focuses on research conducted in Banjarmasin MSMEs. Specific targets to be achieved. Analyze and determine the influence of partially significant Business and Proactive Strategy on MSME Marketing Performance. Analyze and determine the influence of partially significant Proactive Strategy on MSME Marketing Performance. Based on the researcher's observations, the problem is that the Business Strategy and Proactivity in MSME Marketing Performance are not yet optimal. This research method uses a quantitative approach. The number of samples taken was 48 respondents using a saturated sampling technique. The data collection technique uses a questionnaire, while data analysis uses Smart PLS. The results of the research show that there is a significant influence of Business Strategy (X1), on the marketing performance of MSMEs. And there is a significant influence of Proactivity (X2), on the marketing performance of MSMEs. This research is explanatory research, namely testing the influence between Business Strategy variables. (X1), Proactive (X2), while the dependent variable is MSME Marketing Performance (Y), Data collection techniques used by researchers, namely Interviews, Questionnaires, Documentation. and Hypothesis Testing The proposed activity plan in the research aims to provide information that better interactions and relationships are actually a side effect of providing space for MSMEs to be competitive and proactive while still being able to accommodate existing problems.

Keywords: Business Strategy, Proactivity and MSME Marketing Performance.

INTRODUCTION

Indonesia's economic growth over the past few years has shown notable development, although it has experienced fluctuations due to various domestic and global factors. According to data released by Indonesia's Central Bureau of Statistics (Badan Pusat Statistik or BPS) in its Official Statistical Report(2020), the country's economic growth has continued to increase, albeit at a slower rate due to the impacts of the COVID-19 pandemic. Amid these challenges, the micro, small, and medium enterprises (MSMEs) sector has remained a crucial pillar supporting the national economy. In Banjarmasin, for example, MSMEs have experienced significant growth between 2019 and 2021. Based on data from the Banjarmasin Office of Cooperatives, MSMEs, and Labor, the number of MSMEs in 2019 was 38,864, increasing to 40,199 in 2021. This indicates a steady annual growth in the number of MSMEs,

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particularly in the beverage sector, which is one of the key industries in the regions.

The contribution of MSMEs to Indonesia's economic growth cannot be overlooked. As the backbone of the national economy, MSMEs not only create employment opportunities but also help reduce poverty in various regions, including Banjarmasin. The growth of the MSME sector directly impacts the local economy and the welfare of the community. However, Indonesia's economic growth lags behind that of other ASEAN member countries. According to data from Data Box Katadata (2021), the economic growth in several ASEAN countries, such as Vietnam and the Philippines, has been faster than in Indonesia. This suggests that while MSMEs have made a significant contribution, there remains room for improvement and development, particularly in addressing competition at the regional level.

MSMEs in Indonesia, including those in Banjarmasin, have unique characteristics. Most MSME owners come from lower-middle-class backgrounds, and many start their businesses as home-based industries. This sector demonstrates considerable resilience, especially in dealing with global economic pressures. One key factor that can drive MSME development is the implementation of appropriate business strategies. Ofori et al.(2022) argue that a good business strategy allows companies to remain competitive by adopting competitors' advantages and developing new innovations. In today's era of globalization, technology also plays a critical role in developing business strategies. With the advent of the internet, MSME entrepreneurs can leverage social media to expand their market reach and connect with consumers in various regions without geographical limitations. As noted by Philip Kotler et al. (2019), in research cited by Fedorko(2018), social media has revolutionized how people interact and conduct business, creating social inclusiveness and facilitating global collaboration.

However, one of the major challenges faced by MSMEs, particularly in South Kalimantan, is the lack of knowledge and skills among human resources (HR). According to data released by the Central Bureau of Statistics of South Kalimantan (2021), around 42% of MSME entrepreneurs have only completed elementary school, while 27% are high school graduates. This indicates that the majority of MSME actors still need skill improvements, either through formal education or informal training. In addition, MSMEs in South Kalimantan are often managed in a simple manner, employing family members as workers, and the majority still operate in the trade sector. A lack of knowledge about proper business management often hampers their growth.

As MSMEs continue to develop in South Kalimantan, particularly in Banjarmasin, there is an urgent need to enhance their competitiveness. One way to achieve this is by adopting more proactive and innovative business strategies. According to Felin (2016), a company's success is not only dependent on the products or services it offers but also on how the company selects, builds, and disseminates its core competencies. In this regard, MSME actors are expected to focus more on developing their core competencies, whether through improving product quality or leveraging technology to expand their market reach.

Technology plays a crucial role in driving MSME growth in the digital era. In the face of increasingly fierce global competition, MSME entrepreneurs must be able to adapt to technological changes. The internet and social media have opened new opportunities for MSMEs to expand their market share, both domestically and internationally. With technology, MSMEs are no longer limited to local markets but can also compete nationally and even globally. The use of information and communication technology (ICT) by MSMEs can also increase their operational efficiency. For example, MSME actors can utilize e-commerce platforms to sell their products online, which not only broadens their market reach but also significantly boosts sales.

Nevertheless, not all MSME entrepreneurs in Banjarmasin are able to fully

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utilize technology. One of the main barriers is a lack of understanding of digital technology. Many MSME entrepreneurs still rely on traditional marketing methods, making it difficult for them to compete with other businesses that are more advanced in adopting technology. Therefore, the government and related parties need to provide greater support in the form of training and mentoring to MSME entrepreneurs so that they can better utilize technology.

In addition to challenges in technology adoption, MSMEs in Banjarmasin also face difficulties in accessing capital. Limited access to financing is often the main obstacle for MSME entrepreneurs in growing their businesses. Banks and other financial institutions tend to be reluctant to lend to MSMEs due to perceived high risks. This situation is exacerbated by the limited financial literacy of MSME actors, many of whom do not have clear financial statements, making it difficult for them to obtain loans from banks.

To overcome these challenges, the government has launched various assistance programs and subsidies for MSME entrepreneurs. One such program is the People's Business Credit (KUR) program, which aims to provide easier and more affordable access to financing for MSME entrepreneurs. This program is expected to help MSMEs, especially in regions like Banjarmasin, in developing their businesses. Additionally, the government encourages MSME entrepreneurs to actively participate in training programs organized by various relevant institutions. These training sessions aim to improve managerial skills and knowledge of business management, helping MSMEs become more prepared to face the challenges of globalization.

To enhance the competitiveness of MSMEs, effective and proactive business strategies are essential. A sound business strategy will not only help MSMEs survive in the increasingly competitive environment but also enable them to grow and expand their market share. As Ofori et al.(2022) argue, a good business strategy must be able to anticipate market changes and take advantage of available opportunities. In the context of MSMEs in Banjarmasin, proactive and innovative strategies could be the key to improving their competitiveness and marketing performance.

Based on the above discussion, this study aims to develop a comprehensive model that considers business strategy and proactive variables, which impact the marketing performance of MSMEs in Banjarmasin. This research is also expected to provide tangible contributions to the development of MSMEs in Banjarmasin, enabling them to be better prepared to compete at the national and even international levels. Consequently, the contribution of MSMEs to Indonesia's economic growth will continue to increase, in line with government efforts to address issues of poverty and unemployment.

Overall, the development of MSMEs in Indonesia, especially in Banjarmasin, requires a holistic and comprehensive approach. Support from the government, improvement in human resources, adoption of technology, and proactive and innovative business strategies are key factors that will determine the success of MSMEs in facing challenges in the globalization era. Although MSMEs in Banjarmasin have shown significant growth, many challenges remain. However, with the right approach, MSMEs in this region have great potential to continue growing and contributing even more to the national economy.

METHOD

Indonesia's economic growth over the past few years has shown notable development, although it has experienced fluctuations due to various domestic and global factors. According to data released by Indonesia's Central Bureau of Statistics (Badan Pusat Statistik or BPS) in its Official Statistical Report (2021), the country's economic growth has continued to increase, although at a slower rate due to the impacts of the COVID-19 pandemic . Amid these challenges, the micro, small, and medium enterprises (MSMEs) sector has remained a crucial pillar supporting the national economy. In Banjarmasin, for example, MSMEs have experienced significant growth between 2019

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The research method employed in this study follows a structured approach to achieve its objectives, focusing on MSMEs in Banjarmasin, specifically on the honey kelulut product businesses. This section outlines the research design, variables, population, data collection techniques, and data analysis methods used to explore the impact of business strategy and proactive behaviors on marketing performance.

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The research was conducted using a quantitative approach, which is suitable for measuring relationships between variables and testing hypotheses. As outlined in the file provided, this study is explanatory in nature, aiming to examine the influence of independent variables—Business Strategy (X1) and Proactiveness (X2)—on the dependent variable, Marketing Performance (Y). Explanatory research seeks to establish cause-and-effect relationships by testing theories with empirical evidence.

Research Variables and Operationalization

The operationalization of the variables is crucial to ensure accurate measurement and understanding. Business Strategy (X1) refers to the actions undertaken by MSME owners to outperform competitors, focusing on specific aspects such as customer targeting, product focus, and cost efficiency. As Porter highlights, strategies such as focusing on particular customer segments or optimizing resources can provide a competitive advantage (Porter, 1980). Meanwhile, Proactiveness (X2) measures the entrepreneur's ability to take initiative, anticipate competition, and introduce innovations. Proactive behavior is defined by Schumpeter's theory of innovation, which emphasizes the importance of introducing new products or entering new markets (Schumpeter, 1934). Lastly, Marketing Performance (Y) measures the outcomes of these strategies, focusing on sales growth, production volume, and profit margins. The indicators for marketing performance are adapted from various sources (Cuevas-Vargas et al., 2021)

The population of this study consists of MSMEs in Banjarmasin, with a focus on honey kelulut businesses, as specified in the file. According to Arikunto (2012), population research involves studying all elements within the research area. A total of 48 MSME actors were sampled for the study, selected using Slovin's formula to ensure a representative sample. This sample is deemed sufficient to reflect the overall population of MSME owners in the city. The MSME sector in Banjarmasin continues to grow, yet faces challenges in terms of knowledge and human resource capacity, particularly with non-formal skill development (BPS, 2021).

Four data collection methods were utilized to gather comprehensive information for analysis: interviews, questionnaires, documentation, and observation.

1. Interviews: As per Sugiyono (2013), interviews are used when the researcher needs in-depth data from a limited number of respondents. Both structured and unstructured interviews were conducted, depending on the specific information needed. Direct and indirect interviews were carried out with MSME owners to gain insights into their business strategies and challenges.
2. Questionnaires: A set of written questions was distributed to MSME owners to gather quantitative data. The Likert scale was used to measure responses, with scores ranging from “strongly agree” to “strongly disagree.” This method provided valuable quantitative data that could be analyzed statistically to identify trends and relationships between variables.
3. Documentation: According to Nur Asnawi and Masyhuri (2014), documentation is vital for gathering background data on the research subject. The documents collected in this study include official records, reports from the Banjarmasin Office of Cooperatives, and relevant MSME business data.
4. Observation: Direct observation allowed the researcher to closely monitor the operational aspects of MSMEs, gaining a better understanding of their day-to-day business activities and challenges.

Data Analysis Techniques

This research employs a robust data analysis method known as Structural Equation Modeling (SEM) using the Partial Least Squares (PLS) approach. SEM is a multivariate statistical analysis technique that combines factor analysis and path analysis to examine complex relationships between variables. The Variance-

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Based SEM used in this study is suitable for testing predictive relationships between constructs. This method is advantageous because it does not require a large sample size, making it appropriate for research involving fewer than 100 respondents (Pugu et al., 2024).

The data collected through questionnaires was analyzed using SmartPLS 3.29, a software tool specifically designed for PLS-based SEM. The outer model evaluates the relationship between the indicators and their corresponding latent variables, focusing on convergent and discriminant validity. For convergent validity, indicator reliability is considered sufficient if the loading value exceeds 0.7, although lower thresholds (0.5 to 0.6) may be acceptable for exploratory research (Fauzi, 2022). Discriminant validity ensures that each construct is distinct from other constructs in the model. This is measured by comparing the Average Variance Extracted (AVE) with the correlations between constructs.

The inner model examines the relationships between the latent variables (Business Strategy, Proactiveness, and Marketing Performance). The significance of these relationships is tested using bootstrapping, which provides t-statistics to assess whether the hypothesized paths are supported by the data. Additionally, the R-squared (R^2) value is used to measure the proportion of variance explained by the independent variables. A higher R^2 value indicates a stronger predictive power of the model.

To validate the overall model, Goodness-of-Fit (GoF) is calculated. The GoF index is a single measure that assesses the combined performance of the measurement and structural models. The value of GoF ranges from 0 to 1, with 0.1 indicating a small GoF, 0.25 a moderate GoF, and 0.36 a large GoF. Furthermore, Q^2 predictive relevance is used to evaluate the model's predictive accuracy for endogenous latent variables. A Q^2 value greater than zero indicates that the model has sufficient predictive relevance (Fauzi, 2022).

By using SEM-PLS, this research not only evaluates the direct relationships between variables but also uncovers the underlying mechanisms that drive marketing performance in MSMEs. The combination of quantitative methods and rigorous statistical analysis ensures the reliability and validity of the findings, offering a solid foundation for understanding the dynamics of business strategy and proactiveness in the context of MSMEs in Banjarmasin.

RESULTS and DISCUSSION

Outer Model Evaluation

Testing the validity and reliability of the instrument in PLS is the outer model test. The outer model or measurement model, in principle, is to test the items against the latent construct, or in other words, to measure how far the items can explain the latent construct. Indicators and reflective items are measured by convergent validity, discriminant validity or by Average variance extracted (AVE), and composite reliability. The interpretation criteria in testing the outer model in SmartPLS are presented in table 5.9 below

Table 5.9 SmartPLS outer model assessment criteria

Model Test	Output	*Rule of thumb*
*Outer*Model Indicator test	*Convergent validity*	The minimum loadings factor value is 0.7
	Discriminant validity (Cross loadings)	The correlation value of cross loadings with its latent variables must be greater than the correlation with other latent variables.
	AVE	AVE value must be above 0.5
	Composite reliability	Good if it has a minimum value of 0.7
	Cronbach's alpha	Good if it has a minimum value of 0.6

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Source: Chin in Ghozali (2008:19) and Garson, (2016:34-90), Wiyono, (2011:233), Ringle, et.al. (2015:44)

According to Jogiyanto (2009) before conducting hypothesis testing to predict the relationship between latent variables in structural capital, measurement model testing must be carried out first to verify indicators and latent variables. This testing includes construct validity testing (convergent validity and discriminant validity) and construct reliability testing. Validity testing is carried out to determine the ability of research instruments to measure what should be measured. While reliability testing is used to measure the consistency of measuring instruments in measuring a concept. To test validity and reliability, it can be used by designing a measurement model or outer model

First Structural Outer Model Evaluation

The first outer model test was conducted by entering all the questions in the research questionnaire. In the PLS outer model, a construct (variable) is marked with a round shape and blue color that has arrows pointing to the questions marked with a yellow rectangular shape.

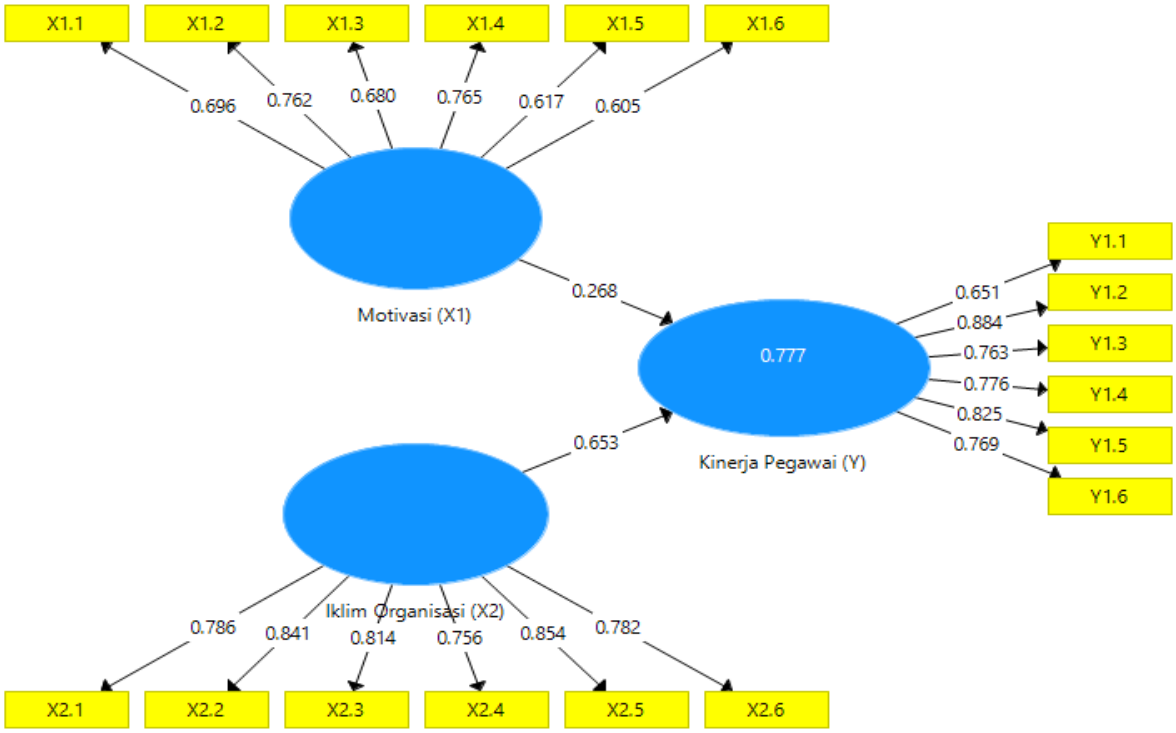

Figure 5.1 Results of the first outer model test

Source: smartPLS output (2024)

In the first test, the analysis that needs to be measured is to meet the criteria of the validity and reliability test. Validity test by looking at the value of outer loadings, AVE, discriminant validity, while the reliability test is seen from composite reliability, cronbach alpha, and Rho-A. The results of the test of the first test structural model are as follows:

1. Evaluation of convergent validity (outer loadings)

*Convergent validity*Each item in measuring latent variables is indicated by the size of the loading factor in the PLS measurement model. Convergent validity is used to test the degree of convergent validity where a measuring instrument (item) of a variable is operationalized on another variable, because theoretically there should be similarity (convergence). According to Chin (1998) in (Ghozali, 2008) the convergent validity of the

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measurement model with reflective indicators is assessed based on the loading factor of each item forming the latent construct. A latent construct is considered to have good convergent validity if it has a loading value of at least 0.7 which is considered sufficient.

Table 5.10 Convergent validity (outer loadings) of the first outer model

Item	Proactive (X2)	Marketing Performance (Y)	Business Strategy (X1)	Decision
X1.1			0.696	Invalid
X1.2			0.762	Valid
X1.3			0.680	Invalid
X1.4			0.765	Valid
X1.5			0.617	Invalid
X1.6			0.605	Invalid
X2.1	0.786			Valid
X2.2	0.841			Valid
X2.3	0.814			Valid
X2.4	0.756			Valid
X2.5	0.854			Valid
X2.6	0.782			Valid
Y1.1		0.651		Invalid
Y1.2		0.884		Valid
Y1.3		0.763		Valid
Y1.4		0.776		Valid
Y1.5		0.825		Valid
Y1.6		0.769		Valid

Source: smartPLS output (2024)

Based onTable 5.10 items that have an outer loading value <0.7 which indicates a weak relationship between verification ability and proof construct, then in the next analysis this indicator must be removed. Variables that have an outer loading <0.7 are Business Strategy variables, namely in items X1.1, X1.3, X1.5, and X1.6. The Marketing Performance (Y)

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performance variable has an outer loading <0.7, none. The Marketing Performance (Y) variable has an outer loading <0.7, namely in item Y1.1. Thus, items that have an outer loading value <0.70 must be eliminated from the research model and will be continued for the next analysis.

Another method to see discriminant validity is to look at the average variance extracted (AVE) value. The minimum recommended value is 0.5. The following is the AVE value of the first model.

Table 5.11 AVE Values of the First Model

Construct	AVE	*Rule of thumb*	Decision
Business Strategy (X1)	0.476	0.5	Invalid
Proactive (X2)	0.650	0.5	Valid
Marketing Performance (Y)	0.610	0.5	Valid

Source: smartPLS output (2023)

Table 5.11 shows that the AVE values for the Proactive and Marketing Performance variables (Y) meet the minimum AVE value standards, while the Business Strategy variable has not met the minimum AVE value standards. This can be concluded that the structural model has not been able to meet the criteria.

2. Discriminant validity evaluation

PLS-SEM also tests the discriminant validity of the measured constructs. This validity test is intended to determine whether two constructs are truly different from other constructs empirically (Hair, 2019). Discriminant validity can be seen from the cross loading value and by comparing the square root of AVE and the correlation between latent constructs. The cross loading value can be seen in the following table:

Table 5.12 Discriminant validity (cross loadings) of the first outer model

Item	Proactive (X2)	Marketing Performance (Y)	Business Strategy (X1)	Decision
X1.1	0.543	0.632	0.696	Valid
X1.2	0.750	0.664	0.762	Valid
X1.3	0.420	0.402	0.680	Valid
X1.4	0.600	0.608	0.765	Valid
X1.5	0.425	0.473	0.617	Valid
X1.6	0.474	0.371	0.605	Valid
X2.1	0.786	0.781	0.718	Valid
X2.2	0.841	0.738	0.665	Valid
X2.3	0.814	0.705	0.680	Valid

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Item	Proactive (X2)	Marketing Performance (Y)	Business Strategy (X1)	Decision
X2.4	0.756	0.606	0.519	Valid
X2.5	0.854	0.692	0.635	Valid
X2.6	0.782	0.643	0.604	Valid
Y1.1	0.551	0.651	0.567	Valid
Y1.2	0.736	0.884	0.631	Valid
Y1.3	0.714	0.763	0.632	Valid
Y1.4	0.678	0.776	0.561	Valid
Y1.5	0.731	0.825	0.633	Valid
Y1.6	0.629	0.769	0.666	Valid

Source: smartPLS output (2024)

Based on table 5.12, the cross loading value which symbolizes the level of correlation of variables in the construct has a greater value on its item compared to the cross loading value on other items. This shows that the latent construct on the variable predicts items in its block better and informs each indicator that is different and has a varied value (Hair, 2019). This also applies to other latent constructs that have a greater cross loading value on the items in their block compared to other items.

PLS modeling uses reliability coefficients to explain the measurement mode being tested. The name of the coefficient is composite reliability. Hulland (1999) stated that this coefficient is an internal consistency coefficient that approaches Cronbach's internal consistency coefficient. This reliability coefficient is suitable for measuring concentric constructs that assume that the precision and measurement scale between items have differences.

3. First outer model reliability evaluation

Table 5.13 Reliability of the first outer model construct

Construct	*Composite reliability*	*Cronbach's alpha*	*Rho-A*	Decision
Business Strategy (X1)	0.844	0.784	0.798	Reliable
Proactive (X2)	0.917	0.892	0.895	Reliable
Marketing Performance (Y)	0.903	0.870	0.876	Reliable

Source: smartPLS output (2023)

Table 5.13 shows that all constructs meet Composite Reliability (CR) because the resulting value is more than 0.70 and the Cronbach's alpha value is > 0.6 and Rho-A has a value > 0.70. These results indicate that all variables used in this study are reliable.

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Evaluation of the second structural outer model

The second outer model test was conducted again because in the previous analysis there were still outer loadings that did not meet the criteria. The outer loading value indicates a weak relationship between constructs, so it must be removed from the model. After the items were removed from the model, the following picture of the relationship between research constructs was obtained:

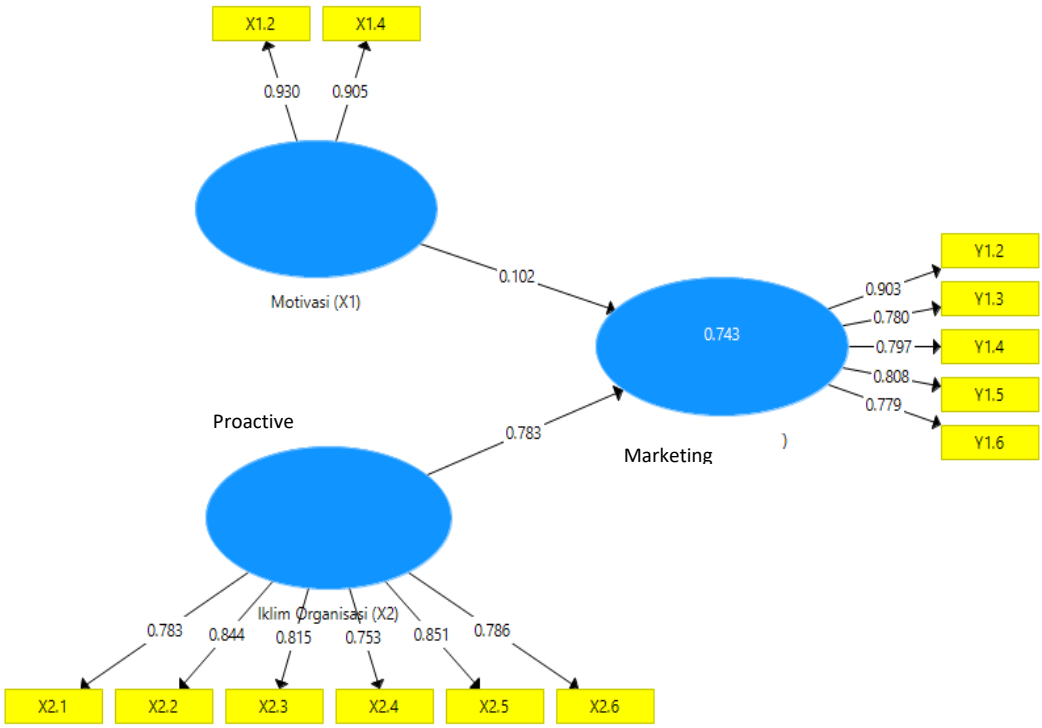

Figure 5.2 Results of the second outer model test
Source: smartPLS output (2024)

In the second test, the analysis that needs to be measured is the criteria of the validity and reliability tests. Validity test by looking at the value of outer loadings, AVE, discriminant validity, while the reliability test is seen from composite reliability, cronbach alpha, and Rho-A. The results of the fourth structural test model are as follows:

1. Evaluation of convergent validity (outer loadings)

The fourth test analysis on the structural model begins with evaluating the measurement model or outer model. In this evaluation of the measurement model, the construct validity and construct reliability estimates in the study will be tested. The outer loading values obtained can be seen in the following table:

Table 5.14 Convergent validity (outer loadings) of the second outer model

Item	Proactive (X2)	Marketing Performance (Y)	Business Strategy (X1)	Decision
X1.2			0.93	Valid
X1.4			0.905	Valid
X2.1	0.783			Valid
X2.2	0.844			Valid
X2.3	0.815			Valid
X2.4	0.753			Valid
X2.5	0.851			Valid

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X2.6	0.786			Valid
Y1.2		0.903		Valid
Y1.3		0.78		Valid
Y1.4		0.797		Valid
Y1.5		0.808		Valid
Y1.6		0.779		Valid

Source: smartPLS output (2024)

Based on Table 5.14, the outer loading value > 0.7 indicates that the relationship between the item and its latent construct is good and acceptable. The outer loading value that has met the criteria and the interpretation of the relationship between each indicator and its latent construct is included in the more than sufficient category, so the PLS-SEM analysis can be sufficient for the second structural mode test.

Another method to see discriminant validity is to look at the average variance extracted (AVE) value. The recommended minimum value is 0.5. The following is the AVE value of the fourth model.

Table 5.15 AVE Values of the Second Model

Construct	AVE	*Rule of thumb*	Decision
Business Strategy (X1)	0.841	0.5	Valid
Proactive (X2)	0.650	0.5	Valid
Marketing Performance (Y)	0.663	0.5	Valid

Source: smartPLS output (2024)

Table 5.15 shows the AVE values for the variables Business Strategy, Proactiveness, and Marketing Performance (Y). has met the minimum standard of AVE value. So that the structural model can meet the criteria.

The measurement of discriminant validity is determined by looking at the cross-loading correlation value with its latent variables and must be greater than the correlation with other latent variables.

2. Discriminant validity evaluation

Table 5.16 Discriminant validity (cross loadings) of the second outer model

Item	Proactive (X2)	Marketing Performance (Y)	Business Strategy (X1)	Decision
X1.2	0.753	0.671	0.93	Valid
X1.4	0.602	0.58	0.905	Valid
X2.1	0.783	0.761	0.532	Valid
X2.2	0.844	0.754	0.646	Valid
X2.3	0.815	0.702	0.639	Valid
X2.4	0.753	0.574	0.559	Valid
X2.5	0.851	0.669	0.478	Valid
X2.6	0.786	0.667	0.744	Valid
Y1.2	0.737	0.903	0.624	Valid
Y1.3	0.714	0.78	0.441	Valid
Y1.4	0.68	0.797	0.597	Valid
Y1.5	0.73	0.808	0.59	Valid
Y1.6	0.631	0.779	0.532	Valid

Source: smartPLS output (2024)

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Table 5.16 shows that all questions are valid (able to measure the latent variables) because the loading value is higher compared to the loading with other latent variables.

3. Evaluation of the reliability of the second outer model

PLS modeling uses reliability coefficients to explain the measurement mode being tested. The name of the coefficient is composite reliability. Hulland (1999) stated that this coefficient is an internal consistency coefficient that approaches Cronbach's internal consistency coefficient. This reliability coefficient is suitable for measuring concentric constructs that assume that the precision and measurement scale between items have differences.

Table 5.17 Reliability of the second outer model construct

Construct	*Composite reliability*	*Cronbach's alpha*	*Rho-A*	Decision
Business Strategy (X1)	0.914	0.812	0.824	Reliable
Proactive (X2)	0.917	0.892	0.896	Reliable
Marketing Performance (Y)	0.908	0.872	0.875	Reliable

Source: smartPLS output (2024)

Table 5.17 shows that all constructs meet Composite Reliability (CR) because the resulting value is more than 0.70 and the Cronbach's alpha value is > 0.6 and Rho-A has a value > 0.70. These results indicate that all variables used in this study are reliable.

Assessment of factor weights (outer loadings)

The degree of strength or weakness of an indicator as a measure of a variable or item as a measure of an indicator can be seen from the outer loading value (loading factor) for the reflective indicator model, while for the formative indicator it can be seen from the outer loading value. This study has a reflective indicator model, meaning that the indicator is a reflection of the variable. The reflection of the variable shows the characteristics of a variable. The magnitude of the loading factor shows the magnitude of the contribution of an item to the variable. The greater the loading factor indicates the greater the contribution of an item and the smaller the loading factor indicates the smaller the contribution of an item to the variable.

1. Business Strategy construct item factor weights

The Business Strategy construct is something in a person that causes his behavior in a certain direction according to his goals. Business Strategy has six indicators: Working conditions, Feelings of being included, Rewards, Loyalty, Security, and Job Duties. This construct has six (6) statement items, where after validity and reliability testing, only two (2) items meet the minimum requirements.

Table 5.18 Factor weights of Business Strategy construct items (X1)

No	Item	*Outer loading*	Contribution
X1.2	maintaining production continuity by maintaining the availability of raw materials and auxiliary materials (X1.1.1),	0.93	The Biggest
X1.4	trying to keep costs lower than competitors (X1.1.4)	0.905	The Smallest

Source: Processed primary data (2024)

Table 5.19 shows the Business Strategy construct (X1) there are two (2) items that have loading values above 0.7 so that it is stated that these items are good shapers of the Business Strategy construct (X1). The item that contributes the most to the formation of the

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variable is X1.2, namely: Employees try to work hard to achieve the best performance in work with a contribution of 0.930 (93%) and the weakest is X1.4, namely: Employees feel happy with the work they are currently facing with a contribution of 0.905 (90.5%).

2. Factor weight of Proactive construct items

Proactive construct is a work atmosphere created by organizational behavior and policies. Proactive has six indicators, namely the goals to be achieved, Consensus, Excellence, Unity, Achievement, and Familiarity. This construct has six (6) statement items, where after testing the validity and reliability of all items meet the minimum requirements.

Table 5.19 Factor weights of the Proactive construct items (X2)

No	Item	*Outer loading*	Contribution
X2.1	Outperforming Competitors to Enter New Markets (X1.3.1),	0.783	
X2.2	Offering Products That Are First Available In The Market (X1.3.2),	0.844	
X2.3	Establish Partnerships With The Best Partners Before Competitors Do (X1.3.3).	0.815	
X2.4	Developing a Distinctive Product Design (X1.1.1),	0.753	The Smallest
X2.5	Products Made Vary (X1.1.2),	0.851	The Biggest
X2.6	Produce Products That Are In Demand By The Market	0.786	

Source: Processed primary data (2024)

Table 5.19 shows the Proactive construct (X2) there are six (6) items that have loading values above 0.7 so that it is stated that these items are good builders of the Proactive construct (X2). The item that contributes the most to the formation of the variable is X2.5, namely: The attention of the Leader to the achievements of his employees needs to be addressed with a contribution of 0.851 (85.1%) and the weakest is X2.4, namely: The Leader can act fairly and impartially towards certain groups in the internal environment with the same contribution of 0.753 (75.3%).

3. Weight of Marketing Performance construct item factors (Y)

Marketing Performance Construct (Y) is the level of achievement of work by Employees. Marketing Performance (Y) has six indicators, namely sales growth, sales increase, profit growth., Increased profit obtained higher than the increase in capital required Quantity, Work efficiency, Quality, Timeliness, Knowledge and Creativity. This construct has six (6) statement items, where after validity and reliability testing only five (5) items meet the minimum requirements.

Table 5.20 Factor weights of the Marketing Performance construct items (Y)

No	Item	*Outer loading*	Contribution
Y1	sales growth (Y2.1) items, namely sales (turnover) increased from year to year (Y2.1.1),	0.903	The Biggest
Y2	Increased sales (turnover) is also followed by increased production (Y2.1.2)	0.78	
Y3	profit growth (Y2..2)	0.797	

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	item, namely profit increases from year to year (Y2.2.)		
Y4	The increase in profit obtained is higher than the increase in capital required	0.808	
Y5	business development becomes bigger	0.779	The Smallest

Source: Processed primary data (2024)

Table 5.20 shows the Marketing Performance (Y) construct, there are five (5) items that have loading values above 0.7 so that it is stated that these items are good builders of the Marketing Performance (Y) construct. The item that contributes the most to the formation of the variable is Y1.2, namely: sales growth (Y2.1) item, namely sales (turnover) increase from year to year (Y2.1.1), with a contribution of 0.903 (90.3%) and the weakest is Y1.7, namely: business development becomes bigger with a contribution of 0.779 (77.9%).

Evaluation of inner structural model

Inner model or structural model testing in principle tests the influence between one latent variable and another latent variable, both exogenous and endogenous. It can also be said to test the hypothesis between one latent variable and another latent variable. Testing is done by looking at the percentage of explained variance, namely: R2 for the dependent latent variable modeled to get the influence of the independent latent variable using the stone-geisser Q square test measure, and looking at the magnitude of the structural path coefficient. The stability of this estimate is tested using the t-statistic obtained through the bootstrapping procedure. (Wiyono, 2011:402)

Table 5.21 Criteria for assessing the inner model of SEM-PLS

Model Test	Output	Criteria
Inner Model(Hypothesis Test)	*R2*for endogenous latent variables	*R2*of 0.67; 0.33; 0.19, indicating that the models are "substantial", "moderate", and "weak" (Chin, 1988)
	Goodness of Fit (GoF)	0.36 = Strong (large) 0.25 = Moderate 0.10 = Weak (small)
	*Effect*size(f^2)	0.02 = Small effect 0.15 = Moderate effect 0.35 = Large effect Cohen (1988) inGhozali, (2008:19)
	Path coefficient and t-statistic	The estimated values for path relationships in the structural model should be significant, which can be obtained by algorithmic procedures and bootstrapping.

Source: Wiyono, (2011:403),Ghozali, (2008:19), Garson, (2016:92-100

Structural Model Evaluation

Hypothesis testing in this study was carried out after going through two (2) stages of testing.outer model (validity and reliability). The second structural model has met all the requirements of the outer model so that it can be continued to the inner model testing or hypothesis testing of the influence between variables. In SEM PLS hypothesis testing (inner model) is to determine the influence between variables which is marked by the direction of the arrow from one variable to another (blue circle shape).

*Path coefficients*is the path coefficient value or its magnitudeThe influence of latent variables. In the PLS structural model, the

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magnitude of the influence (path coefficients) is written on each arrow from one latent variable to another latent variable. The greater the value of the path coefficient, the greater the influence and vice versa.

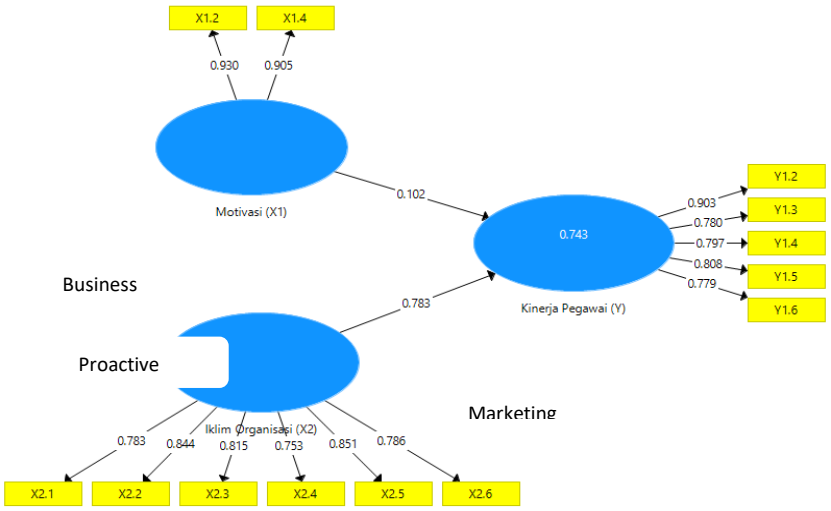

Figure 5.3 Structural model
Source: smartPLS output (2023)

The path coefficient values as in Figure 5.3 are presented in more detail in table 5.22 below.

Table 5. 22 Path coefficients of the structural model

No		Construct	Proactive (X2)	Marketing Performance (Y)	Business Strategy (X1)
1		Proactive (X2)	0.806		
2		Marketing Performance (Y)	0.859	0.815	
3		Business Strategy (X1)	0.744	0.685	0.917

Source: smartPLS output (2024)

*Path Coefficients*only shows the magnitude of the influence between variables and has not provided evidence of whether the influence between the variables is significant or not. Testing for significance or insignificance between variables in PLS is done by comparing the t statistic value with a 5% t significance of 1.96. (Chin, 1998 and 2010), Hair. et.al (2011 and 2012) in Latan and Ghozali (2012). The t count of the inner structural model of PLS is obtained using the bootstrapping method. The results of the t statistic calculation are shown in Figure 5.4

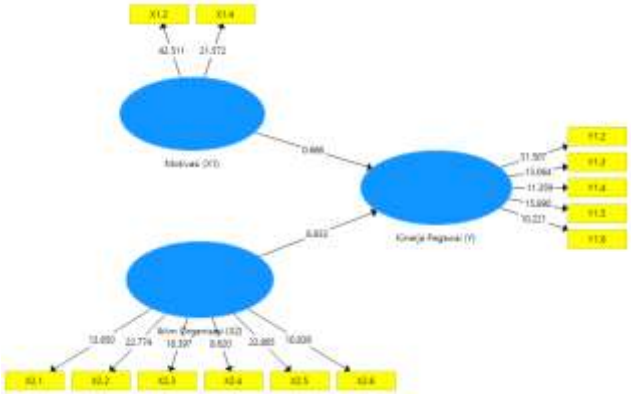

Figure 5.4 The t-statistic value of the bootstrapping structural model.
Source: smartPLS output (2023)

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Testing the significance of the partial influence of each exogenous variable on the endogenous variable is done by comparing the calculated t value of the statistic with the t significance. If the T-statistic is higher than the T significance value, it means that the hypothesis is supported or accepted. This study uses a 95 percent confidence level or a significant level = 5%, so the T significance value for the two-tailed hypothesis is 1.96. (Chin, 1998 and 2010), Hair. et.al (2011 and 2012) in Latan and Ghozali (2012)

Table 5.22 Path coefficients and t-statistics: inner structural model

No	Influence between variables	Coefficient	t count	*P values*	Decision
1	Business Strategy -> Marketing Performance (Y)	0.102	10,666	0	Not Significant
2	Proactive-> Marketing Performance (Y)	0.783	6,833	0,000	Significant

Source: smartPLS output (2024)

Information:

1. Beta coefficient is used to determine the strength of each independent variable in determining the dependent variable.
2. T count: used to determine the quality of the significance of the regression between each independent variable (X) whether or not it has an influence on the dependent variable (Y).
3. P Value is defined as the magnitude of the opportunity (probability) observed from the test statistics.

The data presented in the table above can be interpreted by looking at the path coefficients value which indicates the coefficient of influence between variables. Furthermore, to determine the level of significance of the relationship between variables, namely by looking at the statistical value. If the t-statistic value> t-table then the result is significant (Chin, 1998 and 2010), Hair. et.al (2011 and 2012) in Latan and Ghozali (2012). The t-table value can be known by calculating the degree of conformity formula. Based on the calculation of the degree of conformity formula that has been done using a significant level of 5% (one-tailed) or a confidence level of 95%, it can be seen that the t-table is 1.96.

Goodness of Fit Evaluation of Structural Model

Inner model or structural model testing in principle tests the goodness of fit of the structural model and continues with testing the influence between one latent variable and another latent variable, both exogenous and endogenous. The structural model must meet the criteria for goodness of fit of the model from various commonly used measures.

1. Coefficient of determination (R-Square)

The predictive power of the structural model can be measured using R Square (R2). The use of R Square (R2) to explain the influence of certain exogenous latent variables on endogenous latent variables whether they have a certain influence. The R Square (R2) value with a score of 0.67, 0.33 and 0.19 indicates that the model is strong, moderate and weak (Chin et al, 1998 in Ghozali and Latan, 2015). The R Square (R2) value is contained in table 5.24.

Table 5.24 R-Square and Adjusted R-Square models

No	Variables	*R Square*	*Adjusted R Square*
1	Marketing Performance (Y)	0.777	0.767

Source: smartPLS output (2024)

From the results of the R Square analysis, it shows that Marketing Performance (Y) is determined by the Business Strategy and Proactive variables by 77.7%, the remaining 22.3% is varied by other variables that are not included in this research model. The

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contribution of Business Strategy and Proactive to Marketing performance is in the strong category. This is because there are still many other variables that certainly affect Proactive that researchers have not fully studied.

2. *Goodness of Fit (GoF)*

In PLS Path Modeling, it can identify global optimization criteria to determine the Goodness of Fit index. The Goodness of Fit or GoF index developed by Tenehause et al (2004) is used to evaluate measurement models and structural models and in addition provides a simple measurement for the entirety of the model prediction. The GoF value criteria are 0.10, 0.25 and 0.36 which indicate that GoF is small, GoF Medium and GoF Large (Ghozali and Latan, 2015). The GoF value can be seen in table 5.25.

Table 5.25 R Square and Communality Index of the Model

No	Variables	*R Square*	*Communal*
1	Business Strategy	-	0.657
2	Proactive	-	0.703
	Marketing Performance (Y)	0.777	0.646
Average		0.259	0.668

Source: smartPLS output (2024)

Furthermore, to determine the goodness of fit (GoF) of the structural model, it is calculated by taking the square root of the average communality index and average R Squares values, as follows:

GoF= √ 0.259* 0.668
= √ 0.339
= 0.582

The greater the GoF value, the more appropriate the model depiction. According to Wiyono, (2011:403), the GoF value category is divided into three, namely 0.1 (weak), 0.25 (moderate), and 0.36 (large). The GoF value of 0.582 is interpreted as a large GoF, meaning that the measurement model (outer model) with the structural model (inner model) is feasible or valid.

The Influence of Business Strategy on Marketing Performance (Y)

The first hypothesis test was conducted to test the influence of the Business Strategy variable on the Marketing Performance variable (Y). Proof of the existence or absence of a significant influence was conducted by comparing the t-statistic value of the bootstrapping results with a t significance of 5%. Based on the test results, it is known that the calculated t value> t statistic is: 10.666 <1.96 or a sig. value of 0.000 <0.05. It can be concluded that Business Strategy has a significant effect on the Marketing Performance variable (Y). Thus, the first hypothesis is accepted as true.

The coefficient is 0.102 with a positive relationship direction, meaning that if the Business Strategy is good, it will increase Marketing Performance (Y), conversely, the lower the Business Strategy, the lower the Marketing Performance (Y). The strength of its influence is in the very weak category because it is between 0 -0.2 (Sugiono, 2013:215). According to the results of research using Smart PLS, it is known that Business Strategy with supporting theories in the previous chapter explains that there are 6 (six) indicators in explaining Business Strategy, namely maintaining production continuity by maintaining the availability of raw materials and auxiliary materials, trying to optimize existing tools and facilities, trying to reduce costs lower than competitors.

The Influence of Proactiveness on Marketing Performance (X2)

The second hypothesis test was conducted to test the effect of the Proactive variable on the Marketing Performance variable (X2). Proof of the existence or absence of a significant effect was conducted by comparing the t-statistic value of the bootstrapping results with a t significance of 5%. Based on the test results, it is known that the calculated t value> t statistic is: 6.833> 1.96 or a sig. value of 0.000 <0.05. It can be concluded that Proactive has a significant effect on the Marketing Performance

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variable (X2). Thus, the second hypothesis is accepted as true.

The coefficient is 0.783 with the direction of the relationship is The business strategy implemented by the owner of the Sasirangan IKM has a direct effect on improving the performance of the IKM. This means that the business strategy is proven to be able to improve the performance of the IKM. This means that the implementation of the right business strategy carried out by the owner of the Sasirangan IKM is able to encourage increased performance of the IKM.

Business strategy has a significant direct positive effect on SME performance. This finding supports the research results and theories of Jauck and Glueck (1988), Pierce II and Robinson (2007), Wafa (2008), Parnell (2010), Bordean et al. (2010), Mohd et al. (2013), Hsu (2012), Li and Tan (2013), Acquaah (2013). positive form, meaning that if Proactive is good, it will increase Marketing Performance (Y), conversely, the worse Proactive is, the lower Marketing Performance (Y). The strength of its influence is in the strong category because it is above 0.4 (Sugiono, 2013:215). According to the results of research using SmartPLS, it is known that Proactive with the supporting theories in the previous chapter explains that there are 6 (six) indicators in explaining the business strategy implemented by Sasirangan IKM owners has a direct effect on improving IKM performance. This means that business strategies are proven to be able to improve IKM performance. This means that the implementation of the right business strategy carried out by Sasirangan IKM owners is able to encourage increased IKM performance.

CONCLUSION

Based on the analysis of the study and discussion that has been described in this study, and supported by various theories and previous research results, the conclusions that can be obtained are as follows: The business strategy implemented by the owner of the Kelulut Honey MSME has a direct effect on improving MSME performance. This means that the implementation of business strategies has been proven to be able to significantly improve MSME performance. This shows that the right business strategy, implemented by the owner of the Kelulut Honey MSME, can positively encourage an increase in MSME performance. This finding is in line with the results of previous studies conducted by experts such as Jauck and Glueck (1988), Pierce II and Robinson (2007), Wafa (2008), Parnell (2010), Bordean et al. (2010), Mohd et al. (2013), Hsu (2012), Li and Tan (2013), and Acquaah (2013), as quoted in Sulastini (2023). All of these studies support the conclusion that business strategy has a significant and positive influence on MSME performance.

In addition, the proactiveness of the Kelulut Honey MSME owners has also been proven to directly support business strategies. This means that the proactive attitude of MSME owners plays an important role in implementing effective business strategies. This proactive attitude reflects the ability of MSME owners to create and implement business strategies in running their businesses. When MSME owners are proactive, they are better able to identify business opportunities and utilize them to create competitive advantages through the business strategies implemented. This finding also supports the theories put forward by Storey (1994), Roopke (2004), Gurbuz and Aykol (2009), as well as empirical studies conducted by Oscar et al. (2009), Suci (2009), Litunen and Nittykangas (2010), Seong (2011), Boso et al. (2013), and Dani (2013), as cited in Maskur (2013) and Sulastini (2022). Overall, these findings reinforce that a proactive attitude has a positive and significant influence on the implementation of business strategies in MSMEs.

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