

## Manager Characteristics, HR Renewal, Marketing Strategies, Partnership Motivation, Work Orientation, Work Standardization, on SMES Business Resilience in the Competition: A SMES Study in Jakarta Indonesia

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### Abstract

In the business competition today, SMEs are required to have a reliable strategy in order to survive. With a good strategy, it is expected that SMEs can boost their performance to gain market share. In order to survive in the fierce competition, SMEs must improve their ability. The purpose of this study was to analyze the influence of SMEs managers characteristics, HR renewal, marketing strategies, motivation partnership, work orientation, work standardization, and SMEs' business resilience in the competition. The population in this study was the manager or owner of medium-sized enterprises in Jakarta. The data were obtained through questionnaire from 200 owners or managers of SMEs with purposive sampling in Jakarta. The model is developed from relevant literature to produce seven hypotheses which tested with multiple regression analysis of SPSS 16.0. The study resulted that the variables, e.g., manager characteristics, HR renewal, marketing strategies, partnership motivation, job orientation, work standardization, jointly, have positive and significant impact on SME resilience toward business competition. The empirical findings showed that SMEs ability was improved through product excellence and renovation of shop atmosphere in order to create pleasant, clean, and neat arrangement of goods environment.

**Keywords:** personal values, business strategy, performance

### Background

The increasingly global world economy and era of free trade has brought a challenge to small and medium enterprises (SMEs) (Dunning, 2008). This is also happened in Indonesian SMEs that become main driver of local economic and important source for national economic development. However, SMEs managers sometimes did not aware about the condition and requirement to improve their quality and ability in competition (Lee, 2008). Even though they have been aware, they are still face difficulties to do a change and what factors which can improve their competitiveness.

Nationally, small and medium enterprises have a potential role which strategic to realize national economic development goal. This role can be seen in terms of providing business opportunities, jobs and increased exports. Their diverse business range has resulted on greater characteristics of utilizing the local resources even though they lack of capital support. Specifically, the problems that impact on the SMES competitiveness are: (1) low productivity of human resources and unstandardized management; (2) slow learner of technology and lack of capital, (3) inadequate access to markets and network that reduce the ability to build marketing channel; (4) the introduction of free trade of AFTA, APEC, and GATT / WTO have increased the SMEs challenges (Bianchi, 1998).

To anticipate these challenges, Indonesian Government has done many efforts in order to sustain the SMEs growth especially through two strategic programs, e.g., entrepreneurship program and partnership program (Kawai, et al, 2015). Entrepreneurship programs will then become the basic of human resources development which so important and strategic toward the SMEs development ability. However, SMEs also face challenge of limited resource to develop their business. It also means that SMEs must build better strategy to face the challenge.

Entrepreneurship has been considered as part of SMEs skills which characterized by dynamic, innovative and adaptive ability to changes in the progress of science and technology (Carayannis, 2006). With the higher entrepreneurship skills, then SMEs can adapt to new management style to improve market positioning. However, the skill needs SMEs managers' readiness in making dynamic action to get realistic results. In this case, the managers need to define and measure their abilities to achieve the significant performance level to match with the market demand and organizational goal. For example, managers must be able to assess the organizational internal condition, profit demands, turnover, and future plan. In addition, the characteristics of manager become primary determinant which impact on the SMEs success in achieving the expected performance (Lin, 2007).

In fact, it is found that SMEs sometimes work without clear standardization. Therefore, it is interesting to observe how SMEs can operate to reach their goal (Nunes, 2006). From the issue, this study will examine the factors that influence SMEs development in Indonesia, especially in Jakarta City. In this context, it is likely that SMEs in Jakarta have unique characteristics such as their psychological condition, business partner transparency, and perception toward business cooperation. Moreover, the manager characteristics also determine how they develop innovation and SMEs networks. In the long term, the SMEs manager characteristics will determine the SMEs success toward competition (Sanchez, 2005).

Tansky & Camp (2000), Chandler & McEvoy (2000), and Welbourne & Cyr (1999) stated that HRM practices form SMEs performance which indicated by the manager readiness in incorporating innovation aspects into their business.

From human resource management perspective, the level of SMEs competitiveness is also determined by how leaders view their employees that can contribute to the business continuity. When managers familiarize their employees to work without standardization, then the HRM practice will run without a clear direction. This has been studied by various researchers, e.g., Tansky & Camp (2000); Chandler & McEvoy (2000); and Welbourne & Cyr (1999) about the HRM practice toward manager and employee relationship.

## **Theoretical Review**

### *Manager Characteristics*

Some empirical studies (Kang, et al, 2012; Priyanath & Premaratne, 2014) have filed theories about the manager characteristics which success in the workplace. Caliendo, et al (2014) showed that managers characteristic area shaped by the personality experience, especially self-efficacy. While Seligman (2011) recognizes that optimism is an important characteristic that determines the success of the work. Furthermore Luthans, et al (2013) recognizes that resilience and hope is the highest stage of the characteristics that make up the success at workplace. In this case the competitiveness is associated with the tenacity of work, internal and external conditions that support business continuity. The manager who understands the aspects can improve their SMEs competitiveness.

Buller & McEvoy (2012) showed that SMEs performance was determined by internal conditions, e.g., human resource management practice in their organization. In order to thrive, SMEs should recruit and train the employee to improve their sustainable product value. In this case the potential and insightful labor force must be added. While inconsistent labor and slow learner must be dismissed because they are rapidly burdening management cost. Thus, managers must be filled by people who learn quickly and not-stop push-button which just received the results and undermine working conditions for the diligent employees. If we follow Stahl, et al (2012) reasoning, it seems that the practice of human resource management is determined by the manager characteristics of and finally corporate strategy to recruit high-potential employees. Thus the manager characteristics will determine SMEs innovation and distribution network. Both innovation and distribution network will impact on the SMEs competitiveness.

Considering such factors (e.g., the manager characteristics and innovation aspects), then the SMEs manager can set up a planning to build better business resilience in higher competition climate.

It is therefore proposed the first hypothesis:

Manager characteristics has great role in determining the SMEs resilience in tight business competition (Chittithaworn, 2011).

#### *HR RENEWAL*

Ulrich (2013) defines human resource management as a process to recruit, develop, and retain a talented workforce and energetic to support organizational mission, goals and strategies. In general, the theorist of human resources management expert considers that humans are resources that should be enhanced and glorified (Nankervis, et al, 2013). This is referred to as a human resource improvement which needs human resource renewal. According Ulrich (2013), there are several important points in the renewal of human resources, e.g., selection process improvement, opening of information and of transparency, strengthening of communication strategies and motivation, training and development, as well as increased prosperity and progressive compensation. Even Simons (2013) argue that the aspect of empowerment and innovation are the core of renewal which should be understood by the manager. In a macro scale, SMEs must apply this update to all lines of business operations in the form of product innovation, process innovation work, innovation management and marketing innovation. With innovation at every stage of the business, the SMEs business continuity can be maintained.

Due to the breadth of discussion about innovation, it is very important for any manager to recognize which aspects must be prioritized and how they improve innovation experience and expand the network. In essence, SMEs need to continue to recognize the conditions to reduce the barrier in the competition and immediately pull through business innovation in order to develop properly.

Rosenbusch, et al (2011) showed that in order to improve the performance of SMEs, companies need to find ways to improve employee skills, experience and knowledge and even view employees as assets with high potential.

Thus SMEs who want their companies thrive, it needs to change the way they treat their employees and provide a portion corresponding to the total results obtained by the company. In this way, the employee will feel that they work in proportion and get the best results of the business.

In this context, SMEs may have limited business scope in terms of facilities and advanced technology, however, they can still compete if they continue to improve the quality of work and practice which employees can understand their role must be in higher working standards (Knox, 2014) and eventually

they get the real result and better benefits compared to similar SMEs. This is a big task for SMEs manager to treat the employee with higher working standards through HR renewal.

By looking at the above explanation, the proposed hypothesis is: HR renewal affects the business resilience toward SMEs competition.

### *Marketing Strategy*

Marketing strategy works on certain situation and position (Turnbull, 2013). The manager need to understand the social and managerial process in order to position themselves on the market in stable position. This is done through reducing the barrier and improves the ability to manage business issues. In this case, they need to recognize the ability and establish better market strategy. To the goal, SMEs must know how to blend their selves into a bigger community of business and get access toward exchanging information and openness each other in their newly community of business . However, they may lack of information about joining such community and business. It is driven by many factor such as their lack of experience and network which impact on their need, desire and demand of improvement and finally their perception about value, cost, and customer satisfaction. In addition, their knowledge about exchange, transactions and relationships will impact their penetration effect toward market.

Kowalkowski (2013) indicated that SMEs must build a unique way of persuasion toward their market to improve their value and existence in the market perspectives. This combines the SMEs and customer needs. The community of business is a part of the marketing process which begins from the SMEs preparation to enter the market interaction. It begins with the SMEs understanding about human needs and desires.

There is a difference between needs and wants (Baumeister, et al, 2013). Human needs are a state of feeling to fulfill the basic satisfaction (Oliver, 2014). Human want is the desire to be certain of position of satisfying more complex things and behavior. Human want related to purposes and complex behaviors which taking marketing concept for creating, offering and exchanging something of value. In this context, human wants are the complex concept to explain how SMEs interact in community of business.

Therefore, SMEs managers need to understand how their marketing strategy will work on the suitable community of business. Their ability to integrate the organizational strategy with value improvement also impact on market acceptance. To do so, they must recognize the gap qualification between the customer desire and company's ability to produce it.

Marketing strategy also has important role which show how the manager can control their product quality. When marketers find that the product was flawed, then the manager must be open to their market and customers and then finding alternatives ways that customer can accept the product. The product which has under market quality must be modified or combined with other product through bonus and discount program. In this context, it applies the general principle that a product that many gifts are certainly many shortcomings that need to be patched.

As marketing effort, SMEs must be able to educate their customer (Roy & Dionne, 2015). This can be done through several steps as suggested by Wilson & Gilligan (2012) that marketing managers must understand how to collect the Production insight. It is so-called co-creation which involved consumer participation and customers input. For the next step, manager can invite the representative consumers to choose products that are easily provided by vendors. Finally, marketing manager must strengthen customer understanding about the suitability of the products toward audience and the demand.

The marketing managers must develop strategy to educate customer that their product is manufactured with certain standard that above the average quality of other products. This involved the persuasion and invitation to the customers to try the product. In fact the product may contains a shortage or a small problem. However, marketers must able to keep the communication on going so that consumers can be informed with the products and it does not deter them to reluctant to use it. Additionally, marketers need to prepare the customer to be ready to receive the product, not to sell their product to customer in the street.

Marketing manager needs to understand why they must avoid doing business and promotional sales and aggressive when the product has a lot of defects. Marketing managers can still use the product as the bonus or discounted sales program to get the product accepted in long term. However, this needs systematic process to build long-term relationship for defected products and need marketing strategy which can impact to the market as community of business.

In this way, marketers can bridge that avoid possible conflicts between the wishes of consumers, consumer interests and the organizational interests in the long term. More importantly, in context of marketing management, the suitability of marketing strategy to the market needs customer preparedness in order to create, offer and exchange the product value to create a higher customer experience.

This is done by determining budgets for marketing and the budget for marketers to measure the level of advertising and the sales targets. To get the balanced result, the marketing strategy must be planned into marketing program which guided by four principles product (product), price (the price), place (where) and promotion (promotion) (Armstrong, et al, 2014) where marketing managers continue to work with HR to determine the allocation of marketing strategy budget and employee ability to sell the product .

In this way, the involvement of employees must be maintained and balanced to reach market penetration. This means that suitable marketing strategy must be combined with suitable HR strategy to get competitive advantage that can be formed by SMEs. The hypothesis proposed here related to marketing strategies which SMEs manager can implement in their market. Therefore, it is proposed hypothesis that the marketing strategy has effect on the SMEs resistance in the tight business environment.

#### *Partnership Motivation*

The SMEs ability to behave correctly toward the market achieve the goals will determine how successful or unsuccessful they to penetrate the market. To reach the goal, it needs the partnership and interaction in their community of business. This brings SMEs manager to establish partnership and relationship. However in thigh competition of their market, SMEs may face tension and difficulties which impact their relationships to other competitor and reduce their networking ability to do business. Therefore, it is interesting to know how SMEs establish the partnership motivation and also the preparation of partnership to meet the market demand. Miller & Rollnick (2012) showed that there is psychological motivation that encourages a person to admit that he needs other people in order to succeed. In natural situation, people only build partnership with parties they know well.

In business context, the motivation to establish partnership is driven by SMEs awareness of their limited ability while they aware that business opportunities are very large, but the ability and resources are insufficient. In addition, partnership motivation also shaped by the recognition of current conditions of economic fluctuation that SMEs managers must anticipate accordingly. It means faster effort must be implemented to achieve the goal or solution on completion of the market change.

To improve the SMEs ability, they can combine the resource to reduce the loss and mistakes. This partnership also will help them to achieve business goals in order to save their employees and customers (English, 2011). Partnership motivation must be understood correctly by the manager. Manager must know how to link the partnership activities with the HR strategy in order to move the organization together with the partnership activities and understand the consequences in the long term.

To implement the partnership, SMEs manager needs to balance the market demand and organizational ability. It means that to apply the appropriate partnership, they need to engage many parties in order to negotiate the objectives to be achieved especially on the joint performance, motivation, and goal (Wysocki, 2010). Their discussion result must be prioritized to fulfill the market expectations. However, this requires HR preparedness so that the cooperation can be implemented by the respective parties. Such HR preparedness is the support mainly from sufficient human resources which understand the field conditions.

The manager ability to implement the HR preparedness will reduce the friction and conflict of interest. It will improve their ability to build partnership. The inability to manage the partnership will lead to tensions and mistrust among the parties. In organizational scale, the manager should be objective and capable of causing, directing and organized the behavior of all employees to perform their duties consciously and not on coercion. In other words, managers need to recognize that the impetus from outside the organization would undermine the organization and performance of employees.

#### *Work Orientation*

SMEs Managers must create conscious encouragement for employees to excel and avoid non-company interests (Lindahl, 2007). This is called job orientation. The orientation of their work is important to continue to keep the achievement motivation. In addition, the work orientation need work encouragement in accordance with the vision and mission of the company.

However, SMEs managers must be able set up a clear job orientation in which the money is spent for business purpose only. They must prevent any effort which overlapping with personal needs. Separation of the personal needs toward the company's financial base is the main requirement in order to be trusted by colleagues and business partners.

In this way, the motivation of partnership becomes a manager morale boost which was imitated by employees in carrying out the duty and responsibility. If SMEs do not choose a strategic plan to direct the work orientation, then they will create managers with false work orientation. This is indicated by bossy culture and egoistic orientation which in terms of psychological managers prefer to be appointed king and totalitarian at the expense of the welfare of its employees. Through good work orientation is characterized by taking care of all their employees and make them work excited.

#### *Work Standardization*

Kochan, (2003) showed that the performance is a result of optimal job performance conducted by a person or group or business entity. Performance measurement with certain comparison can be considered as work standardization. It has traditionally been oriented to the organizational ability to generate profits. SMEs with a good performance can be indicated from its financial statements benefit that set with standardized targets.

In HRM context, performance assessment is the process of evaluating the implementation of employee that contributes to the achievement of organizational goals for a certain period of time (Armstrong, 2000). As a return, the organization gives appropriate reward and benefit. In the performance assessment the organization inform the employees through feedback on how well they

work compared with the standards of work implemented in the organization. At comfortable levels, the organization can implement higher standard as required by market demand. This needs to increase the accountability of high performance (Alexander, 2000).

Sainsbury, (2000) Proposed result based model where the manager determines the target (Management by objectives) and then the high-performing employees can develop their own strategies. Employees are trained in order to recognize their potential and ability to achieve the employment targets and reduce employment barriers. This model can be applied effectively in duration of two years and conducted evaluations per month. At each evaluation, the manager determines the evaluation indicators of success and failure that showed how quickly employees can achieve organizational goals and how they anticipate failure on each monthly period.

Other models proposed by Pulakos (2008) with Behaviorally Anchored rating scales (BARS). In this model, every employee is continuously measured regularly by following clear work standards where employees feel treated fairly in accordance with their qualification and ability to think and find the way to improve their performance. Basically, the model compared the performance of employees with standard inputs and outputs as agreed. Furthermore, their performance will be assessed based on the speed and accuracy of task completion and accomplishment toward working standards within a certain time. They who can pass the work standardization will be promoted, while failing to the standard will get corrected within a certain time according to the conditions and the ability. In some SMEs, this approach has been implemented and proven effective to encourage higher quality of work especially in terms of discipline and goods production (Kjaerheim, 2005)

This model direct SMEs manager to recognize the competence for creating works standardization and managing tasks while empower the employee to innovate and establish team facilitation (De Jong, 2007). the model is very suitable for team work in time pressure in which every employee must prepare for collaboration (Gratton, 2007) in addition, it is also improve the SMEs ability to adapt into market orientation in order to provide products rapidly and quality assured.

This also improve the employee understanding of the importance of tight pressure, creative and innovative behavior, and thinking tradition about new or different ways of doing things. However, for employee with lower education, this will drive them to difficulties and resist them to get better performance. For certain people, it may bring negative perception about how to get better ways to do things positively. It potentially resist to the quality of work and cooperation mindset.

The SMEs manager can bring all members to learn more in the skills, experience and competence in organizing the employee communication skills to support the implementation of work standardization (Marrelli2005). Through this way the standardization issues can be solved and team work can be strengthened. Indeed, this seems to only be run on large companies and not small companies, however, SMEs managers need to hire strategic consulting to develop strategic thinking plan and understand how to develop their work standardization through employee competence and strategic thinking. To achieve such goal, it needs certain time to build positive environment especially on how people can change their interaction model into the work standardization (Fullan, 2014)

Managers must foster a culture of respect and productive organization philosophy .it can be described as productive mission and vision, efficient organizational values and habitual positive behavior. This course can be run if every manager has a clear commitment to the employee training and development for all to learn.

The learning process should be tracked and monitored through certain interventions made by the manager through in depth intervention to know various aspects to direct the employee to understand how the work standardization provide mutual benefits (Rick and Jess, 2007). Gebauer (2005) explains that in monitoring and evaluation, the manager must have a trait of participatory and realistic in

integrating the resources of time and thought into the planning implemented by all employees in realistic manner so that the monitoring and evaluation can be done clearly and firmly. The managers must be trained in targeting employment and delegations objectively by looking at the employees' performance in the previous period.

In this way, managers can determine the basis for developing appropriate models to help monitor and evaluate the employee's performance, especially in accordance with work standardization implemented in higher level company. Building a working program with a systematic and participatory approach will impact on the quality result and performance outcomes. On a scale of global competition, the work standardization has been more important than ever. However, many SMEs only run their business based on routine activity, not based on higher work standardization. This makes them unready to look to the future and face new challenge to build the business into large scale. Worse, sometimes SMEs act permissively toward any error done toward their customers especially from small mistake and failure. Thus, SMEs managers must improve their knowledge on the importance of standardization in order to build higher resilience. Thus we hypothesized that the work standardization on SMEs influences the SMEs resilience in tight competition.

#### *Business Resilience of Competition*

SMEs that want to survive must be able to develop a business strategy with higher work standardization as market develops into new trend (Marston2011). In this case they must continue to excel and grow to immerse into innovative culture by expanding communication channels. In addition, they must find a refinement strategy, for development and innovation and then move dynamically their trace to new innovative culture and environment. Their ability to fill the position on innovative culture will cover their weakness. For long term, they can bridge the customer demand and market situation through proposition of higher value and greater benefits from the products produced by SMEs (Hausman, 2005). For the fulfillment of the demand, they can get new step into business fundamental. The higher value will bring them into closer innovative culture which improve their awareness in product innovation and also fosters the overall value in business conditions. At the initial level, SMEs can produce valuable products cheaper and also make an offer with discounted program to create equal value to other higher product that exceed the prices offered. Essentially, they need to differentiate on price and costs and communicate to audience base that their product equals to others.

In this way, the perpetrator SMEs can increase their market share and sales value was achieved. This can be achieved when managers understand the importance of implementing appropriate HRM strategy then they are surrounded by unable employee to convince the audience. When managers miscalculate in applying HRM, it will undermine the business strength and ultimately competitive advantage will go down. Therefore, SMEs manager need to map out a competitive advantage in their business, especially in conditions of employees, expertise, resources owned and work standardization (Riege, 2005). This entire factor shapes the quality control system in SMEs management. Each factor must be identified and mapped to know the trend of competition advantages including the current position and the next position to be achieved. Since SMEs manager is single player, they must learn faster to understand the efficiency and audit processes. Their effort will impact on the customer value and operating cost. The factors finally impact on the SMEs profitability. At the highest stage, SMEs manager needs to carry out self- evaluation and improvement in the market penetration of their products, especially evaluation of customer perception and future market needs with indicators such as satisfaction, loyalty, and market share.

After the factors have been mapped, they need to be fundamental changes in the business environment so that human resource management can be changed. To begin the strategy, the managers can start to come together to recognize the real condition of their business environment (Kaplan2008). However, the changing trends have run so fast which they should recognize and adapt

to measure the current level of self-capacity and how much their employees can understand to achieve its targets. They should recognize trends operating costs and competitive pressures. These changes bring HR challenges which burdening performance target to be achieved by each employee (Quinn, 2013). The performance target is essence of the business such as profitability, business resilience, competitiveness, adaptability and SMEs flexibility to create innovative products to win competition. SMEs manager needs to coordinate with their employees to recognize the conditions and flexible spread throughout their organization. This can be done by repositioning, downsizing, or delegate tasks to other parties (outsourcing), including involving employees in decision-making according to their condition.

### **Hypothesis**

- H1 : Manager characteristics partially have positive effect on the SMES business resilience in tight business competition.
- H2 : HR renewal partially has positive effect on the SMEs business resilience in tight business competition.
- H3 : Marketing strategies partially has positive effect on the SMES business resilience in tight business competition.
- H4 : Partnership motivation partially has positive effect on the SMEs business resilience in tight business competition.
- H5 : Job orientation partially has positive effect on the SMEs business resilience in tight business competition.
- H6 : Work standardization partially has positive effect on the SMEs business resilience in tight business competition.
- H7 : Manager characteristics, HR renewal, marketing strategies, partnership motivation, work orientation, and work standardization simultaneously have positive effect on the SMEs business resilience in tight business competition.

### **Methodology**

In this study, it will describe the research methods used as a basis for analyzing the approach to understand the SMEs business resilience in tight business competition. The factors that influence dependent and independent variables will be tested on the data, population and sample. The variables are tested both partial and simultaneously through multiple linear regression analysis model.

It will find the causal concept in order to identify the relationship between variables, and then tested the approach model for the real solution to help to understand and predict the variables relationships (Chin, 1998).

### **Population and Sample**

Population is a group or collection of individuals or objects of research that has certain standards of the characteristics predetermined (Creswell, 2012). Based on the variables being studied, it deepened the quality and characteristics of the population as a group of individuals or objects observation (Fridah, 2011).

In this study population were SMEs group consisted of craftsmen players which made handicraft from cloth and textile material which domiciled in Jakarta City. The respondents consists of 200 business units or artisans who were divided into three groups, namely starter SMEs as many as 170 business units, medium 45 business units and large category by 20 business units ( Jakarta City Report, 2003).

### Analysis Results

#### Results of Multiple Linear Regression Analysis

Since the study use partial and simultaneous features, then it gave a more holistic view about the relationships among variables.

Based on analysis result and the statistic interpretation from SPSS 16.00 for Windows, it can be seen that the multiple regression analysis partial and simultaneous. The results are given in table .1.

Table 1.

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	t		Tolerance	VIF
1 (Constant)	9.294	.600		12.158	.000		
Manager characteristics	.342	.097	.727	1.350	.048	.197	5.074
HR renewal	.250	.110	.714	1.367	.050	.168	5.959
Marketing strategy	.492	.111	.433	5.143	.017	.166	6.009
Partnership motivation	.407	.108	.458	4.053	.000	.190	5.270
Work orientation	.553	.104	.048	2.986	.016	.163	6.131
Work standardization	.657	.064	.701	10.229	.000	.515	1.942

a. Dependent Variable: SME business resilience

Source: Processed Primary Data, 2015

From the calculation result of multiple linear regression analysis in Table 1, it showed that the influence of independent variables on the dependent variable was large as seen in the value of the coefficient of determination ( $R^2$ ) is equal to 0, 629.

The analysis results bring explanation about the relationship among variables. The result also showed the influence of the characteristics of managers, HR renewal, marketing strategies, partnership motivation, work orientation, and work standardization on the SME business resilience. Their relationships can be explained from the analysis result which gained score of 62.9% while the remaining 37.10% is explained by other variables not studied in this research model.

Table 2. The coefficient of determination (R<sup>2</sup>)

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted Square	Std. Error of the Estimate
1	.480a	.629	.562	3.060

a. Predictors: (Constant), work orientation, manager characteristics, motivation partnership, marketing strategy, HR renewal

b. Dependent Variable: SME business resilience

Multiple correlation coefficient R (multiple correlation) described the strength of the relationships among the variables in the dependent variable (e.g., manager characteristics HR renewal, marketing strategies, partnership motivation, work orientation, and work standardization together) toward the dependent variable (e.g., SMEs business resilience) which valued 0.629.

This means that simultaneous relationship between the variables is very close since R value approaching 1.

Interpretation of the regression model can be formulated in a multiple regression equation as follows:  
 $Y = 9362 + 0.342 X_1 + 0.492 X_2 + 0.250 X_3 + 0.407 X_4 + 0.553 X_5 + 0.657 X_6$

From the multiple linear regression equation, it can be interpreted that:

$b_1 = 0.342$  is a slope or direction coefficient of manager characteristic that affect the SMEs business resilience with regression coefficient ( $b_1$ ) that valued 0.342 with a positive sign. These results interpreted as the SME resilience of is in growing competition with the assumption that the manager characteristics variable has a value equal to zero or considered has constant influence.

$b_2 = 0.250$  can be interpreted that HR renewal has impacted on SMEs business resilience with the regression coefficients ( $b_2$ ) valued 0, 250 with a positive sign. These results bring a proof that the SMEs business resilience has been in good condition since the SMEs manager consider the HR renewal as important under the assumption that HR renewal considered constant.

$b_3 = 0.492$  is a slope coefficient that showed that marketing strategy affect the SME business resilience with regression coefficient ( $b_3$ ) valued 0.492 with a positive sign. It means that the SMEs resilience in the competition will increase as SMEs manager finds better and more effective marketing strategy in case the variable is constant the resilience still can be improved into higher level.

$b_4 = 0.407$  resulted from the testing of partnership motivation and the impact of the variable toward SMEs business resilience. The test result gave regression coefficient ( $b_4$ ) of 0.407 with a positive sign.

The SME business resilience has been influenced by partnership motivation even the SMEs face competition. However, they still consider the partner is important and can increase their strength in competition. The variable of partnership motivation still can be increased even the variable is constant.

$b_5 = 0,553$  is a slope coefficient of direction for work orientation which affected the SME competitiveness as showed in the regression coefficient ( $b_5$ ) of 0,553 with a positive sign. It means that the SME business resilience and work orientation are important in the SMEs competitiveness since work orientation has high impact even it assumed that work orientation has a constant value.

$b_6 = 0,657$  the value of the regression coefficient ( $b_6$ ) of 0.675 with a positive sign bring an interpretation that the slope or coefficients of work standardization will affect the SMEs resilience in market competition. These results showed that the variables can still increase as the work standardization is higher even we can use the assumption of work standardization has constant value. However, it will improve the SMEs resilience.

### Hypothesis Testing Results

#### First Hypothesis Test Results

To determine the independent variables simultaneously (jointly) toward dependent variable, this study used F-test to compare the value of  $\alpha$  significance. To determine the F test in this study then it compared the value of sig. F with the significance level ( $\alpha$ ) as showed in Table 3.

Table 3.

ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	320.433	5	64.087	15.104	.000a
	Residual	823.147	194	4.243		
	Total	1143.580	199			

a. Predictors: (Constant), work orientation, manager characteristics, motivation partnership, marketing strategy, HR renewal

b. Dependent Variable: SME business resilience

Source: Processed Primary Data, 2015.

Based on the analysis result in Table.2, F test has a significance of 0.000. It means that the value of significance of F-test result is smaller than  $\alpha$ . From this analysis, it showed that creativity and innovation have simultaneously significant effect on SMEs resilience.

#### Test Results for H<sub>2</sub> and H<sub>3</sub>

To determine the effect of each independent variable, e.g. creativity and innovation among SMEs managers, and the partial effect on their resilience, then this study used two-way testing (two side or

2-tail testing) by comparing with the significance value  $\alpha$  with degree of freedom by 95% ( $\alpha = 5\%$ ). The t-test result is summarized in Table 3.

Based on t test in Table 3, partially, the manager characteristic (X1) has significant value which equal to 0.048  $< \alpha$ , (5%). the results indicated a significant influence of Manager characteristics on SMEs resilience in any situation. The analysis result of HR Renewal (X2) indicated how it gained 0, 050  $< \alpha$ , (5%) which can be explained the variable bring higher SMEs resilience at least in lowest value or constant. Marketing Strategy (X3) and SMEs resilience also tested to know the effect and how SMEs can defense their selves in tight business competition. The Marketing Strategies after testing showed the value of 0, 017  $< \alpha$ , (5%) which means there is significant effect of Marketing Strategy toward SMEs resilience.

The analysis of motivation in Partnership (X4) has been tested which gained a value equal to 0.000  $< \alpha$ , (5%). it indicated the significant influence of Partnership Motivation (X4) on resilience and gives us an explanation that the SMEs have improved their competitiveness through partnership strategy. To know the significant value of Work Orientation (X5), we do a testing on the variable toward SMEs resilience. It gives us explanation on the SMEs awareness toward their business competition. The Work orientation variable (X5) was tested and gave 0, 016  $< \alpha$ , (5%). It also gives explanation that work orientation improves the SMEs manager effort toward higher resilience in competitive business environment.

Since work standardization (X6) is also tested, then we try to find the value which resulted 0.000  $< \alpha$ , (5%). it means that work standardization improve SMEs resilience even though in tight competition. In addition, we know the result is completely important to detect the SMEs manager ability in the real competitive environment. We can still understand the value as we assumed that the SMEs are located in constant situation that their effort on implementing work standardization is considered unchanged in the study period.

Table 3.

Variable	B	t-test value	Significance	Description
Manager Characteristics	.342	1.350	.048	Significance
HR renewal	.250	1.367	.050	Significance
Marketing Strategy	.492	5.143	.017	Significance
Partnership Motivation	.407	4.053	.000	Significance
Work orientation	.553	2.986	.016	Significance
Work standardization	.657	10.229	.000	Significance

Source: Processed Primary Data, 2015

## CONCLUSIONS AND SUGGESTIONS

In real practice, SMEs manager always face competition even with local market. Therefore, their ability to manage the resource and time need better ability especially on how the establish rule-based organization. This means they are work under certain rule, role, and standardization. This also means that they are work with right people for the right jobs. The most important thing is to instill a culture that everyone has employment targets and they are also entitled to a reward in accordance with the participation and responsibility. In the long run, every employee must be regarded as organizational capital which SMEs manager must consider it important. SMEs manager must provide better strategy to manage the market, employment, and also cross training and cross-empowerment to bring more challenge for all through talent development that can be explored and developed. Repositioning efforts, downsizing, or delegating task will determine the level of business resilience against sudden environmental change especially from new market players who enter the market. Even though new player may be weaker in capital and market channel, they may have better mobilization of their resources.

Thus, SMEs manager must understand how to translate from business strategy into HR strategy and then improve their understanding about business competition and internal condition by creating closer relationship with market and educate them. From the results of the hypotheses above, we found that the characteristics of the manager and renewal of human resource can improve the ability of SMEs to survive in tight business competition. In addition, the SMEs manager needs to coordinate with other partner and build suitable partnership on how cooperation in the management or marketing effort can be along together to produce a better service or product value which acceptable to the market.

In addition, it is necessary to give experience learning and organized training in a certain period of time to increase the awareness of improving the product quality in long term. In general, the product quality must reflect the measured increase in sales or other standardized of the entire work conducted by organization. The SMEs profits and harmonious relationship will be better improved through work standardization especially by linking marketing strategy and HR strategy. The increase in sales and human resource productivity will increase the company's business advantage even in tighter business competition. From various resources owned by SMEs, marketing strategy must be balanced with HR renewal to lift up the organization into a strategic position among other competitor. Without human resources renewal, organization is potentially used their resources wasteful and face difficulties to manage the resource efficiently. Therefore, the managers need to improve the quality of their strategic steps to keep the high-performance employees and continue to train them in order to produce the best products. However, in Indonesia, employees are often regarded as a burden and cost on companies. This sometimes happened because the manager is not able to process and develops the employee potential and talents so that they are in long-term become burden to the company.

If SMEs want to grow up, they should be able to change the character of routine-setting into innovation-setting. It has been proved from the response about work standardization and HR strategy must be combined by the managers through right job orientation. If it is known that employees tend to be happy, not excited or not excited, it seems that the company has not had a proper job orientation. Companies must be able to focus their employee to higher work standardization. This is done by designing the correct orientation of their work in order to form true work standardization. Among SMEs relationship, their manager must able to build external relationship especially based of the strategy to expand business purposes and market channel. With the true partnership, they can encourage their business partners and integrate them into overall business strategy as this study recommended. In addition, the partnership motivation and encouragement will empower the SMEs

position in marketing strategy and educate market to be more aware. The customer will consider the SMEs as the company with higher standard of work and business strategies that can be trusted in accordance with the employee ability. This of course need truly work orientation to have an influence on SMEs resilience in long term.

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