The Effects of Frugal Innovation, Strength-Based Approach, and Social Media on The Longevity of Small Businesses in Jakarta in 2021

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ABSTRACT
Small businesses are one of the largest supporting countries for the country’s gross domestic product in Indonesia with a percentage of more than sixty percent. However, the ratio of entrepreneurship in Indonesia is still very small compared to neighboring countries with a value of three point forty-seven percent. The purpose of this study was to empirically examine the effect of frugal innovation on the longevity of small businesses in Jakarta in 2021, the effect of a strength-based approach on the longevity of small businesses in Jakarta in 2021, and the effect of social media on the longevity of small businesses. Small businesses in Jakarta in 2021. The sampling in this study used the non-probability sampling method and convenience sampling technique. The number of samples in this study were 200 respondents and the data was processed using the SmartPLS application, where the results showed a positive influence from frugal innovation on the longevity of small businesses in Jakarta in 2021, a positive influence from the strength-based approach on the longevity of small businesses. Small business in Jakarta in 2021, and a positive influence of social media on the longevity of small businesses in Jakarta in 2021.

Keywords: small business, frugal innovation, social media, strength-based approach

1. INTRODUCTION

Entrepreneurship can help Indonesia overcome various problems in the country. Entrepreneurship assumes a significant part and crucial role in financial turn of events and social welfare. With the increasing number of entrepreneurial activities in a country, the development of that country will also increase because it can help improve the country's economy such as state income and reduce the unemployment rate [1]. The entrepreneurial ratio in Indonesia is at a value of 3.47% per year 2020. This value is still quite low compared to other neighboring countries in Indonesia, where Singapore has reached a value of 8.47%, Thailand 4.26%, and Malaysia with a value of 4.74% [2].

The Central Statistics Agency (BPS) provides an understanding of small business (UMKM) based on the number of human resources or labor. Small business (MSME) is a business that has a workforce of five to nineteen people, while a medium-sized business is a business that has a workforce of twenty to ninety-nine people [3]. In Indonesia itself, small businesses are experiencing fairly good growth every year. According to data from the Central Statistics Agency (BPS), in 2010, small businesses in Indonesia were around fifty two point eight million and in 2018 they increased to sixty four point two million businesses. The increase in the number of small businesses in Indonesia has brought small businesses as probably the biggest supporter of the nation's GDP, which is 60.3%. Interestingly, small businesses have contributed as much as 97% of the all-out labor force and almost 100% of the complete work.

However, with the global pandemic situation which has the effect of decreasing turnover of small businesses by more than 70 percent and decreasing profits so that more than 50% explains that
58.76% of the selling price of a product has decreased even though production costs have increased. This raises a big possibility for small businesses to be unable to survive in the market anymore which will make small businesses experience a drastic decline in supply and demand, the emergence of bad loans, termination of employment rights, and bankruptcy. [4].

To help overcome the problems that occur, this research was made with the aim of small businesses being able to find out the most appropriate strategies and steps to be taken and adopted by entrepreneurs in small businesses which he pioneered so that the longevity and longevity of small businesses that are being carried out can be achieved and avoid bankruptcy, especially in a situation where the global pandemic is taking place.

1.1. Related Work

According to previous research, there is an effect between frugal innovation, strength-based approach, and social media with business longevity.

1.1.1. Frugal innovation and business longevity

The success of frugal innovation can be attributed to the greater value given to owners and all stakeholders even though it consumes fewer resources [5]. This can be realized because entrepreneurs or business owners are starting to adopt frugal innovation due to inadequate resources, the needs of local consumers, and less expenditure [6]. Research by Hossain [7] says that the success of frugal innovation provides a greater and better value given to stakeholders in the business by using fewer resources. Small business owners when providing their own networks frequently face difficulties like contest with driving brands [8] as well as resource and infrastructure constraints. However, with the frugal innovation, this can be helped and slightly resolved so that small businesses can gain success and success in their business. With this research, it can be concluded that frugal innovation has a significant influence and relationship on business longevity.

1.1.2. Strength-based approach and business longevity

Strength-based Approach is a training in which to understand, develop, and apply strengths to employee goals. Based on the ability, motivation and opportunity (AMO) theory, strength-based coaching to manage and develop small business employees has a positive effect on three main variables of employee performance [9]. As per AMO hypothesis, representative execution is a component of his capacity, inspiration and chance to perform in every unique circumstance. The SBA must positively influence the capabilities and performance of employees.

Specialists have analyzed independent venture disappointments and distinguished a few causes [10]. Unfortunate administration rehearses, for example, absence of representative association in direction and "firefighting" functional issues, are as often as possible referred to [11]. Therefore, a strength-based approach is believed to be a better practice and, very importantly, timely [12]. Therefore, it can be concluded that strength-based coaching provides a significant link and influence on business longevity.

1.1.3. Social media and business longevity

Small businesses need to adopt and utilize social media in developing their businesses. Small businesses need to adopt social media to face increasingly fierce business competition [13]. Most small businesses have started using social media during the pandemic to increase competitiveness, offer products and find consumers and suppliers [14]. A survey conducted by Sea Insights showed the results of 2200 small business owners, 54% of the respondents admitted that they were more adaptive in using social media. Most small businesses are trying to organize their business in the new normal period by changing the marketing strategy that has been done to increase sales. This is also supported by the statement of the Coordinating Minister for Economic Affairs Airlangga Hartarto who noted that during the pandemic (between 14 May to 9 June 2020) there were around 301,115 Micro, Small
and Medium Enterprises that began to switch to digital platforms [15]. It can be concluded that social media has a significant influence on business longevity.

1.2. Our Contribution

This paper presents empiric facts and results regarding whether frugal innovation has a positive effect on longevity business in small business in Jakarta, whether strength-based approach has a positive effect on longevity business in small business in Jakarta, and lastly whether social media has a positive effect on longevity business in small business in Jakarta. In which can help academically to be a new reference and material to teach aspiring entrepreneurial students to become a good business owner that will have good longevity on their business. It will also help small business owners to be able and to know the best choice that they can pick to achieve a good longevity for their running business. Lastly, this paper can help aspiring entrepreneurs to be able to follow current development technologically to achieve better sales and good business longevity.

1.3. Paper Structure

The rest of the paper is organized as follows. Section 2 introduces the preliminary used in this paper, which includes the explanation of frugal innovation, strength-based approach, social media, and business longevity as well as the hypothesis and the research design. Section 3 presents tables and data from the results of data processing that has been carried out in this study as well as the explanation about the tables and data itself. Section 5 presents an finding, further detailed explanation as well as discussion from the data processing output from the research done in this study. Lastly, section 6 concludes the paper and presents direction for future research.

2. BACKGROUND

2.1. Frugal Innovation

Several researchers have given out a literature review and attempted to define the concept of frugal innovation [16]. However, there is no single agreed explanation. Research on economic development is as yet in its early stages and most definitions center around the possibility of item and administration advancement in light of traits, for example, cost decrease, usefulness and execution level [17]. Now and again, limiting the utilization of material and monetary assets, simple to utilize and easy to use items, durability, quality, and versatility are related with the meaning of parsimonious advancement [18]. A few creators have extended the definition and extent of thrifty advancement to think about the bigger motivation behind development: to add or make esteem [19] for consumers with limited resources and enormous needs [20].

2.2. Strength-Based Approach

Research in positive brain research has zeroed in on individual qualities and power intercessions [21]. In general, power is explained as something that an individual can bring out best, be passionate and motivated by doing [22]. However, in scientific explanation, power has a lot of definitions. For example, Park et al., [23] describe strength as a positive characteristic that is reflected in contemplations, insights, and conduct, while Linley and Harrington, [24] define strength as a natural ability to behave, think, or feel in a way that allows operative activity. and optimal performance in pursuit of rewarded results.

According to the strength literature, power-based management means management practice, which involves development of an organizational form that is built on the strengths and motivations of employees [25]. Strength-based employee selection [22], strength-based employee development activities [26], quality-based execution assessment and quality-based undertaking task [21] are examples of strength-based activity frequently used in human resource management.
2.3. Social Media

Social media is a medium used by a wide audience on the basis of text, images, sound and video with the aim of providing information both with other people and companies [27]. Social media is a medium that helps achieve an increase in social networking with the hope of increasing the likelihood of success in various ways at the business development stage [28].

According to Nawi et al., [29], the adoption of social media has a relationship with its use by business people to reach their business makers into a more competitive business in the targeted market. The adoption of social media provides an explanation of how deeply engaged the company is in using social media to improve its business performance [30].

According to Molinillo and Japutra, [31], the use of online media is affected by authoritative setting, staff abilities and the outlook that web-based media is vital for business development. The level of utilization of online media, the span of utilization of web-based media, the degree to which web-based media is utilized as a promoting instrument in the association, the term of utilization of web-based media each week, and the absolute advertising financial plan distributed to web-based media are the components of the web-based media reception variable. [30].

2.4. Business Longevity

The multidisciplinary aspect of the strategy is indicative of business longevity [32]. Business history and management studies, on the other hand, are two major fields that have a significant impact on research development theory [33]. Over the last three decades, management researchers, particularly those working on family business, entrepreneurship, and strategic management research, have produced the majority of studies on firm longevity [33]. The executive researchers have taken on two unique ways to deal with study and distinguish the variables that help the life span of the organization in which a comprehensive methodology in model tries to recognize every one of the drivers that help the endurance and seriousness of the organization in the long haul, is embraced, and one that spotlights on assessing the effect single component on business advancement and life span.

From a managerial standpoint, the firm's viability can be assessed, including the planning of a generational transition [34], or one that appears to exert a major effect on the practicality and cutthroat improvement of a long-standing firm (for example the capacity to consolidate the drive for advancement and fortifying of custom). The propensity of enduring endeavors to develop is a new and significant subject investigated by researchers in this field. [34].

Based on the above framework, the research model is as follows:

![Figure 1 Framework of Thinking](https://doi.org/10.24912/ijaeb.v1i1.19-27)

Based on the theoretical basis, concepts, relationships between variables, and framework, the hypotheses for this research are:

**H1**: There is a significant effect of Frugal Innovation on Business Longevity on small businesses in Jakarta.

**H2**: There is a significant effect of the Strength-based Approach on Business Longevity in Small Businesses in Jakarta.

**H3**: There is a significant effect of Social Media on Business Longevity on small businesses in Jakarta.

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3. METHODS

This study has subjects and objects who are small business owners in Jakarta who have a maximum annual income of 200 million rupiah. Meanwhile, the object of this research is frugal innovation, strength-based approach, social media, and long business life. The population of this study is small business owners in Jakarta and the sample of this study is 200 small business owners in Jakarta. The sampling method used for this research is non-probability sampling with convenience sampling technique.

<table>
<thead>
<tr>
<th>Table 1 Reliability Test</th>
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<tr>
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<tr>
<td>Frugal Innovation</td>
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<tr>
<td>Business Longevity</td>
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<tr>
<td>Social Media</td>
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<td>Strength-Based Approach</td>
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Cronbach’s alpha estimates the lower furthest reaches of the unwavering quality worth of a develop, while Composite dependability estimates the genuine worth of the unwavering quality of a build. Composite dependability is viewed as better in assessing the inside consistency of a build. In view of this assessment, this review utilizes Composite unwavering quality to test dependability. The guideline is that the worth of alpha or Composite unwavering quality must be greater than 0.7 even though a value of 0.6 is still acceptable. In the results of the reliability test, table 1 gives the fact that the data used in this study is reliable because it has a large number of Cronbach’s alpha for all variables above 0.7.

<table>
<thead>
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<th>Table 2 Goodness-of-Fit Test</th>
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The Goodness of Fit test was conducted to determine the size of the fit of the model in a study. GoF research can be calculated manually using the formula:

\[ \text{GoF} = \sqrt{AVE \times R^2} \]

The results of these calculations are then divided into three levels, namely:
- It is declared low if the GoF result is 0.10.
- Moderate if the GoF result is 0.25.
- It is declared large if the GoF result is 0.36.

Based on data from table 2, it is shown that the Frugal Innovation, Strength-based Approach, Social Media, and Business Longevity variables have an NFI value of 0.784 which is close to one which means that the accuracy of the research model is good and the same according to the real situation or in the field.
4. FINDINGS AND DISCUSSIONS

Table 3 Hypothesis Testing

<table>
<thead>
<tr>
<th>Frugal Innovation -&gt; Business Longevity</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>t-Statistics</th>
<th>p-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.290</td>
<td>0.296</td>
<td>0.082</td>
<td>3.528</td>
<td>0.000</td>
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</tbody>
</table>

Table 3 Hypothesis Testing

<table>
<thead>
<tr>
<th>Social Media -&gt; Business Longevity</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>t-Statistics</th>
<th>p-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.362</td>
<td>0.356</td>
<td>0.092</td>
<td>2.946</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strength-based Approach -&gt; Business Longevity</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>t-Statistics</th>
<th>p-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.194</td>
<td>0.197</td>
<td>0.078</td>
<td>2.488</td>
<td>0.013</td>
</tr>
</tbody>
</table>

Hypothesis testing is done by testing the statistical t-value of the study. In this test, the criteria for acceptance of a hypothesis proposed in the study are that the statistical t-value must be greater than 1.96 and p-value not more than 0.05.

Table 3 explains that the Original Sample (O) value of the Frugal Innovation variable on Business Longevity has a value of 0.290 which means Frugal Innovation has a positive influence on Business Longevity. The Frugal Innovation variable has an influence on Business Longevity with a t-statistic value of 3.528 and a p-value of 0.000.

The Original Sample value from the Strength-based Approach to Business Longevity has a value of 0.194, which means that the Strength-based Approach variable has a positive influence on Business Longevity. The Strength-based Approach variable has an effect on Business Longevity as indicated by the t-statistic value of 2.488 and the p-value of 0.13.

Social Media has a positive influence on Business Longevity as indicated by the Original Sample value of 0.362. Social Media also has an influence on Business Longevity from the t-statistic value of 3.946 and p-values of 0.000.

The findings of this study have results showing that the Frugal Innovation variable has a positive effect on Business Longevity, which means that by doing Frugal Innovation, Longevity of Business can be achieved. The results of previous studies related to Frugal Innovation and Business Longevity variables that have been carried out by several researchers have a slightly supportive nature in the results of this study. Small business owners who want to achieve a long business life may not necessarily be able to achieve their goals with the implementation of Frugal Innovation activities. With the results of this research, the first hypothesis (H1) of the study which shows that Frugal Innovation has a significant effect on Business Longevity is accepted.

The findings of this study show that the Strength-based Approach variable has a positive effect on Business Longevity, which means that by using the Strength-based Approach, Business Longevity can be achieved. The results of previous studies conducted by several parties are supportive of the results of this study, in which small business owners who apply the Strength-based Approach system will be able to achieve a long business life. With the results of this study, the second hypothesis (H2) which shows the Strength-based Approach has a significant effect on Business Longevity is accepted.

The findings of this study show that the Social Media variable has a positive effect on the Business Longevity variable, which means that by using Social Media, Business Longevity can be achieved. In addition, the results of previous studies conducted by several researchers are supportive of the results of this study. Small business owners who enforce the use of Social Media will be able to achieve a long business life. With the results of this study, the third hypothesis (H3) which shows that Social Media has a significant influence on Longevity is accepted.

5. CONCLUSIONS

Based on the hypothesis, statistical tests and discussion, this research can be concluded for the answers in the research formulation as follows:

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Frugal Innovation has a positive influence on Business Longevity in small businesses in Jakarta, which means that with the implementation of Frugal Innovation (Frugal Innovation), small businesses that are pioneered will get a longer business life than before the implementation of Frugal Innovations.

2. Strength-based Approach has a positive influence on Business Longevity in small businesses in Jakarta, which means that with the implementation of the Strength-based Approach during employee training or recruitment, small businesses that are pioneered will get a longer business life compared to before the implementation of the Strength-based Approach.

3. Social Media has a good influence on the Age of Business Longevity in small businesses in Jakarta, which means that by using Social Media for business activities, the business will get positive development. Which means that with the implementation of the use or use of Social Media, small businesses that are pioneered will get a longer business life compared to before the implementation of the use and use of Social Media.

Based on the research that has been done there are several suggestions that can be submitted, namely as follows:

For the next researcher
1) It is recommended to take more samples in future studies with the aim of more precise data accuracy in research.
2) Conduct ongoing research due to changes in respondent behavior from time to time.
3) Adding other variables that have an influence on Business Longevity, such as Financial Condition, Networking, Business Risk, and Changes in Market Taste.

For small business owners
1) It is expected that business owners in running their business, can apply Frugal Innovation in products, services, or other things that have a relationship with sales-enhancing factors.
2) Business owners use a Strength-based Approach in the recruitment process and employee training so that employees can do their jobs better so that the continuity of the business being run is more guaranteed.
3) Adopt the use of Social Media in daily business activities.

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