Read Opportunities for Building Business Performance in West Java

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ARTICLE INFO	ABSTRACT
	The aim of this research is to investigate the impact of business opportunities on the business performance of MSME business actors in West Java after the pandemic. The sample used was 123 MSMEs in West Java. This research uses PLS for data analysis. The research results show that business opportunities can improve business performance in West Java. The results of this research have important implications because they show that understanding and exploiting business opportunities can make a positive contribution to the performance of MSMEs in West Java after the pandemic. This provides valuable insight for MSME players and related stakeholders in designing strategies and policies that support regional economic growth through developing a competitive MSME sector. These findings can be an important basis in supporting the development of MSMEs and regional economic recovery, underscoring the importance of opportunity-based strategies in facing economic and environmental changes. Keywords: Business Opportunities, Business Performance, MSMEs

INTRODUCTION

An important and strategic issue at the moment is the strategic role of MSMEs in the Indonesian government's economic performance, which currently contributes 60.51% to GDP and has succeeded in absorbing 96.92% of the workforce (Limanseto, 2022). Likewise, the Micro, Small and Medium Enterprises Industry in West Java has an important role in growth by contributing 57.14% to West Java's GRDP (Apriyani & Al-Farasy, 2022). These two data show that MSMEs have a crucial role in spurring economic growth, creating jobs and improving community welfare, so the Indonesian government needs to continue to support and encourage the development of the MSME sector to achieve stronger and more inclusive economic results.

By controlling the impact of Covid-19, MSME businesses have begun to grow again in almost all business sectors (Sulistyan et al., 2023; Sulistyan, Lukiana, et al., 2022; Yatminiwati et al., 2021) with the value of the Indonesian MSME business index increasing to 105.9 in the fourth quarter of 2022. Growth post-pandemic triggers include increased demand for goods and services, increased activities outside the home and better people's purchasing power. Even though the MSME business is still growing in most provinces of Indonesia, in West Java it is still not optimal as seen from the business index value which is still below 100, however it still contributes a dominant contribution to the national economy at 13.0% (BRI Research Institute, 2023).

The results of the Sun Life survey (2022) state that in the post-pandemic period, MSME business players are optimistic about opportunities for economic and business growth, and plan to expand their business (Ge, 2022). However, even though business opportunities are still growing in

implementation, there are still obstacles and challenges, including business management, limited access to financing, digital use and market penetration (Ardiansyah et al., 2023). However, in their implementation, they still face several obstacles and challenges that need to be overcome. These challenges include efficient business management, limited access to financing which can hinder growth, the importance of adopting digital technology to increase competitiveness, and expanding market penetration. Coordinated efforts from government, the private sector, and financial institutions can help overcome these obstacles, so that MSMEs can continue to contribute to stronger economic growth in the future.

LIPI survey results stated that as a result of the pandemic, 94.69% of Indonesian MSMEs experienced negative sales (Antara, 2020). Meanwhile in West Java only 27.6% of MSMEs continued to increase their sales (BI survey results representing West Java 2022) (Naviandri, 2022). The problems that occurred during the Covid pandemic were that 77% of MSMEs experienced a decline in sales, 97% experienced a decrease in asset value and 48% experienced problems with raw materials (LPEM UI and UNDP survey results 2022). The government's efforts to improve the quality of competitiveness continue to be improved, this can be seen from action programs through competitive advantage, increasing market access, and increasing entrepreneurial competence (Sulistyan, Carito, et al., 2022).

Likewise in increasing global competitiveness, implementing integration programs into global markets through global value chains, as well as global e-commerce. Based on the problem phenomena that occurred above and related to the strategic impact on the role of MSMEs, especially West Java, both on MSME business performance and on West Java's economic growth, the author conducted research with the aim of investigating the impact of business opportunities on the business performance of MSME business actors in Java. West post-pandemic.

METHODS

The research method used in this research is a descriptive and verification method for the purpose of describing the conditions of business opportunities and creative industry business performance during the Covid-19 pandemic and seeing the influence of business opportunities on business performance. The data analysis technique used is partial least squares path modeling (PLSPM). There are two variables studied, namely business opportunities and business performance. Both variables are latent variables which are measured using dimensions and indicators as shown in Table 1.

Table 1. Operationalization of Research Variables

| Variabel	Dimension	Indicator
Business Opportunities	Market	Customer accessibility
		Market Structure
		Market Size
		Market/Industry growth rate
		Market capacity (Market with business opportunities that has full capacity
	Economics	Competitive Advantage Issues
		Barriers to industry entry
		Natural resource environment
Business Performance		Revenue/sales growth
		Corporate profits
		Market share
		New Business Growth

Source: Data Processed (2023)

All items are measured using a Likert scale with an interval measurement scale. The population of this research is all creative industries in West Java with a total of 6,257,390 MSMEs. Data was collected using simple random sampling technique. The survey was conducted online via the link http://survey and 123 respondents were collected.

Data analysis techniques were carried out using descriptive and inferential analysis. Descriptive analysis was carried out by presenting the frequency distribution of each respondent's answer which was equipped with average statistics and standard deviation. To prove the research hypothesis the author uses partial least square path modeling (PLSPM). PLSPM is an analysis technique that is included in the structural equation modeling group (Hair et al., 2014). PLS-PM is an analysis technique that combines path analysis with confirmatory factor analysis. The advantage of this analysis is that it can carry out modeling by paying attention to complex relationship structures and at the same time evaluating research instruments. Partial least square modeling consists of two components, namely the measurement model and the structural model.

RESULTS AND DISCUSSION

The results of the analysis explain the description of respondents, descriptive analysis and structural equation modeling analysis with PLSPM.
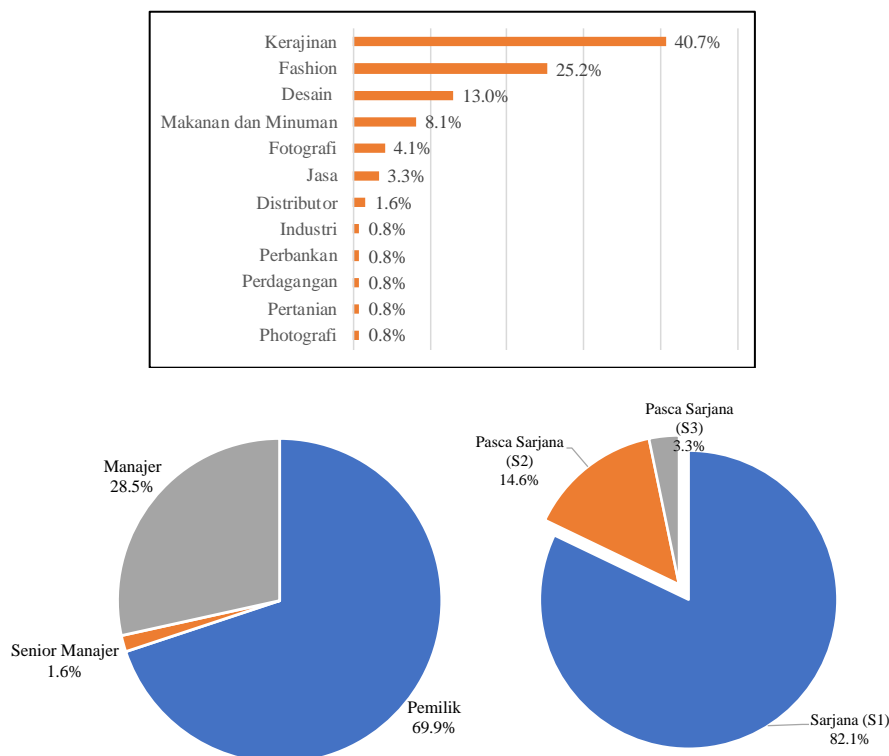
Figure 1. Respondent Demographics
Source: Data Processed (2023)

The results of data collection found that the majority of creative industries sampled in this research were engaged in the craft sector with the majority of respondents being owners and having a bachelor's degree.

Table 2. Descriptive Analysis

Code	Indicator	Mean	SD
Business Opportunity		4.06	0.95
Market		4.05	0.95
X1	Customer accessibility	4.12	1.08
X2	Market Structure	4.09	0.94
X3	Market Size	3.97	0.92
X4	Market/Industry growth rate	4.04	0.94
X5	Market capacity	4.01	0.88
Economics		4.07	0.95
X6	Competitive Advantage Issues	4.16	0.99
X7	Barriers to industry entry	4.07	1.02
X8	Natural resource environment	3.97	0.83
Business Performance		3.56	0.92
Y1	Revenue/sales growth	3.69	0.97
Y2	Corporate profits	3.41	0.93
Y3	Market share	3.54	0.82
Y4	New Business Growth	3.59	0.94

Source: Dat Processed (2023)

The results of the descriptive analysis found that the majority of respondents rated business opportunities and business performance positively even though in general business performance received a relatively lower assessment than business opportunities. Business opportunities get an average score of 4.06 and business performance gets an average score of 3.56, which is in the high category.

Partial Least Square Path Modeling (PLSPM) Analysis

Below are displayed the results of the measurement model analysis for variable business opportunities and business performance.

Table 3. Variable measurement model of business opportunities and business performance

Code	Indicator	Loading	Communality	CR	AVE
Peluang Bisnis				0.940	0.887
Pasar		0.971	0.943	0.920	0.698
X1	Customer accessibility	0.826	0.682		
X2	Market Structure	0.856	0.733		
X3	Market Size	0.785	0.616		
X4	Market/Industry growth rate	0.845	0.714		
X5	Market capacity	0.862	0.743		
Ekonomi		0.912	0.832	0.876	0.703
X6	Competitive Advantage Issues	0.821	0.674		
X7	Barriers to industry entry	0.908	0.824		
X8	Natural resource environment	0.782	0.612		
Kinerja Usaha				0.917	0.772
Y1	Revenue/sales growth	0.872	0.760		
Y2	Corporate profits	0.912	0.832		
Y3	Market share	0.850	0.723		
Y4	New Business Growth	0.787	0.619		

Source: Data Processed (2023)

The results of the analysis found that business opportunities have valid and reliable dimensions with a validity coefficient for the market dimension of 0.971 and a validity coefficient for the economic dimension of 0.912. These two dimensions have a combined reliability coefficient of 0.940 and an AVE of 0.887. These results show that both dimensions are valid and reliable in measuring business opportunity variables. The market dimension is also formed by indicators which are all valid with indicator validity values ranging from 0.785-0.856 with a combined reliability value of 0.92 and an AVE of 0.698. The economic dimension also has valid and reliable indicators. The three indicators in this dimension have a validity coefficient greater than 0.700 and a composite reliability value greater than 0.700 and an AVE greater than 0.500.

Business performance variables are measured using four indicators. The indicator with the highest factor loading value is company profit and the lowest is new business growth. All indicators have a factor loading value greater than 0.700 and a combined reliability value also greater than 0.700 and an AVE value greater than 0.500. These results show that all indicators used to measure business performance variables are valid and reliable.

Influence Model Analysis
Next, a model analysis of the influence of business opportunities on the performance of creative industry businesses in West Java was carried out. However, beforehand, an evaluation of the predictability of the model was carried out. The results of Stone-Geisser's Q2 calculations give a value of 0.460. This value is quite good, where modeling that only involves one independent variable has a Stone-Geisser's Q2 value that is quite large, approaching 50%.

Table 4. Besar pengaruh peluang bisnis terhadap kinerja usaha

Effect	Coef.	Standar error	z-value	p-value
Business Opportunity → Business Performance	0.680	0.037	18.211	0.000

Source: Data Procesed (2023)

The results of the partial least sound path modeling (PLS-PM) modeling analysis found that the influence of the business opportunity variable on creative industry business performance was 0.680 standard deviation with a p-value of 0.000. These results show that there is a positive and significant influence of business opportunities on the performance of creative industry businesses in West Java. These findings support the hypothesis that creative industry business performance can be boosted through business opportunity factors, especially through a good understanding of market conditions. The results of the analysis also found a coefficient of determination value of 46.24%, which shows that 46.24% of the variation in business performance is explained by business opportunities.
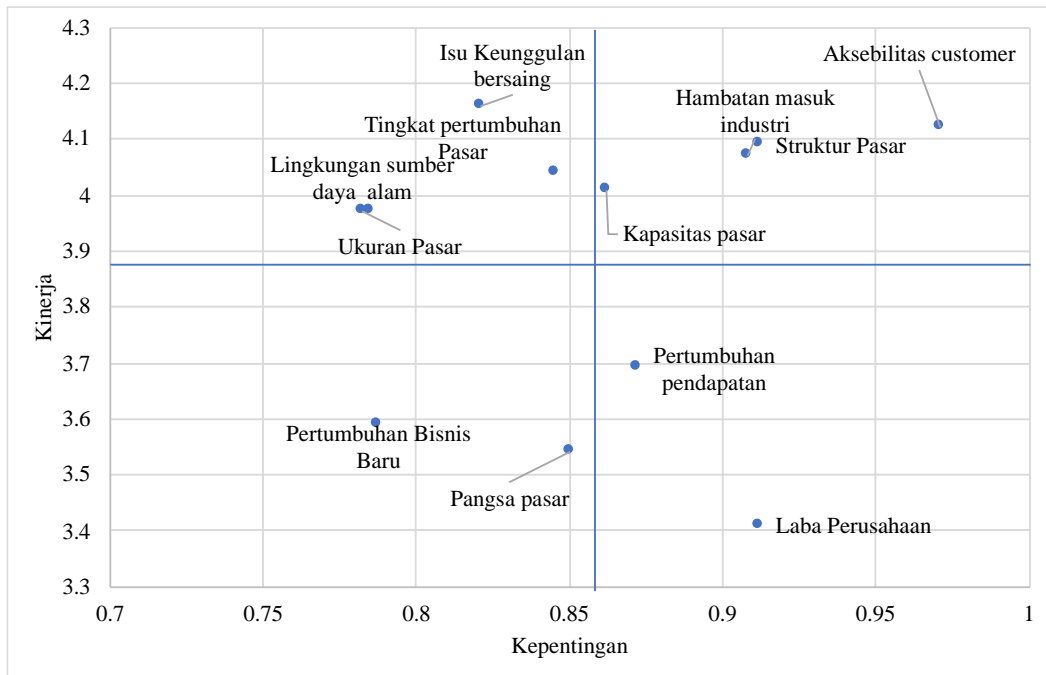
Figure 4. Analysis of importance and performance
Source: Data Processed (2023)

The results of the analysis of indicator importance and performance found two indicators with a high level of importance and performance that was still considered low, namely growth in company revenue and profits. So these two indicators still need continuous improvement efforts.

Discussion

The results of the PLS-PM modeling analysis show that business opportunities have a positive and significant influence on business performance in the creative industry sector in West Java, with a coefficient value of 0.680 and a p-value of 0.000. The implication of these findings is that business actors in the creative industries in the region can improve their business performance by focusing more on understanding and exploiting existing business opportunities. With 46.24% of the variation in business performance explained by business opportunity factors, entrepreneurs can design more effective strategies to maximize their growth potential through identifying, pursuing, and exploiting relevant business opportunities. This also highlights the importance of a deep understanding of market conditions in creating products and services that are more in line with consumer demand, which in turn can support the development of creative industries in West Java.

The results of this study are in line with the results of research conducted by Giawa et al. (2021), which shows that business opportunities can improve business performance. Business opportunities have the potential to significantly improve business performance, and there are several indicators that can be used to measure business opportunities. First, customer accessibility refers to the ease of access for business people to reach their target market, and the easier this access, the greater the opportunity for business growth (Infante & Mardikaningsih, 2022). Market structure and market size are other important factors, with competitive market structures and large markets tending to provide more opportunities. The growth rate of a market or industry is also a key indicator, as growing markets tend to offer greater opportunities for the companies operating within them. Market capacity reflects the full capacity of the market with business opportunities that can be exploited. Issues of competitive advantage, barriers to industry entry, and the natural resource environment also play an important role in determining business opportunities (Knudsen et al., 2021).

Jurnal Ilmu Manajemen Advantage

Meanwhile, business performance can be measured by a number of indicators, including revenue or sales growth, company profits, market share, and new business growth. Revenue or sales growth is a key performance indicator that reflects a business's ability to increase revenue over time. Company profits reflect the level of profitability, which is an important measure of business sustainability. Market share indicates the extent to which businesses influence the markets they serve, while new business growth reflects a company's ability to expand their operations into new markets. By monitoring these indicators of business opportunities and business performance, business people can better identify and optimize their growth potential.

CONCLUSION

Business opportunities are one of the factors that are considered capable of boosting the performance of creative industry businesses in West Java. Through business opportunities, business performance can be increased. The panel research results found that there is a very large influence of business opportunities on the performance of creative industry businesses in West Java. These results prove the hypothesis that creative industry business performance can be encouraged to improve through business opportunities. The dimension of business opportunity that was found to be most closely related to creative industry business performance was the market dimension, followed by the economic dimension. To boost the performance of creative industry businesses in West Java, other efforts are still needed apart from business opportunity factors, including paying attention to unique capabilities and also choosing the right business strategy.

The limitation of this research is that it was only conducted in West Java and was only limited to business opportunity factors in an effort to improve business performance in West Java. Suggestions for further research are to take broader factors to improve the performance of MSME businesses in Indonesia.

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