The Business Governance Model of Local Fruit Craftsmen as Creative Industry

Tona Aurora Lubis[*], Muhammad Safri, Firmansyah

Universitas Jambi

Abstract: Business governance of local fruit craftsmen in Jambi Province, as a creative industry, has been not implemented the great business management methods. It can be given impacts on the craftsmen business performance, particularly on business survival as a creative industry. The purpose of this study to analyze the influence of business governance and creativity to business performance. The method of this study is the mixing method which the first phase researcher using the qualitative method and the second phase researcher using the quantitative method. This study examines 240 samples of local fruit craftsmen which are located in Jambi Province The result of this study indicated both creative aspects of the business have significant effect to business governance and creative aspects have significant effect to business performance. On the other hands, business governance has no significant effect on business performance on local fruit craftsmen as a creative industry in Jambi Province.

1 INTRODUCTION

Indonesia is well known as a country which has a wealth of fruits, particularly tropical fruit. Indonesia fruits production has been increased every year (BPS, 2013). With increasing production of fr

uit, fruit consumption society Indonesia from year to year increases as well. Consumption of fruit per capita per year on the year 2002 amounting to 29.38 kilograms and gradually increases reached 40 kilograms in the year 2010 (Ditjen horticulture, 2012). However, the level of consumption of community fruit Indonesia is far from the standard recommended by the Food Agricultural Organization (FAO) of 65.75 kilograms per capita per year. It makes Indonesia has a market opportunity for all sorts of local fruits products.

Around regencies and city of Jambi province also has a local fruit, including commodities duku, durian, mangosteen, rambutan, jackfruit, pineapple, jackfruit, banana, and others that are processed into the craft, but it is used as the pre-eminent creative craft products is still limited. For example, the pineapple became one of the leading commodity in Muaro Jambi Regency. Pineapple-producing area in Muaro Jambi Regency, called Tangkit. On the other hand, a very rich pineapple in Muaro Jambi Regency

made the fruit market could not afford them. It resulted in a lot of pineapple fruit rotten and wasted. Therefore, the craftsmen local fruit pineapple processing into food products such as dodol and chips.

Typical local fruits in Jambi province are diverse, but it is used as the pre-eminent creative handicraft products are still not optimal. It can be seen from refined products variation of fruit that is still minimal and many focus on the types of food products. On the other hand, the management of the business of local fruit craftsmen have yet to apply good business management and properly, so that it can have an impact on business performance that goes slow. Business performance has not been managed well will affect the survival of businesses and have an impact on the well-being of the craftsmen of local fruit.

Research on business performance on the object of research of fruit including craftsmen, on research Darmayani (2014) concluded that local fruit companies in Lombok are engaged in handicrafts of local dried fruit require a sales strategy, pricing strategies, and more effective in managing good business governance. Based on Yuliasih (2015) research about the performance of the chilies craftsmen in Bogor City concluded that the need for strategy development and product development

business model applied in the craft business. Furthermore, on research Andreastika (2017) it can be concluded that the fruits of the businessman in the city of Malang to improve business competitiveness of fruit needed basic actions such as improving the ability of business management and encouragement of the Government in order to give you an advantage in the business of local fruits. Siregar (2017) posited in his studies of industrial fruit-salak craftsmen in South Tapanuli Regency requires strategies in improving the performance of the business, especially seeing the opportunities and huge advantages in sectors creative industries for craftsmen and processing fruits salak, so that in the future this will help the craftsmen salak fruit in improving the welfare. Enjolras (2018) of traditional fruit craftsmen in France, it can be inferred that the craftsmen of fruit having problems in managing their business. Fruit in French craftsmen have difficulties in integrating the management of production and marketing.

In this present day, Indonesia has been involved in the creative industry era, this study is an important and interesting aspect to be discussed. Remembering the potential natural resources in Indonesia are separated in some side, especially in local fruits. Based on the phenomenon and research gap of this study, then it became interesting and important research.

2 LITERATURE REVIEW

2.1 Business Governance

Business governance generally according to the Organisation for Economic Co-operation and Development (OECD) is a set of integrated relationship management of business entities. Tshipa (2017) expressed business corporate governance as a process of adaptation of a business to be able to articulate requests in action, the courage to take risks, learn from mistakes, and are able to make changes. Llewellyn (2014) stated that the governance of business as in showing the adaptability in the face of the challenges of business is considered important particularly in the face of changes in the external environment. Klein (2012) also suggests that good business entities are those who can afford to responsive and responsible.

2.2 Creativity

Creativity definitely has to be innovative, gives an original touch, and has unique characters. Creativity is often used in some aspects around us, particularly in business. Enjolras (2018) The craftsmen of local fruits need to implement business strategies in the exercise of its business. Darmayani (2014) stated that the craftsmen of local fruit as a business entity that is conducting its business activities of local fruit production has a vision to become an exporter of craft/crafts made from fruits that are developed and can be introduces local handicraft Indonesia in the eyes of the world, so that the fruits of the local craftsmen need to do marketing strategies in order to increase sales as well as compete in foreign markets. Bujor and Avasilcai (2016) indicated twelve indicator of creativity, such as, invent by himself or herself, prioritize idea, to be nomad, define by activities and way of thinking, to be adept of life studying, exploit fame and celebrity, treat what is virtual as real, to be good, to openly admire success, ambitious and courageous, to have fun, efficient communication.

2.3 Business Performance

Business performance is the business entity against the understanding of the processes that are needed to achieve strategic goals and then measure the effectiveness of those processes to achieve desired results. The core of the process of business performance includes financial and operational planning, consolidation and reporting, business modeling, analysis, and monitoring of key performance indicators related to the strategy. Business performance is a series of processes that help business entities in the business to optimize performance guarantee the achievement of business objectives (Endolras, 2018). Cruz, Jover, Gras (2018) study have been identified business performance indicators are sales growth and profit growth. Further, Another study by Li, Shao, Zhang (2017) has been founded that business performance indicator is business income and growth asset.

3 METHODS

The method of this study is the mixing method which the first phase researcher using the qualitative method and the second phase researcher using the quantitative method. The Qualitative method used for The qualitative method of this study consists of

four steps, such as finding the cases and the potential objects of this study, using phenomenology approach on theoretical studies, collecting and analyzing data with an in-depth interview, observation, and documentation, hypothesis finding. The data analysis used data reduction and conclusion, domain verification, and reflection. The quantitative methods determined quantitative samples of the population from the research object. This study examines 240 samples of local fruit craftsmen which are located in Jambi Province. The sample of this study using quota sampling. The data have been collected by using a questionnaire. The questionnaire was done by using a *Likert scale* with the range of assessment 1-5. The second step managed primary and secondary data. Furthermore, the third step does descriptive analysis and inferential.

4 RESULTS

The result of this study consisted of 240 respondents. All of the respondents are local fruit craftsmen in Jambi Province that selected by quota sampling. Furthermore, characteristics of these samples are the age of craftsmen, ownership type of business, the age of business, a number of employees, involved business on the business association, accepted business assistance of capital, workshop, and marketing. The details of these characteristics and the percentage of this study will be shown in **Table 1** below.

Table 1: Characteristics and Percentage of Samples

Characteristics	Percentage(%)
Age:	
a.<31 years old	20%
b.31-40 years old	30%
c.41-50 years old	50%
d.>50 years old	0%
Ownership type:	
a. Self-ownership	100%
b. Cooperating	0%
c. Family ownership	0%
Age of business:	
a. >10 years	80%
b. 5-10 years	0%
c. 2-5 years	0%
d. < 2 years	20%

Characteristics	Percentage(%)
Business has been involved in business association	
a. Craftsmen have been involved	80%
b. Craftsmen have not been involved	20%
Acceptance of business capital assistance	
a. Craftsmen have been accepted	80%
b. Craftsmen have not been accepted	20%
Acceptance of entrepreneur workshop	80%
a. Craftsmen have been accepted	20%
b. Craftsmen have not been accepted	
Acceptance of marketing assistance	20%
a. Craftsmen have been accepted	80%
b. Craftsmen have not been accepted	

(references: Data by author)

The result of qualitative phase findings variable and indicators, such as:

Table 2: Variables and Indicators of Study

Variables	Indicators
Business Governance (X₁)	(1) Transparency
	(2) Accountability
	(3) Responsibility
	(4) Independence
	(5) Fairness
Creativity (X₂)	(1) Invent by himself/herself
	(2) Prioritize idea
	(3) To be nomad
	(4) Define by activities, a way of thinking, etc
	(5) To be adept of life studying
	(6) Exploit fame and celebrity
	(7) Treat what is virtual as real
	(8) To be good
	(9) To openly admire success
	(10) Ambitious and courageous
	(11) To have fun
	(12) Efficient communication
Business Performance (Y)	(1) Growth sales
	(2) Growth profit
	(3) Growth asset

(references: Data by author)

On the next phase of the quantitative using *component-based structural modeling*, as the result of this research calculate model can be seen as follows:
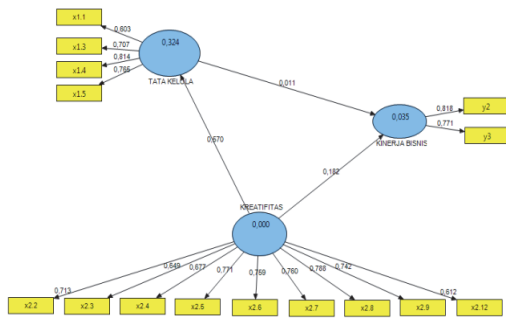
Figure 1: The result of Calculating Research Model
(references: PLS output)

Figure 1 above, showed that researcher propose model which creativity has the effect to business governance and business performance, and also business governance to business performance. Model of Figure 1 is a result of dropping out several indicators from each variable, which has value under point 0,6. As for several indicators that have been dropped out from creativity variable are X2.1, X2.10, X2.11. Furthermore, an indicator that has been dropped out from business governance is X1.2. An indicator which has been dropped out from the business performance is Y1.

Table 3: AVE dan Communality

Variable	AVE	Communality
Business Performance	0,632171	0,632171
Creativity	0,520175	0,520175
Business Governance	0,527723	0,527723

(references: PLS Output)

Table 3 shows the value of AVE and communality above point 0.5 for all variables. It means that all variables have the value of the discriminant validity. Reliability in research, as well as the consistency of the research instrument, is as follows:

Table 4: Reliability Coefficient *Cronbach Alpha dan Co mposite Reliability*

Variable	Cronbach's Alpha	Composite Reliability
Business Performance	0,419134	0,774488
Creativity	0,883830	0,906501
Business Governance	0,699516	0,815411

(references: PLS Output)

Table 4 indicated that the average value of Cronbach's alpha and composite reliability for all variables of this study above point 0.70, or it could be said that all reliability instruments (questionnaire) on this research revealed the "reliability" and tested the establishment so that it can be used in further research.
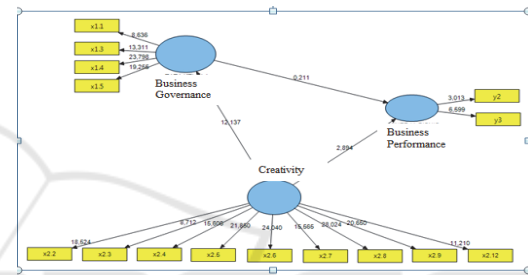

Figure 2: Bootstrapping Result to Research Model

Figure 2 shows that the highest indicator values on the variable of creativity are X 2.8 (be good), and the smallest is X 2.12 (efficient communication). As for the variable, the value of governance indicators is the highest X 1.4 (independence), and the value of the indicator is the lowest X 1.1 (transparency). On the business performance of the variable, the value of the highest indicators is Y2 (profit growth), while the lowest indicator value is Y3 (Growth asset). The following table shows the influence between the variables in this study:

Table 5. Path Coefficients (Mean, STDEV, T-Values)

	Orig. Sample (O)	Sample Mean (M)	Std. Dev.	Std. Error	T-Stat
Creativity -> Business Performance	0,1816	0,2032	0,0628	0,0628	2,8938
Creativity-> Business Governance Business	0,5695	0,5796	0,0469	0,0469	12,1366
Governance -> Business Performance	0,0114	0,0231	0,0544	0,0544	0,2105

(references: PLS Output)

The influence of significance variable can be seen from the statistic t value on the upper point of 1.96. Table 5 shows the influence of creativity variable to business governance on point 0.18 and significant, and creativity to business governance shows the number on point 0.57 and significant, while the influence of the business governance to business performance is not significant.

5   DISCUSSION

The results showed that the influence of the local fruit craftsmen towards business governance is greater than the influence of the creativity of craftsmen of the fruit against the business performance. This shows that the more creative local fruit craftsmen, mirrored by good character, it will improve the governance of a fruit craft business which was mirrored by growing its independent in managing their business. Furthermore, the more craftsmen fruit has a good character, it will improve the business performance of craft business, which is reflected by the growth profit. As a creative entrepreneur fruit craftsmen in Jambi Province, which has good character would be more gained independence in the business, than gaining profitable aspect growth. The independence of the craftsmen of the fruit in this regard including the quality and price.

This study further deepens the previous research carried out by Bujor and Avasilcai (2015) that examine all sorts of creative industry businesses, while in this study examine the more specific object of local fruit craftsmen as the creative industries. This study further deepens the study of business aspects in the creative industries by Jacobs, Combra, Huysenruyt (2016). They indicated business performance in general, while this research more outlines indicators of business performance like business sales, growth, profit and growth of their assets. This study enriched Fahmi, Kotter, Van Dijk (2016) research in creative industries with the artisan, in developing countries in Indonesia. The study also reaffirms research results by Dorry, Rosol, Thissen (2016), that in industry needs to pay attention to the aspects of creativity particularly in doing business in the field of creative industries.

Based on the result of this study, local fruit craftsmen are expected to improve their business performance by accepting marketing assistance from regional business association or government. Local fruit craftsmen as a creative industry are also expected to improve their business skills by attending some workshops. The government should give a huge marketing scope in order to help local fruit craftsmen in selling their products, like in big events and exhibitions. The government should also make a regulation about a good business relationship with the local business association, cooperation, and craftsmen. A government such as the agency for regional development, Indonesia Department of Creative Economics, and Regional Department of National Craft are expected to make a regulation about local fruit craft business. Finally, recommendation is made to any further researcher who wants to make study in the field of creative industry, particularly in local fruit craftsmen. Further researcher is recommended to make a study in a different place, because Indonesia is a wealthy country of diverse fruit resources in some places, because of geographically aspect.

6   CONCLUSION

The result of this study indicated both creative aspects of the business have significant effect to business governance and creative aspects have a significant effect on business performance. On the other hands, business governance has no significant effect on business performance on local fruit craftsmen as a creative industry in Jambi Province.

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