Information Management and Business Review
Vol. 7, No. 2, pp. 131-133, April 2015 (ISSN 2220-3796)

The Influence of Factors; Human Resource Management, Production, and Marketing on the Financial Performance of Small-Sized Enterprises in Jayapura City

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Abstract: This study aims to identify and analyze the influence of human resource management, production and marketing, on the financial performance of Small-sized enterprise in Jayapura City. Data collection methods used were observation, interviews, and questionnaires. Data were analyzed by applying SEM (structural equation modeling analysis method by making use of Amos Software. The results showed that the factors of human resource management and marketing not affect the financial performance of small-sized enterprise in Jayapura. Then the production factor affect the financial performance of small-sized enterprise in Jayapura.

Keyword: *Human resource management, Production, Marketing, Financial Performance*

1. Introduction

Research aimed at small enterprises will always be relevant, because the sector development has been focused on the field of populist economic related to the relation between industry and agriculture. The main priority developed, among others, are by structuring the industry leading to the strengthening and deepening industrial structure which is supported by high-tech capabilities. Industrial development should be improved in order to become a major efficiency and high competitive booster of economic. Considering the significant of studying small enterprises, it is necessary to know the level of company's performance through strategic perspective approach. By knowing the level of company's performance, it can be used as a guide for those who will participate in supporting small enterprises. This could be seen from an internal capability of each company group and the role of aid that has been given (based on internal conditions owned by each company), so that the description of what internal and external factors that are most dominant in managing small business development, especially in Jayapura city can be seen clearly.

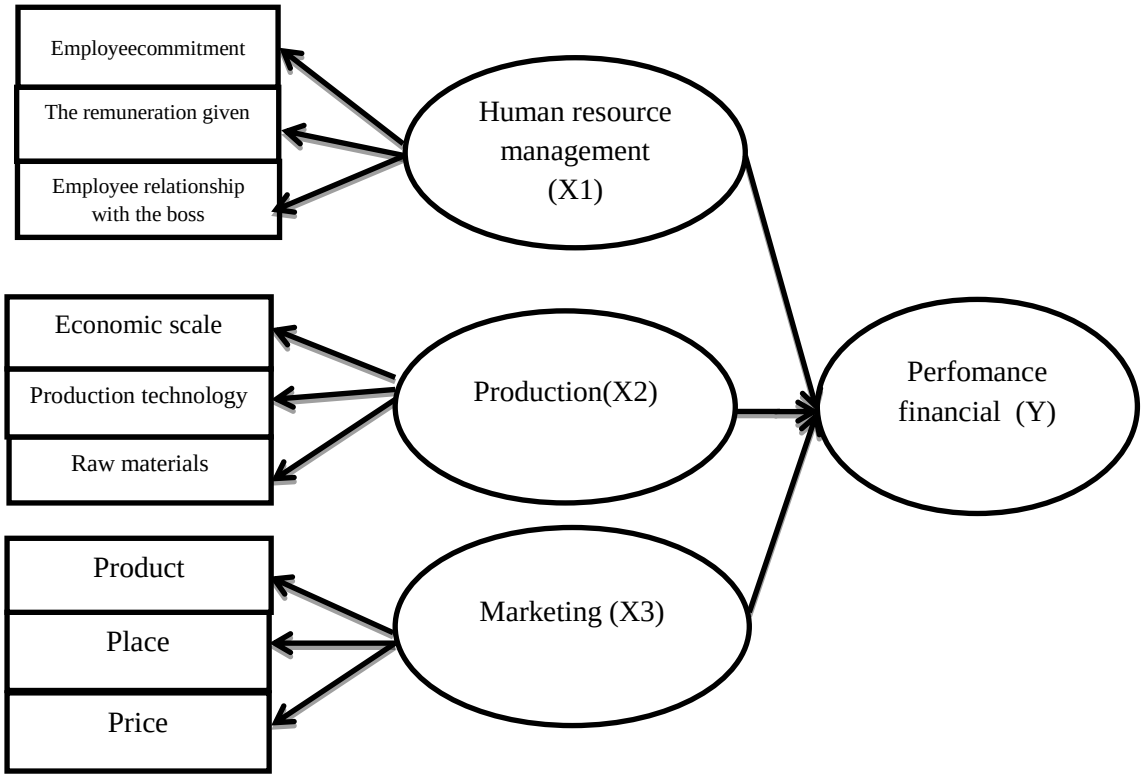
2. Literature Review

The result of Cheng (1996) showed that Korean capital markets reflect macroeconomic variables such as production index, exchange rate, trade balance and the supply of money. Cheng (1996) found that there is a relationship between these factors and the capital market factors and economic forces both on the stock market in the UK and US.Pakpahan argued, written by Daulay et al. (2001: 80), as he defined the ability to compete is competing measured by the cost of production. The lower per unit cost of production of a product is then it is said to have the competitiveness of the products produced. Pablo (2003) divides the company valuation method into (1) a method based on balance sheet. (2) A method based on the income statement that is a multiple or a relative valuation, PER, sales and Price / EBITDA. (3) A method based on the goodwill that is the classical method. Performance measurement mechanism frequently used is financial ratio to look at the effectiveness and efficiency of the use of capital and according to Ruru (1995: 15), There are at least three reasons underlying the developing countries that recently considered the importance of the existence of UKM (SMEs/small and medium enterprises).

3. Methodology

This study is trying to test the effect of the correlation between human resource management, production, marketing, on the performance of the financial of small enterprise in Jayapura city. This study used correlation analysis.

Figure 1: Conceptual Framework



Hypotheses are as follows:

- Human resource management factor affects the financial performance of small enterprises in Jayapura city.
- Production factor affects the financial performance of the small enterprises in Jayapura city.
- Marketing factor affects the financial performance of small enterprises in Jayapura city.

The analysis method used is SEM using AMOS software. This study used Structural equation modeling (SEM), using the program Amos ver, it can explain the interrelationships among compound relationship simultaneously and the ability to assess the relationship comprehensively and led the research design changing from exploratory research into explanatory one (Hair, 1992).

4. Results and Discussion

Table 1: Direct Effect

No	Direct Effect	Critical ratio	probability	Note
1	Human Resource Management Factor → financial performance	1.253	0.210	Not affected
2	Production factor → financial performance	2.147	0.032	Affected
3	Marketing factor → financial performance	0.506	0.613	Not affected

Source: Analysis Results

The human resource management factor is measured by using three indicators: employee commitment in which is high awareness of employees to always work well in accordance with job descriptions, wages eligibility which means compatibility between the remuneration given to the workload, as well as employee relationship with the boss is harmonious the relationship between employees and employers in the workplace. The research findings showed that human resource management has no effect on the financial performance of small businesses in the city of Jayapura. Typically, for the workers, many of whom have worked for such a long period. Therefore, the commitment, wages and relationship with the superior does not significantly affect the financial performance. Production factor is measured by three indicators, namely, economic scale that is low idle time on production equipment. The second indicator is production technology which means that the owner wishes to adopt the technology in the production

process. The third is the availability of raw materials which is the availability of raw materials to support a smooth production process. Production of an effect on the financial performance of small business in the city of Jayapura.

Marketing factor is measured by three indicators. The first is product. It is the suitability between the quality of products provided by the company with the quality that consumers expect. The second is place. Based on these three indicators of the research findings showed that marketing factors do not affect the financial performance of small furniture and printing enterprises in Jayapura city. Based on the observation of the indicator and marketing, then there are several possibility causing marketing factor does not partially affect significantly financial performance. First, the result of marketing success cannot be seen directly from accounting profit in the same period. Promotional activity, sacrifice to ensure image and brand of companies to consumers is example of indicators that relatively cannot generate profitability directly. Second, the relative financial performance cannot relatively measure the impact of marketing capabilities partially.

5. Conclusion and Recommendations

- It is expected that the government of Jayapura city is able to do empowerment of new entrepreneurship in which the direction is focused on trained and developed business practitionerdirection of the target offenders who nurtured and developed, so that the growth of new entrepreneurship will be able to increase labor and reduce unemployment. The assistance program in the form of training provided by the government of Jayapura city should be planned carefully to the needs in field of business without targeting on quantity but rather on the quality of the training itself.
- It is expected that the government of Jayapura city makes it easy for small enterprises in obtaining capital structure that is used so that the performance of small businesses in Jayapura city will be able to be superior and to develop, because it has a stronger capital structure. Small enterprises should always improve their own management capabilities, along with the growth of its business. They should be well-prepared in planning position rolling position to avoid industrial doubt the industry.
- Having been proved that factor production factors affect the financial performance, therefore, the managers of small business enterprises should pay more attention to these factors on the financial performance.

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