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Analysis Of Internal Factors For Improving The Performance Of Startup Companies In Medan

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ABSTRACT

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This study aims to determine several factors that make startup businesses survive. This study took a sample of 75 startup businesses engaged in the culinary field in the city of Medan. By analyzing using multiple linear regression using SPSS. The results show that Communication Marketing, Finance, Human Relations, Operations have a positive and significant impact on the performance of a start-up business to keep it running.

1. Introduction

Everyone can increase their income with various kinds of businesses, one of which is by opening a business, there are various types of businesses involved. Especially now that he is opening a business by utilizing technology and creativity, which is now known as a startup. Since 2015 the startup business has been introduced and has continued to grow since the pandemic hit the world in 2019. Startup businesses are increasingly mushrooming in Indonesia, supported by the government program “The National 1000 Startup Digital Movement”. So that the development of startups in Indonesia according to Mr. Bonifasius Wahyu currently occupies the fifth position in the world with the largest number of startups in the world, namely 2,229 startups in April 2021. Based on the Startup Ranking.Com report. The first countries that have the most startup businesses are America, India, Britain, Canada, and Indonesia. Startup is an organization designed to find the right business model in order to generate rapid growth in Hardiansyah (3). A startup business is a business that is still newly established with the following indicators: The age of the company is under 3 years, The number of employees is still slightly less than 20 people, Employees are still doing several tasks (multitasking). . High work spirit, Generally technology based, Website or application is the main foundation, Incessantly looking for investors.

Startup is a business with a very high risk because the need for a lot of funds is not matched by a high income as well. In addition, many startup businesses do not yet have a fully developed business model so it is considered difficult to advance to the next business phase. Many young people are involved in this world, so it is not uncommon for this business to fail, it is better for people who want to set up a startup business to learn a lot of important things that they must know from the causes of success and failure of a startup business. The development of business start-ups is expected to achieve success which cannot be separated from the role of the internal business factors they manage. Internal factors viewed from the company's point of view consist of four parts, namely marketing, human resources, finance, and operations (Echdar, in Sitepu) (15). The purpose of this study is to analyze the internal factors of the startup business and be able to prove

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the extent of the influence of the four variables on performance, according to several opinions from previous researchers.

According to Aras (1) there are many reasons why start-ups fail, including mis-predicting market needs, internal conflicts, running out of funds and team disharmony, and poor corporate patterns. The purpose of this research is to help startup entrepreneurs not to fail in running a business. There are many things that must be considered as input for entrepreneurs who need suggestions and experiences that have been shared by other entrepreneurs which have been stated in several studies. According to Christabel (2) In dealing with start-up businesses in Nigeria their biggest problem is epileptic power supply, unstable government policies, poor infrastructure facilities, poor market network, and capital which hinders entrepreneurial motivation and has major limitations on entrepreneurial functioning and development. whereas according to Hardiansyah (3) that there are 11 factors that determine the success or failure of a digital start-up, namely: Synergy, product, process, managerial, innovation, communication, culture, experience, information technology, innovation skills, functional skills, and implementation skills. Indarto (4) said that the failure factor for the startup business is quite high but the interest in entrepreneurship is quite high, so there are many factors that need to be considered, both internal and external factors, including; expectations of income, family environment, education and others. In accordance with the opinion of Isnaeni (5), Lestari (6), Munizu (8). Prastiti (11), Sari (13). The success of a start-up business is influenced by the Human Resources of Mardi (7). It is also worth reading tips on building and starting a startup business. Based on the research, Sitepu (15) said that internal factors (marketing, human resources, finance, and operations) simultaneously have a positive influence on the success of start-up businesses in Surabaya. There are many reasons why start-up businesses fail, including incorrectly predicting market needs, internal conflicts, running out of funds and team disharmony and bad company patterns. Therefore, an analysis of the e-commerce business strategy of Digital Start-up Companies is needed. According to Nguyen (9) The results show that external factors have a much greater influence than other internal factors on business success. Acording Sari (14)The existence of an effective startup governance model, especially in the food sector which must be well planned so that it can be implemented to support the growth and development of startups in accordance with regional conditions, especially during this pandemic. Meanwhile, according to Nugraha (10) With the development of digital today, it takes skills, innovation and creativity that young people tend to have in order to be able to apply. Indonesia is the fifth highest number of start-up companies compared to other countries in the world. Of course, from that many companies, there must be some that close or in other words lose so they don't continue their business. For this reason, it is necessary to know their success tips to survive from 1-5 years. And it is necessary to know how they have built a business from scratch to survive until now.

The variables used are as follows, Marketing communication is a means by which companies try to inform, persuade, and remind consumers directly or indirectly about the products and brands being sold. Marketing communications also perform many functions for consumers. Marketing communications can tell or can show consumers how and why the product is used, by what kind of people, and where and when. Marketing communications allow companies to connect their brands with people, places, events, brands, experiences, feelings, and other things. They can contribute to brand equity, by imprinting brands in memory and creating their image, as well as driving sales, and even influencing share value. (Philip Kotler and Kevin Lane Keller, 2016). There are five types of promotions commonly referred to as the promotion mix, namely: a. Advertising, personal selling, sales promotion, publicity and public relations, Direct marketing.

Leadership in financial management, Generally, startup entrepreneurs start their business with their own capital. To increase their business activities they use more sources of family funds. In managing finances, entrepreneurs borrow some through banks and some through friends, and a good company can separate personal expenses and profit levels.

Human Relation, In fostering a business, it is necessary to establish good relations with the company environment related to consumers, competitors, distributors, as well as internal relations with people within the company. The goals of building interpersonal relationships (in Wibowo, 2017), include: (Form and maintain meaningful relationships, Prevent conflict, Increase knowledge, Get social support, Collaborating, Cultivate motivation, A place to exchange ideas)

Operational, At this stage the company chooses a production process strategy through innovator, imitator, low-cost, differentiation by considering quality. The company's innovator strategy carries out a market strategy by paying attention to quality even though it has high costs compared to competitors by

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producing using technology and employee skills. Management can provide raw materials, production capacity, available machines/equipment, modern technology and quality control.

Performance, Measurement of a company's performance according to McComick at all in Munizu, 2010, and Isnaeni 2016 that to measure STARTUP performance is an increase in sales, an increase in business capital, an increase in income and operating profit, as well as an increase in the workforce used, and an expansion of the market.

2. Methods

The study uses quantitative methods, taking samples using purposive random sampling as many as 75 people, domiciled in the city of Medan, with startup businesses located on the outskirts of the city of Medan and its surroundings. Tend to take samples for businesses that have just been established for 1-5 years. The data obtained first calculate the validation and reliability, and analyzed using multiple regression analysis using SPSS 20.

2.1 Framework and Hypotheses

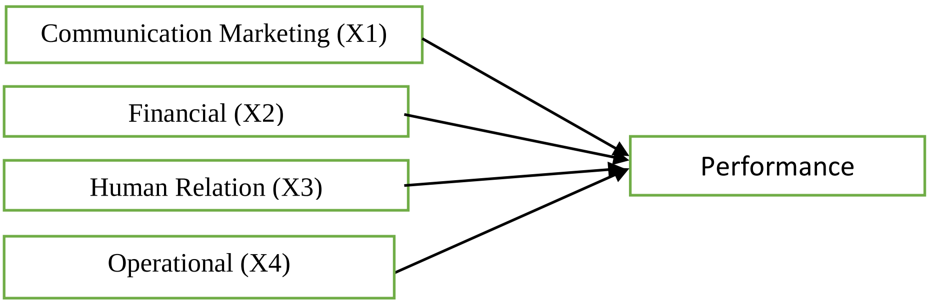

Figure 1: Framework for Thinking

2.2 Hypothesis

H1: There is a positive relationship between marketing communication and performance
H2: There is a positive relationship between finance and performance
H3: There is a positive relationship between the individual's relationship with performance
H4: There is a positive relationship between operations and performance
H5: There is a positive relationship between marketing communication, finance, individual and operational relationships with performance.

3. Results and Discussion

Tabel 1
Validitas

No.	Variabel/Indikator	Total Correlation Product moment Sebelum	Sesudah	Information
1.	**Marketing Communication**			
	Market segmentation	0.4856	0.5568	Valid
	Promotion Technique	0.5278	0.5986	Valid
2.	Financial			
	Owner's equity	0.4332	0.4078	Valid
	Loan Capital	0.4696	0.4558	Valid
	Profit Rate	0.4531	0.4567	Valid
	Separation of personal expenses	0.4116	0.4335	Valid
3.	Individual Relations			
	With Competitors	0.4557	0.5213	Valid
	Customer	0.4681	0.4999	Valid
	Company Internal	0.4553	0.4515	Valid
	Consumer	0.5289	0.5687	Valid
4.	Operational			
	Availability of Raw Materials	0.6890	0.5876	Valid

	Production capacity	0.4557	0.4778	Valid
	Modern Technology	0.4345	0.4215	Valid
	Machine	0.5172	0.5334	Valid
	Quality Control			
5.	**Performance**			
	BEP Ability	0.6783	0.6003	Valid
	Income	0.5002	0.4897	Valid
	Increased Production Capacity	0.4321	0.4236	Valid
	Number of Customers	0.4113	0.4890	Valid
	Expansion	0.4123	0.4667	Valid

Tabel 2:
Reliabilitas

No.	Variabel/Sub. Variabel	Crombach Alpha	Keterangan
1.	Marketing Communication	0.8956	Reliabel
2.	Financial	0.7603	Reliabel
3	Human Relation	0.8003	Reliabel
4.	Operasional	0.8439	Reliabel
5.	Performance	0.7563	Reliabel

Based on the test results in the table above, it can be concluded that the validity and reliability of the instruments used both before and after data collection were declared valid and reliable. This can be seen from the total correlation value of all indicators (r > 0.30); and Cronbach's alpha for each variable > 0.60. Then to test the research hypothesis, there are 2 (two) models and data analysis techniques used in this study, namely: (1) descriptive analysis; and (2) Multiple Regression Analysis. To avoid human error, the research data processing uses SPSS for windows.

Description of Characteristics of Respondents Respondents in this study were male, namely 55 people (74.7%) and 20 women (25.3%). Most of the respondents came from areas traditionally seen as having a strong trading culture, namely Chinese, Padang, Javanese, the rest were Batak, consisting of 35 Chinese (46%) and 20 Padang people (27%). The rest come from a mixture of Javanese and Batak ethnic groups. The education level of the respondents is dominant. were at the high school level, namely 30 people (40%), the rest were at the Bachelor/S1 level as many as 22 people (29%), D3 as many as 10 people (7.5%) and junior high school 13 people (17%). Then in terms of age, the dominant respondents in this study were in the productive age category, namely 25-35 years, 21 people (28%) and 36-45 years, 30 people (40%), the rest were in the age of 46-55 years. 20 people (26%), and age > 55 years by 4 people (5%). Furthermore, it is also known that generally respondents have been in business for a long time which they now manage with a range of 5-10 years of business experience as many as 40 people (53%) and 11-20 years 17 people (22%), while the rest are respondents who have been in business in Indonesia. under 5 years 18 people (5%). Description of Company Characteristics Respondents of this research are generally engaged in culinary services by 27 people (36%), and service businesses by 15 people (20%). While the rest, a small part are engaged in the business of food, beverages, furniture, convection, and animal husbandry. The number of workers used in the dominant company is in the category of 3-5 people, namely 34 people (45%), 6-8 people, as many as 25 people (30%). The rest are > 10 people as many as 16 people (21%). Then in terms of formal licensing, from 75 business respondents, only 25 respondents (30%) had formal permits, while those who did not have formal permits were quite dominant, namely 50 respondents (75%). The types of permits that must be owned by a start-up business, for example, are SIUPP, SITU, and TDP (company registration certificate). Description of the Characteristics of Business Performance Variables Startup business performance variables in general according to respondents' perceptions are in the fairly good, good and very good categories. The indicator with the highest value based on the average (mean) is sales growth with a value of 4.1. While the lowest is the profit/profit growth indicator (2.88). Product sales growth in general is relatively good, however this condition does not directly impact on profit growth/business profit. This is because there are still many who pay their debt installments.

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Tabel 3

Descriptive Statistics

	Mean	Std. Deviation	N
Marketing Communication	386.200	396.565	75
Financial	168.500	218.524	75
Human Relation	293.800	325.673	75
Operational	175.400	289.759	75
Performance	152.700	234.581	75

The average marketing communication is in the condition of 3.96 which is close to 4 which means that it agrees to implement marketing communications to improve performance. While the Financial variable is 2.18, which means that you don't agree but it is greater than two, it means that it has led to the average. And Human Relations of 3.25 is also close to 4, which means that it tends to be above the average, operational 2.89 is close to the average and performance of 2.34 is also above the average.

The results of multiple regression analysis can be shown in table 4 below:

Tabel 4:

The results of multiple regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	8.148	2.384		3.837	.000		
	Mark. Commun	1.283	.094	.201	11.953	.024	.922	1.061
	Financial	0.533	.082	.716	5.283	.000	.922	1.061
	Human Relation	1.081	.094	.678	10.453	.010	.922	1.061
	Operational	0.608	.082	.345	6.112	.000	.922	1.061

a. Dependent Variable: Performance

From The results of Table 4 multiple regression analysis, namely:

Y = 8.148 + 1.283 X1 + 0.533 X2 + 1.081 X3 + 0.608 X4

This shows that there is a positive relationship between Marketing Communication financial, human relations and operational on performance. If Marketing Communication financial, human relations and operational increases, employee performance will also increase. With a constant value of 8,148.

Hypothesis testing is carried out in 2 (two) ways, namely the F test and t test. F test to show the relationship simultaneously and t test to show partial relationship. The following table 6 shows the F test which indicates the simultaneous relationship. From this F test can be concluded as follows: F_{hit} value is 129.875 with Ftable value of 2.50 (a=5%), then F_{hit} is greater than F_{table} (149.875>2.63). Thus Ha is accepted, meaning that Marketing Communication, financial, human relations and operations have a positive and significant relationship with performance of bussines stratup.

The significant value is 0.000, which is smaller than the significance level used, which is 0.05 (0.000 <0.05), it can be concluded that Marketing Communication financial, human relations and operations have a positive and significant influence simultaneously on performance in business Startup.

Table 5

Anova[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.072.267	4	588.133	129.875	.000[a]
	Residual	375.643	71	3.924		
	Total	1.556.910	75			

a. Predictors: (Constant), Com. Mark., Finance, Individu Relation, Operation

b. Dependent Variable: Performance

The t-test is to determine the partial effect between the following variables, the results of the t-test are in Table 6 below:

Tabel 6
t test result
Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	9.149	2.384		3.837	.000		
	Com. Mark.	.883	.094	.701	8.953	.000	.943	1.061
	Finance	.633	.082	.539	16.233	.000	.923	1.061
	Human Relation	.788	.066	.621	13.222	.000	.934	1.061
	Operation	.572	.043	.443	9.421	.000	.934	1.061

a. Dependent Variable: Performanc

Based on table 7 above, it can be seen that: The value of t_{count} Com. Marketing is 8,953 with a significance level of 0.000. The value of t_{table} is 1.666, so tcount is greater than t_{table} (8.953 > 1.666). The value is significantly smaller than the degree of confidence (0.000<0.05). Thus it can be concluded that in the test H_0 is rejected and Ha is accepted, meaning Com. Marketing has a positive and significant effect on Performance. The t_{count} for Finance is 16,233 with a significance level of 0.000. The value of t_{table} is 1.666, so tcount is greater than t_{table} (16.233 > 1.666). The value is significantly smaller than the degree of confidence (0.000<0.05). Thus it can be concluded that in the test H_0 is rejected and Ha is accepted, meaning that Finance has a positive and significant effect on Performance. The t_{count} value of Human Relations is 13,222 with a significance level of 0.000. The value of ttable is 1,666, so tcount is greater than ttable (13,222 > 1,666). The value is significantly smaller than the degree of confidence (0.000<0.05). Thus it can be concluded that in the test H0 is rejected and Ha is accepted, meaning that Human Relations has a positive and significant effect on Performance.

Operation t_{count} value is 9.421 with a significance level of 0.000. The value of t_{table} is 1.666, so t_{count} is greater than t_{table} (9.421 > 1.666). The value is significantly smaller than the degree of confidence (0.000<0.05). Thus it can be concluded that in the test H_0 is rejected and Ha is accepted, meaning that Operation has a positive and significant effect on Performance. Based on the results of the analysis of the coefficient of determination between transformational leadership, organizational commitment to employee performance as follows:

tabel 8
Determanation Test
Model Summary[b]

Model	R	RSquare	Adjusted R Square	Std. Error of the Estimate
1	.9335[a]	.871	.865	148.095

a. Predictors: (Constant), Com. Market, Finance, Human Relation, Operation
b. Dependent Variable: Performance

Based on table 8 above, the SPSS 20 output value R Square 0.9335 or R^2 0.871 explains the contribution or contribution of the independent variables included in the regression equation to Performance is 87% which has contributed from Commucation Marketing, Finance, Human Relations, Operations to Performance. while the other 13% epsilon was contributed by other variables not examined in this study such as: organizational culture, work ethic, motivation, compensation and so on.

4. Conclutions

Based on the results and discussion that has been described, it can be drawn several conclusions that can be drawn that internal factors greatly affect the company's performance in order to survive, such as: Judging from the results of the average indicator (mean) which has the highest value of all variables is the marketing

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communication variable, then the human relations variable, then followed by finance and finally operational. Thus, in order for a startup business to increase its sales, it needs good marketing communication. The marketing communication factor is the main thing because there are so many startup companies with not so big costs, of course there are many competitors, therefore we must really choose our market segment and then adjust the products produced according to consumer tastes and then promoted in several ways such as Advertising, Personal selling, Sales promotion, Publicity and public relations, and Direct marketing so that the company can be recognized by consumers.

The second highest factor is human relations, this factor is very influential in improving the performance of startup companies because through good personal relationships with customers, distributors, good relations between owners and employees, as well as with competitors. This is useful to remain a means of motivation and to be unique compared to competing companies by preparing various existing facilities and infrastructure to remain known.

Then the third highest factor is finance, starting a startup business of course the capital already exists to manage it with a comparison between own capital and loans that must be taken into account, do not use hot money with high interest rates where it will be difficult to pay, the percentage of profits must be calculated by doing low fees and Being able to manage finances to separate personal expenses from business expenses requires an understanding of BEP calculation knowledge. The last factor is operational, namely Availability of Raw Materials, Production Capacity, Modern Technology, Machinery and Quality Control so that creativity and innovation can be realized in running a business.

Based on the research that has been summarized in the conclusion section, several suggestions can be put forward both for practical purposes and for the development of further research as follows: Startup entrepreneurs must remain consistent in increasing the growth of their companies through marketing communications to maintain existing market segments and continue to carry out promotions, especially in collaboration with distributors such as online sales that can be reached from various areas of the city of Medan. And it is necessary to maintain interpersonal relationships, especially with customers, employees and distributors so that motivation and word of mouth promotion can occur beyond our control properly. Startup

Entrepreneurs to increase the number of business assets, capital, labor, and the profits obtained in the sale of their products must be maintained and the principle of low costs and strict supervision of unnecessary costs. It is also necessary to pay attention to the formal educational background, the level of suitability of the knowledge and skills possessed to be applied to the company and the importance of taking financial and managerial skills courses are factors that can improve business performance. And finally because startup businesses have many business competitors because they have not large capital so easy to imitate. Therefore, it is hoped that the company's uniqueness, innovation and creativity will continue to be improved so that the company remains different and superior to its competitors. Company/Startup growth can also be increased through the ability of entrepreneurs in translating government policies in encouraging business development, socio-cultural and economic impacts, as well as the important role of relevant agencies in developing their businesses, as well as their capabilities. adapt to changes in government policies.

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