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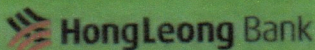


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## **THE MODEL OF THE INDUSTRIAL GROWTH OF MSMEs BASED ON THE POTENTIAL FOR CLUSTERS AND CONSUMER BEHAVIOR**

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### **Abstract**

The study factors influencing customers' preferences on the Micro, Small and Medium Enterprises (MSMEs) very important because their preferences could be determinant of MSMEs growth. The role MSMEs to Indonesian economic development very significantly. However, the existing research related to the issue still, in general, in nature by ignoring the customers needs and desire. It is, therefore, this study focuses on reviewing the factors influencing the consumer's preferences in term of desire, and want in the MSMEs cluster in Central Java. The issue considered very important as their reference influenced MSMEs growth. The sampling method employed purposive sampling, two hundred MSMEs customers were selected as respondents by using questionnaires and in-depth interviews in Central Java. The quantitative, analytical, descriptive approach was used to develop empiric model. The results showed that the factors important in the model of the Industrial Growth of MSMEs based on the potential for cluster and consumer behavior on the MSMEs in Central Java, consumers want quality products improved both in terms of variety, creativity, usefulness, comfort and the raw materials used. Quality of service is adequate as the hospitality service, smiles and greetings as well as the suitability of shop opening hours should also be improved. In addition, consumers want their pricing that fit or match the quality of the product, including the ease of paying such as cash, credit card or debit card. Consumers suggest the need for dissemination and promotion of the right and the right selection of the quality of the location or place of business such as the breadth of parking, location and convenience stores.

**Keywords:** Growth, Cluster, Consumer behavior, MSMEs

## I. INTRODUCTION

"Death" business many caused by because the company is too focused on company products and less attention to the needs and desires of consumers. Industrial growth needed by because national growth will absorb a lot of manpower, increase state revenue as part of the acceleration of the development of the national economy. The development of micro, small and medium enterprises (MSMEs) and co-operative strategic choice to increase the standard of living most people of Indonesia. This was done in considering the population of MSMEs in Indonesia reach 48,9 million business units or 99.9 percent from the number of business units in Indonesia, and the amount of energy it works reached 85.4 million people or 96,2 percent of all Indonesian workers in 2006 (The District cooperation and MSMEs Central Java, 2011). The District cooperation and MSMEs Central Java (2011), to increase the standard of living most people of Indonesia especially the perpetrators of MSMEs, then in developing co-operative and MSMEs directed to support the creation of employment opportunities and to increase exports, among others, through increased certainty of attempting to and legal certainty, system development incentives to grow new technology-based entrepreneur and/or export oriented, and the improvement of access and the expansion of export markets for the products cooperatives and MSMEs.

This study focused to examine about the factors that become the needs and wishes of consumers in each industry cluster MSMEs in Central Java. Research Results Assael (2009) that can be a reference for the beginning found that some internal factors such as the needs of the value, perceptions attitudes, lifestyle and consumer personality influence decisions of consumers in the purchase of goods and services and external factors such as culture, social class groups that are related to each other (family, friends) are the factors that influence the decision making buy goods. In addition in this study will also examined the influence of internal factors of the individual (education level, the values that are believed to have a positive effect) and external factors ( financial support, support research and development of parties outside the use of intellectual property rights ) against the decision of the consumers.

The purpose of this research is to conduct a thorough review of the theory of the model, empirical reference associated with the industrial growth of MSMEs in Central Java. In addition to the identification of the in-depth of various factors as determinants decision making consumers buy commodities MSMEs. This is very important to be discovered because the needs and wishes of consumers will become an important reference for the industrial growth of MSMEs

## II. BACKGROUND

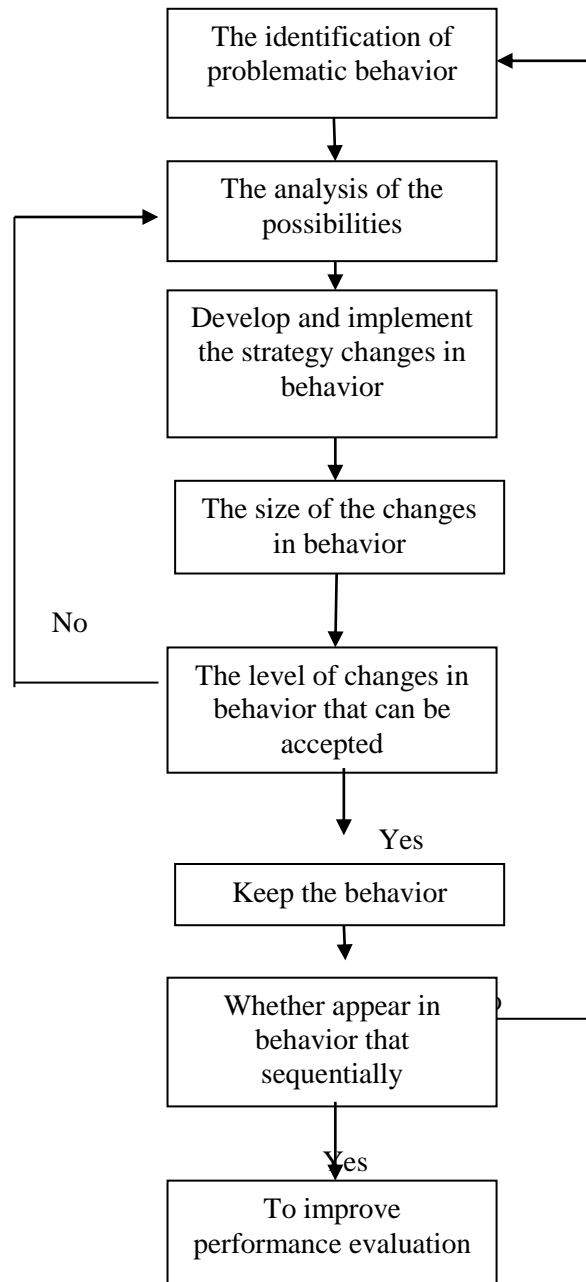
### A. The Theory of Consumer Behavior

The theory of consumer behavior that has been developed before the period of the 1960s based on economic theory which explains that one consumer will specify the quantity of commodities consumed with how to maximize customer satisfaction (utility). Consumer behavior are acts, process and social relationship exhibited by individuals, groups and organizations in the obtainment, use of, and consequent experience with products, services and other resources (Gerald Zaldman Dan Melanie Wallendorf, 1979). While David L. Loudon dan Albert J. Della Bitta (1984) Consumer behavior may be defined as decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of good and services.

In addition, consumer behavior is defined as actions that are directly involved in obtaining, consume, and spends and products or services including decision process that precedes and follows this action (Engel, 2004). While according to Kotler (2014) that, "consumer behavior is the study of how individuals, groups and the organization of the qualifying, buy, use and possession of goods, services, ideas, or experience to satisfy the needs and their desire".

From several definitions of consumer behavior, there are two important elements related to consumer behavior is the decision making process and the physical and mental activities that all individuals involved in assessing, get and use of goods and services are economical. From both elements that most homes is the decision-making consumers. Assael (2009) also asserts that the main components

of the model of consumer behavior is the decision-making. So also David L. London et.al (1984) defines consumer behavior is the decision making process and the activities of the individual is physically being involved in evaluating, obtain and use of goods and services. Figure1 shows the model of consumer behavior management (Peter and Olson, 2001):

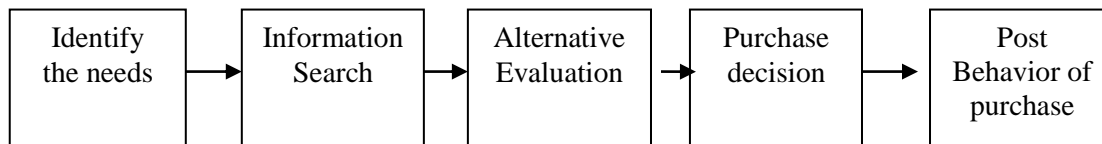


**Figure 1. The Model of Consumer Behavior Management**

### **B. Purchase Decision-Making**

Kotler (2014), the purchase decision making is the actions of the consumers to want to buy or not to the product. From the various factors that affect the consumer in making a purchase of a product or service, usually consumers always consider quality, price and the product is already known by the community. More information Kotler (2014) said that the consumer through five stages in the process of purchasing such as in the figure 2. Decision-making as the core of consumer behavior is influenced by many factors. Assael (2009) there are three main factors that affect the consumer choice : individual consumers, the influence of the environment and marketing strategy/ stimuli marketing.

The underlying thought of most Western consumer decision-making models is that all consumers engage in shopping with certain fundamental decision-making modes or styles, including rational shopping and consciousness regarding brand, price, and quality. The search for a universal instrument that can describe consumers' decision-making styles across cultures seems to be problematic (DeMooij and Hopstede, 2011). An approach that focuses on consumers' orientations in making decisions is the consumer characteristics approach by Sproles and Kendall (1986).



**Figure 2. The Model of Consumer Purchasing Process the Five Stages**

### III. SAMPLE SELECTION

The population used is the consumer products MSMEs in Central Java, while samples selected as many as 100 people consumers of products of MSMEs in Central Java (textile products and food products). Sampling using nonprobabilitas (not random sampling) with purposive sampling method. The Data obtained by doing interviews equipped with the instruments of the questionnaire. Questionnaire asked respondents consists of two parts, the first part consists of general description of the respondents such as gender, age, level of education, long become consumers of products MSMEs and the second part consists of research variables such as product quality, service quality, price, promotion quality and place quality. The proposed questionnaire consists of Closed ended questions where respondents choose the available answer choice score and Open questions where respondents give response to questions.

### IV. RESULTS

#### Description of respondents

Consumer advice in product quality is the quality of the product will determine the comfort and customer satisfaction. Therefore textile products must pay attention to the quality of this product is better than raw material, model variations, kemanfaatannya design, as well as the color of the appropriate with the allocation. While the suggestions respondents for food products, product quality will determine the comfort and customer satisfaction. Therefore food products must pay attention to the quality of this product especially taste.

Consumer advice in quality of service for textile products is the better service to consumers, as hospitality, smiling and poke make consumers happy and felt valued. While the advice consumers in the quality of service for food products, the better service to consumers, as hospitality, smiling and poke make customers feel happy and appreciated.

Consumer advice in the price for textile products, more flexible payment methods product that is determined and the higher the desire of consumers in buy textile products. So also the suggestions in consumer prices for food products, semakin fkesibel payment product that is determined and the higher the desire of consumers in the purchase of food products.

Consumer advice in quality of promotion for textile products, the more the advertised products and the more the opinion of the opinion of a friend and more sales promotion girl (SPG) for textile products and the higher the desire of consumers in buy textile products. While the advice consumers in the quality of promotion for food products, more complete socialization of the advertised products and the more the opinion of a friend to buy food products and do not need to use the sales promotion girl (SPG) then the higher the desire of consumers in purchasing the products.

Consumer advice in the quality of the place for textile products, closer product sales location and increasingly wide parking lot is provided as well as the better comfort and store the higher the desire of consumers in buy textile products. So also consumer suggestions in the quality of the place for food

products are increasingly near the location of the product sales and increasingly wide parking lot is provided as well as the better comfort and store the higher the desire of consumers in the purchase of food products.

**The formulation of the model of the industrial growth of MSMEs based on clusters and consumer behavior on the Department of Cooperatives and MSMEs in Central Java based on hopes of respondents**

Based on the results of research and the discussion of the good based on the Closed ended questions, open questions and in-depth interviews with respondents (consumer), then the model of the growth of MSMEs Industry clusters based on consumer behavior on The Department Cooperatives and MSMEs in Central Java as follows:



**Figure 3. The Model of The Industrial Growth of MSMEs Based on Clusters and Consumer Behavior on The Department of Cooperatives and MSMEs in Central Java**

Based on the results of the study showed that the product quality of the better (utility product, product variations, comfort product, raw material products, product model, the color of the products and the quality of service that the better also ( hospitality in service, time open the store, Sales Promotion Girl, clothes maidens, smiling and poke) and supported the quality promotions (Good socialization product promotion, opinion of friends) will affect the performance of the industry of MSMEs in Central Java. In addition to the accuracy in penentuan price (prices that fit, discount, payment) and also supported by the quality of the place ( The location of sales, the extent of parking, convenience stores) will affect the performance of the industry of MSMEs in Central Java.

## V. CONCLUDING REMARKS

This study explores the factors an important factor in the model of the industrial growth of MSMES based on consumer behavior and clusters on the Department of Cooperatives and MSMEs in Central Java. Using descriptive statistics to get a clearer picture of what he expects product consumer MSMEs Central Java.

First, consumers want to improve product quality both in terms of variation, creativity, worthwhile, comfort and the raw materials used. The existence of sufficient quality of service such as environmentally friendly services, smiling and poke and fitness hours open shop.

Next, need to price determination that fit or in accordance with the quality of the products including the ease of paying as cash, credit card or debit card and the socialization and the right promotion. Besides that consumers also want the quality of the location or place of business as the extent of parking, location and convenience store.

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