

Effect Of Production Capability, Market Orientation, Innovative, Work Productivity Influence To Business Performance And Community Power Small Business Informal In Jayapura City

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Abstract: The objectives are: (1) Knowing and analyzing the influence of Production Capability to Business Performance, (2) Knowing and analyzing the effect of Market Orientation on Business Performance, (3) Knowing and Analyzing Innovative Influence on Business Performance, (4) Knowing and Analyzing Influence (7) Knowing and analyzing the Innovative to Competitiveness (8) Knowing and analyzing work productivity on (5) Knowing and analyzing the influence of Production Capacity on Competitiveness, Competitiveness (9) Knowing and analyzing Business Performance on Competitiveness. Research this using primary data by survey respondents as many as 187 Small Business Informal in Jayapura as sample. Research data analyzed use program Structural Equation Modeling (SEM). Results Research this show that: (1) Production Capability significant effect on K in Gov Enterprises, (2) Oriantasi market is not significant effect on K in Gov Enterprises, (3) Innovative significant effect on K in Gov Enterprises, (4) labor productivity significantly influence the Business Performance (5) Production Capabilities effect sigmifikan on Competitiveness, (6) Oriantasi Market influence significantly on Competitiveness, (7) Innovative significant effect on Competitiveness (8) labor productivity significantly influence the Competitiveness (9) Business performance significant effect on Competitiveness, (10) Production Capabilities significant effect on Competitiveness through Business performance, (11) Market Orientation not significant effect on Competitiveness through Business performance, (12) Innovative significant effect on Competitiveness through Business performance, (13) Work Productivity significant effect on Competitiveness through Business performance.

Keywords: *Production Capabilities, Market Orientation, Innovative, Work Productivity, Business Performance and Competitiveness.*

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I. Introduction

Restrictions on small business informally as a phenomenon that often arise in urban still less clear, because the economic activities that do not meet the criteria of the formal sector - organized, registered and protected by law - is inserted into the informal sector, which is a term that includes the notion of variety activities that are often included in the general term "self-help".

These informal activities are a means of doing something marked with: Easy to enter; Rely on local resources; Own business; Operation on a small scale; Solid work and technology are adaptive; Skills can be obtained outside the formal school system; and not affected directly by the Regulation and the market was competitive.

Informal small businesses play an important role in the economy, especially employment not only in developing countries such as Indonesia (Burhan, 2000) but also developed countries (Soekmono, 1987: 31). In 1993 the number of small businesses about 90% of all businesses but the value of exports only 10% of the total exports to the *gross* value of Rp 2.1 million / person (Prawirokusumo, 1996). This shows that the performance of small-scale enterprises in Indonesia is still low.

The phenomenon of the informal sector as described above is not much different from what happened in Papua Province, such as the results of *Rumalutur (2004)*. found that: Condition the urban informal sector in Papua Province especially Jayapura city, generally absorb a lot of manpower and growth very rapidly. Its rapid growth in line with the increasing population in urban areas caused the land, housing, and other facilities more

expensive. These communities consist mostly of the urban, and always looking for areas that are covered by the state of the economy, finally they are concentrated in certain areas, hereinafter referred to as "slums".

The results of the work productivity activities create value and profitability for the company. "Emotions create that value because an entrepreneur has innovative qualities." (Wirasasmita: 2000). Innovative nature can be identified by the ability to exploit the opportunities and solve problems encountered and implements. Labor productivity is the result of systematic and disciplined process to apply creativity and innovation to the needs and market opportunities. This includes implementing strategies that focus on new ideas and insights to create products or services that satisfy customer needs or address their problems. Entrepreneurship in production optimization marries her innovative ideas with actions and business structure.

Results of previous observations that have so far give the first indication in this study that are generally small businesses, especially in municipalities and Jayapura not yet Optimal has a good business plan, especially in terms of internal management of its business such as; financial management, so that always requires more capital than they should without being followed by planning its use. The low performance of informal smallscale enterprises in Jayapura City, measured through asset growth or investment, sales growth, own capital growth and profit growth is due to low business productivity due to low labor productivity.

In a previous study conducted by Vitale et al., (2001), entitled *Entrepreneurship Orientation, Market Orientation and Performance*. Becherer. RC, and Maurer, JG (1997), which examines *The Moderating Effect of Environmental Variable On The Entrepreneurial and Marketing Orientation of Entrepreneurial led firm*. The second study described above, has the effect *Risearch Gap* between market orientation on financial performance. Although many have studied small industrial enterprises with relatively similar problems, research in the field of small-scale business is always relevant in line with the times, as sectoral development in Indonesia is still focused on the economic field with the interrelation between industry and agriculture sectors.

An overview of research paradigms should be embodied in an abstraction of the various aspects of reality s or the real world, which made for one or many purposes. This research paradigm that shows the flow of influence relationship model is the most important part in a research, because it will be used as a reference analysis (Soekartawi, 1994: 96). By knowing the research paradigm influence or shape the relationship as described above, may be obtained expected values and prediction of the influence of the independent variables and the dependent can be measured so that it will find an explanation of the theory in accordance with the purpose of research.

II. Literature Review And Hypotheses Testing

In this research, there are six variables were observed, which consists of the three exogenous variables and two endogenous variables. Exogenous variables in this study consists of Production Capabilities, market orientation, innovative , Work Productivity. While the endogenous variables in the form of a variable between that performance and the dependent variable is Enterprises Competitiveness.

Business performance (*business performance*) can be assessed from several aspects and no one analytical technique or type of analysis appropriate for all different conditions (Harrington and Wilson, 1991: 78). Until now, the available number of techniques that can be used to measure the performance of companies, but most bantak called or used financial ratios (*financial ratio*). Gitman (Anshori, 1999: 11), expressed as follows: "*Ratio analysis is the most common form of financial analysis. It provides relative measures of the company's performance. A number of other techniques for measuring Certain aspects for corporate performance are used, but the financial ratio is the one most commonly cited*". Researchers use different types of indicators for business performance.

In public companies, the performance degradation is often due to delays in the implementation of the opportunities and delays in decision-making (Paul, 1983: 76). This opinion shows the success of the company that often happens and often associated with the decision-making process. The decision-making process a lot of coloring on factors engineering and business skills, the ability to anticipate business, help increase knowledge and skills of outsiders and timeliness in processing business opportunities at the management level.

According to Hitt, et al (1997: 8), national competitiveness (*national competitiveness*) is the degree to which a country can meet the demand of the international market in producing goods and services, while also maintaining or increasing the real incomes of the population.

Competitiveness is the ability to produce goods and services that meet competition testing both regionally, nationally and internationally while our citizens enjoy sustainable standards (Rostow, 2003). As for produce, the conception of competitiveness is based on that competitiveness depends on the issue of labor, capital and natural resources that many at a cheap price.

These external changes will certainly be answered by taking into account the internal capabilities of an organization to the extent that an organization can take advantage of opportunities and minimize external threats, to gain maximum benefit by utilizing the benefits of the organization, which is owned at this time.

The inability to see changes in the external environment will make the *shock* of an organization (Wright, *et al.*, 1983). Thus a useful strategy to keep, maintain, improve their performance and the competitive advantage of an organization (Kudla, 1980; Robinson and Pearce, 1983).

Conventionally the term innovation is defined as a breakthrough associated with new products. Thompson in Hurley & Hult (1998) cited by Wahyono (2002: 28) states that innovation is a broader concept that addresses the application of new ideas, products or processes.

While Hurley & Hult (1998) define innovation as a corporate mechanism to adapt in a dynamic environment. The product innovation is the rate of change made through the implementation of new ideas, product processes or something new, in line with market orientation and technological orientation developed by the craftsman company, which includes: variety of shapes, color design and quality.

III. Research Methods

In conducting this research is directed at the informal group of small businesses scattered in Jayapura. Small businesses are still heavily air Informal potential for developed and very m e at his for research on an ongoing basis. research. The choice of location is based on the consideration that the informal small businesses in the city of Jayapura has a style and its own characteristics. In addition, the data and information needed on a regular basis and are easily identified and obtained relevant to the subject of the problems experienced by small businesses informally in Jayapura.

The location or location of this research is the city of Jayapura, with the following considerations:

Jayapura city residents are a very heterogeneous population, as well as other areas, even those who come migrate in the city of Jayapura derived from various tribes existing in the homeland of Indonesia.

The city of Jayapura as well as the capital of Papua Province, is also the center of the economy, which is similar in characteristic like other regional cities in Indonesia.

Jayapura city is a developing city, it will require various arrangement of the beauty of the city, both the spatial arrangement of its territory, as well as the guidance of its human resources in terms of manpower.

Based on the results of previous studies and direct observations conducted by the author, it is known that: Jayapura City is the center of concentration of the middle and upper economic entrepreneurs and small businesses, informal demand by people.

According to the source, then the type of data used in this study there are two types: Primary Data is data obtained from direct interviews with respondents and using a questionnaire (questionnaire) from 400 small informal businesses in the city of Jayapura. Secondary Data, is data which come from several sources include: Central Bureau of Statistics (BPS) Province of Papua, Jayapura city Disperindagkop.

In his book *Sugiyono (2009)* it is stated that: Population is the generalization which consists of object or subject that has a certain amount and characteristics, which are determined by researchers to learn and then be deduced. Referring to the aforementioned opinion, the population of this study is all the informal (owner and worker) of urban informal sector enterprises in Jayapura city.

To determine the number of informal small business population in the city of Jayapura, the authors will be guided by the results of previous studies, which found that the number of urban informal sector operators in the city of Jayapura is 1633 people, with an increase of 5% per year (*White Lamba, 2009*). With reference to the results of these studies, it is estimated that the population of informal sector businesses in the city of Jayapura for 2015 is \pm as much as 2,189 people.

Based on preliminary observations, it is known that overall characteristics of informal small businesses in Jayapura are very heterogeneous, but if grouped into work types, the previously heterogeneous characteristics can be used as homogeneous groups. These groups are; Group of food / beverage sellers, motorcycles sellers, collectors and sellers of scrap or scrap metal, grocery sellers and service sales groups.

The reason for selecting the 28 (twenty-eight) types of business mentioned above, based on the results of the author's temporary observations, indicating that; The types of business is the most widely done by the community of informal small business actors in the city of Jayapura, so it is considered to represent small businesses. Other types of business in each business group are intended that; if there is still a type of business that did not get into the existing group. Data analysis techniques used in explaining the phenomenon in this research is descriptive statistical analysis techniques and analysis of *Structural Equation Modeling (SEM)*.

IV. Result And Analysis

Based on the method of determining the value of the model, the first model testing variables are grouped into exogenous variables (*exogenous variables*) and endogenous variables (*endogenous variable*). The exogenous variable is a variable whose value is determined outside the model. While the endogenous variable is a variable whose value is determined through the equation or from the established relationship model. Included in this group is the exogenous variable production capabilities, market orientation, innovative and labor productivity while those classified as endogenous variables is business performance and competitiveness. The model is said

to be good when the hypothetical model development is theoretically supported by empirical data. The results of SEM analysis is complete can be seen in the following figure:

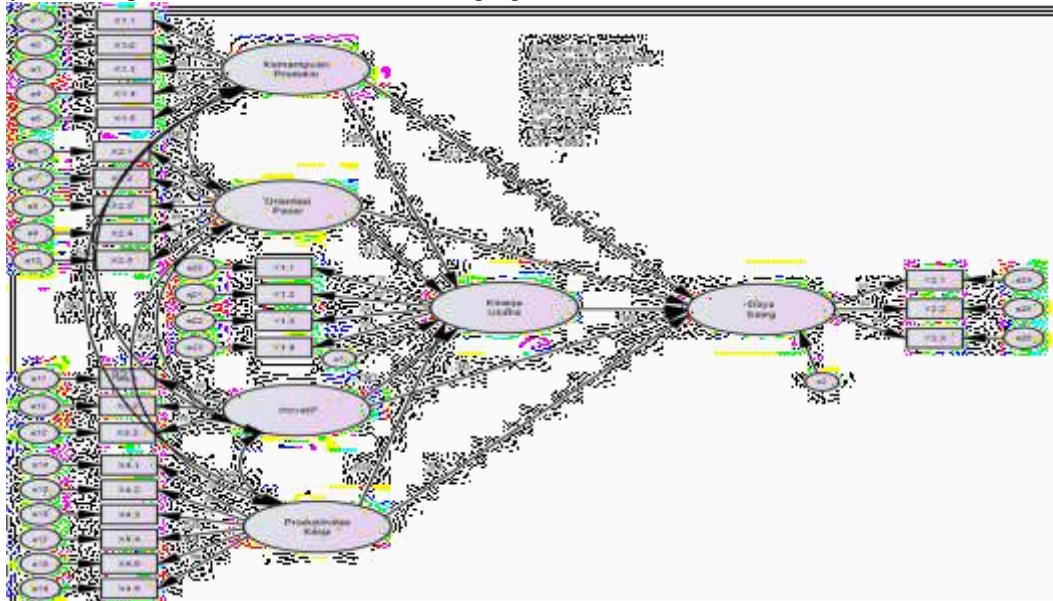


Figure 5.5. Measurement of variables Relationship Model

From the evaluation of the eight criteria model shows a *goodness of fit indices* seen from the eight criteria proposed, seemingly only two met the criteria, but look at the number of samples and the indicators in this study is small then there needs to be proof of whether there is a fit between the model with the data through the fulfillment of criteria values *of goodness of fit indices* that were modified models by performing the correlation between error indicator according to the instructions of the *modification indices* on condition modification is done without changing the meaning of relationships between variables. Results of analysis after the final model obtained are as follows:

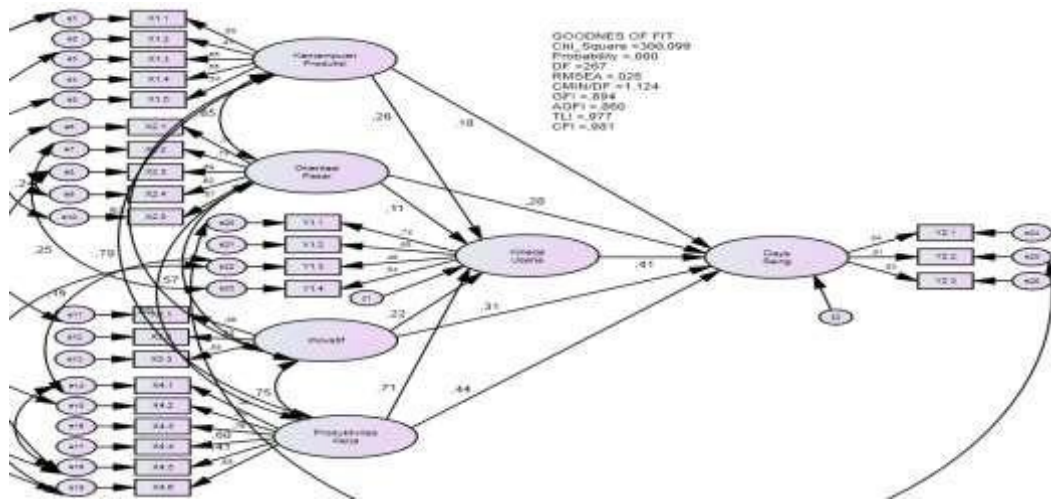


Figure 5. 6. Measurement of variables Relationship Model

The results of the model test is presented in Figure 5. 6 above is evaluated based on *the goodness of fit indices* in table 5. 28 following the criteria presented models as well as critical values that have compatibility data.

Table 5. 29. Evaluation criteria for *Goodness of Fit Indices Overall Model*

Goodness of fit index	Cut-off Value	Model Results *	Information
χ^2 - Chi-square	Expected small	300.099 < (0.05: 267 = 306.113)	Good
Probability	0.05	0.000	Good
CMIN / DF	2:00	1,124	Good

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RMSEA	0.08	0.026	Good
GFI	0.90	0.894	Marginal
AGFI	0.90	0.860	Marginal
TLI	0.95	0,977	Good
CFI	0.95	0.981	Good

Source: Hair (2006), Arbuckle (1997)

Of evaluation models suggest eight criteria proposed, seemingly there were six who meet the criteria. Thus the above model shows a good level of acceptance can therefore be concluded that the model can be accepted, so that the overall model is said to have been in accordance with the facts and can be analyzed further.

Based on the empirical model proposed in this study can be tested against the proposed hypothesis through testing the path coefficient in the model of structural equations. Table 5:29 is hypothesis testing see *p value*, if the *p value* less than 0.05 then the relationship between significant variables. Test results are presented in the following table:

Table 5.30. Direct Effect Hypothesis Testing

H1P	Independent Variables	Dependent Variables	Direct Effect			
			Standardize	CR	p-value	Information
H1	Production capability	Business Performance	0.256	2,243	0.028	Significant
H2	Market Orientation	Business Performance	0.107	0.534	0.593	Not significant
H3	Innovative	Business Performance	0.225	2,149	0.033	Significant
H4	Work productivity	Business Performance	0.710	2,704	0.007	Significant
H5	Production capability	Competitiveness	0.181	2,157	0.032	Significant
H6	Market Orientation	Competitiveness	0.275	2,136	0.034	Significant
H7	Innovative	Competitiveness	0.314	2,184	0.030	Significant
H8	Work productivity	Competitiveness	0.441	2,550	0.012	Significant
H9	Business Performance	Competitiveness	0.409	2,890	0.004	Significant
Indirect Effect						
Independent Variables	Depend Variables	Intervening Variables	Standardize	P-Value	Information	
Production capability	Competitiveness	Business Performance	0.105	0.038	Significant	
Market Orientation	Competitiveness	Business Performance	0.044	0.300	Not Significant	
Innovative	Competitiveness	Business Performance	0.092	0.042	Significant	
Work productivity	Competitiveness	Business Performance	0.290	0.024	Significant	

Information ; P-Value indirect obtained with Sobel Test

Source: Appendix 7

From the whole model nine lanes directly hypothesized, there are eight significant lines and one path is not significant and indirect paths between the four there is one that is not significant. The interpretation of Table 5.29 can be explained as follows:

- The production capability has a significant positive effect on business performance with $P = 0,028 < 0:05$ with coefficient at 0.256, this coefficient indicates that the better production capability will further improve business performance
- Market orientation have a positive effect on the performance of the business is not significant with $P = 0593 > 0.05$ with a coefficient at 0.107, this coefficient indicates that the application of market orientation does not improve business performance.
- Innovative has a significant positive effect on business performance with $P = 0.033 > 0.05$ with a coefficient at 0.225, this coefficient indicates that the better an innovative do so the better business performance.
- Labor productivity has a significant positive effect on business performance with $P = 0.007 > 0.05$ with a coefficient at 0.710, this coefficient indicates that the better productivity of an entrepreneur will make the business performance will be better anyway.

- e. The production capability has a significant positive effect on competitiveness with $P = 0.032 > 0.05$ with a coefficient by 0.181, this coefficient indicates that the better the ability of production owned by the competitiveness will be increased as well, the production capability is also an indirect effect on competitiveness through business performance with a coefficient of coefficients sebesar 0,105 p value of 0.038. This suggests that the ability of production owned by encouraging the increasing of business performance so that impact on the increasing of competitiveness.
- f. Market orientation has a significant positive effect on the performance of competitiveness with $P = 0.034 > 0.05$ with a coefficient at 0.275, this coefficient indicates that the application of market orientation can improve competitiveness.
- g. Innovative has a positive influence signifikan on the performance of the power of science g with $P = 0.030 < 0.05$ with a value of 0.31 koefisien $n = 4$. This means that the innovative entrepreneur then competitiveness will also be increased
- h. Labor productivity has a significant positive effect on the performance of competitiveness with $P = 0.012 < 0.05$ with coefficient of 0.441. This coefficient shows that the higher productivity it will get better competitiveness.
- i. Business performance has significant influence terhadap p competitiveness with $P = 0.004 > 0.05$ with koefisien n value of 0.409, this coefficient indicates that the better the performance of the business then competitiveness will also be increased.

V. Discussion of Research Results

This discussion focuses on the decisions resulting from testing the hypothesis, in an effort to answer the formulation of research problems. The results of the analysis of hypothesis testing are described as follows:

Influence of Production Capability to Business Performance From the table shows that production ability has a significant positive effect on business performance. This indicates that the better the production capability will further improve business performance. This finding is in accordance with the opinion Kotler (2002: 18) which states that the concept of production capability in a company should still be oriented to the needs and desires of consumers. In practice the concept of production capability continues to evolve as technological and environmental advancements are constantly changing.

Production activities that include small businesses that start from the control of consumer needs, determine the product to be in production, the appropriate price, promotion and distribution of these products. So production activities to be marketed are a number of activities that are interconnected with each other as a system. Capacity or production capacity can be defined as the volume or number of products that a production facility or company can generate within a given time period using the resources available at that time.

The empirical facts show that informal business actors in Jayapura in maintaining their business production capability are looking for supply of goods that can be maintained continuity and at a cheaper price and same quality with similar informal business actors. Besides, the speed of supply of goods to be sold to consumers is an important consideration for them. Many companies find it difficult to get suppliers of goods at cheap prices and good quality. The speed of getting goods for sale to consumers and getting the right suppliers is very important for the company.

Many new items are already known to consumers through mass media, but the goods have not sold in the store. Under these conditions, the store should have the ability to find suppliers and, if necessary, quickly become agents so as not to be taken by other stores. The ability to get goods by approaching the suppliers is a must-have ability for companies to more quickly sell the goods. Whoever is quick to market, they are the ones who quickly earn it.

Effect of Market Orientation on Performance of business

This shows that for market orientation for informal businesses in Jayapura no direct impact on business performance, but market orientation affect the performance of the business through innovation. Market orientation according to Luke & Ferrell (2000) is defined as the process of generating can provide market information for the purpose of creating *superior value* for consumers. Meanwhile, according to Narver and Slater (1990) market orientation is an orientation concept that focuses on creating high values for consumer.

This finding is in line with opinion Sismanto, Adi (2006) in his research the Influence Analysis of Learning Orientation, Market Orientation and Innovation Against Competitive Advantage To Improve Marketing Performance (Empirical Study On Small and medium Industry Food Products in Bengkulu) who said that berengaruh market orientation is not directly on the performance of usiness but the effect on business performance through innovation. In general conclusions from the results of testing the model is applied to the small and medium industries of food products in Bengkulu show that innovation can be enhanced through learning orientation and market orientation, where product innovation and competitive advantage generated by the company to improve marketing performance.

Descriptive statistical results variable market orientation showed that the respondents were excellent. The result of the calculation of market orientation variable an average of five indicators are relatively balanced with each other. This illustrates that respondents understand and grasp of market orientation variable is visible from the indicators. Descriptive statistical analysis results obtained indicator commitment to focus on customers, competitors, and coordination between functions, orietasi long-term profitability (economic prosperity). If we can see the result of the average value of perindicator, it can be seen that from the five indicators, 2 indicators have the highest value of profitability (economic welfare) and customer. This means that informal business actors in Jayapura have not fully focused on competitors, long-term orientation and inter-functional coordination.

Effect of Motivation on Employee Performance

From the results of research as hypotheses that have been stated previously showed that there is influence of motivation on job satisfaction of employees at the Regional Government Unit of Maros Regency Government can be proven. These results illustrate that the motivation of employees in performing their duties contributed to the increase job satisfaction, in the context of this study has been explained that the motivation of an employee must have measurable indicators, among others: Employee was given the opportunity to develop a career at a higher level always get the trust and recognition from employers so that employees feel comfortable in completing the work. Employees who excel awarded *{reward}* by superiors. Employee continues to do the job with full responsibility. The results showed the majority of respondents are aware that is important for space to develop themselves according respective disciplines needed to provide motivation in supporting the implementation of tasks in relation to the increase in employee job satisfaction.

Empirical facts shows that informal business actors in Jayapura are still more focused on the benefits (economic prosperity) and customers. In this case most informal business actors have not given much thought to strategies related to how to deal with competitors, the coordination between functions in their business and longterm orientation is still not specified. Informal business operators only focus on how to detect who the potential customers, both now and in the future, what it is desirable for them to be present in the future, as well as what is felt in the present and what they may feel in the future. This study is not in line with research conducted by Baker & Sinkula study (1999) showed that market orientation is significantly related to company performance.

Innovative Effect on Business Performance

From the table shows that Innovative has a significant positive effect on business performance. This indicates that the better the innovative is done then the business performance is increasing the business performance. This finding is in accordance with the results of research Han et al (1998) said that innovation in a positive and significant effect on company performance. But innovation can also serve as a mediator affecting the relationship between market orientation and company performance. It is also supported by Luke & Ferrel (2000) in his research stating that market orientation positively affects innovation. Amabile (1996) says that innovation as a successful application of creative ideas within the company. Innovation is a corporate mechanism to adapt in a dynamic environment. Therefore the company is required to be able to create new assessments and ideas and offer innovative products. Thus the question that emerged in this study is how the influence of market orientation and learning orientation on innovation and corporate performance to achieve competitive advantage.

Descriptive statistical results of innovative variables show that respondents understand and understand what researchers mean by innovative. the indicator that has the highest average value of innovative variables is customer needs this illustrates that innovation will be meaningless if not accompanied by value creation to customers.

The empirical facts show that informal business actors in Jayapura are related to innovation focusing on what is needed by customers so that based on the customer's needs, creative ideas are born that is also adapted to the culture contained in the physical form of the product. Informal business actors are more focused on the desire to provide more value to customers even though the ideas that emerged are still very simple but the orientation remains on what the customer needs, even though not yet fully implemented but some have been executed.

Effect of Work Productivity on Business Performance

The results of this study indicate that the better the productivity of work done by informal business actors then the business performance will also increase. This finding is consistent with previous research that is In line with Robbins (Moeljono, 2003), which says that employee productivity that describes work behavior can affect organizational performance.

Descriptive statistical results show that the work productivity of respondents rate very good. The result of the calculation of the average work productivity variable of the six indicators is relatively balanced with each other. This illustrates that the respondents understand and understand about the productivity variables of this work which is seen from the indicators that the age maturity level will affect the productivity of employers, education, the longer a businessman the better the productivity, income, omzet, and cost.

Production Capability to Competitiveness

From the table shows that the better the production ability can create a superior competitiveness for the business. Production capability in question is the ability of production is the ability to provide goods quickly and on time, when needed by the buyer. This is a measure for buyers as a form of service quality. In principle the concept of production capability was developed to measure the magnitude of the ability to generate added value for input components used (Cahyono, 1996: 281). Simply production capability is meant here is the ability of small businesses to provide services to consumers is a matter that needs to be a concern.

Descriptive statistical results show that the indicator that has the highest average of the competitiveness variable is Table 5.19 shows that the indicators of excellence and market focus with the average 4,026 this means that informal business actors in this study more agree that the advantages and focus of the market that is Strategy for expand market share, diversify products or promote existing products to consumers widely and Win the market competition by increasing the value of the product must be better than the competitors.

Market Orientation to Competitiveness

This suggests that the better the market orientation will further enhance the competitiveness of informal small businesses. This is in accordance with research conducted by Amabile (1996) said that innovation as a successful application of creative ideas within the company. Innovation is a corporate mechanism to adapt in a dynamic environment. Therefore the company is required to be able to create new assessments and ideas and offer innovative products. Thus the question that emerged in this study is how the influence of market orientation and learning orientation on innovation and corporate performance to achieve competitive advantage.

Descriptive statistical results show that the market orientation variable respondents provide excellent assessment. In terms of customers, pesing, inter-functional coordination, long-term orientation and profitability (economic welfare). Profitability indicator (economic welfare) is an indicator that has the highest average, this means that informal business actors in this study agree that profitability or economic prosperity is achieved if the business done can provide maximum benefits obtained by informal business actors and can increase additional business capital. This means that whatever the company does in satisfying its customers, it must come back to its ultimate goal of creating profitability. It shows that companies are not allowed to establish good relationships with customers simply to pass on their needs and wants but must remain on the framework of their primary goal of creating profitability. Experts in the field of marketing conclude that the main target of market orientation is profitability or economic welfare (McNamara in Marijati Sangen, 2005). Innovation on Competitiveness

Show that innovation has a significant positive effect on competitiveness. This suggests that the better the innovation will increase the competitiveness of informal small businesses. This is in accordance with the theory put forward by Wahyono (2002: 30) suggests that the capacity of innovation is measured by benchmark length of time of adoption, as well as the number of innovations adopted by the company from a number of innovation options available. Companies with greater capacity to innovate are able to make competitive advantage and achieve greater performance levels.

Descriptive statistical results show that on innovative variables informal business actors rate very well, the results of the calculation of the three indicators in this innovative variable indicate that the respondents understand and understand about the innovative variables seen from the indicators. Table 5.29 shows that the indicator of customer needs that has the highest average. Respondents in this study informal business actors are more likely to agree that innovations need to match customer needs and require an interesting experience when using the product, and before purchasing a product should be considered.

The empirical facts show that the Jayapura City People who have their heterogeneous culture and ethnic culture are horizontally, but also vertically tiered in technological progress and socio-political organization. This indicates that each ethnic group has different cultures and abilities in utilizing technological advances and the influence of its environment. A person who is born into an ethnic family / family must live by referring to the ethnic / ethnic culture, as used by parents and family in caring and educating.

Work Productivity on Competitiveness

Show that work productivity has a significant positive effect on competitiveness. This suggests that the better the productivity of work will further enhance the competitiveness of informal small businesses. This is in accordance with the theory. A. Dale Timpe (2000), states that there are 7 (seven) key factors for achieving high levels of productivity: responsible management skills, exceptional leadership, organizational simplicity, effective employees (important quality not quantity), challenging tasks (creative and productive), effective planning, and specialized managerial training.

Descriptive statistical results show that the variable work productivity is considered very good / important by the respondents. The result of the calculation of the average work productivity variable of the six indicators is relatively balanced with each other. This illustrates that the respondents understand and understand about the productivity variables of this work are seen from the indicators ie in terms of age, education, work experience, income, turnover and costs.

Empirical facts in the field states that the age level of informal business actors are more dominant productive age of 45 - 54 so generally it can be said that most informal entrepreneurs are the age of productive and have business, is the most dominant age, it is very influential on the maturity of thinking, decision-making.

Business Performance on Competitiveness

Shows that business performance has a significant positive effect on competitiveness. This indicates that the better the business performance will increase the competitiveness of informal small businesses. This is in accordance with research conducted by Sirat (2002) conducted in East Java Informal small business performance measured using financial parameters, namely: sales growth, asset growth, profit growth and working capital growth. If financial performance improves, it will create the competitiveness of the company, and vice versa.

Descriptive statistical results show that the variable business performance is considered very good / important by the respondents. The results of the calculation of the average business performance of the four indicators are relatively balanced with each other. This illustrates that the respondents understand and understand about this business performance variables which can be seen from the indicators that is in terms of sales growth, profit growth, asset growth and growth of own capital.

VI. Conclusions And Recommendations

Based on the results of research and discussion as has been stated in the previous section, then at the end of the results of this study can be drawn some conclusions as follows:

Production ability has an effect on Business performance on Small Informal Enterprises in Papua City Jayapura. Production capabilities covering Availability of goods, HR (Labor), Adjustment technology, Capable of competing, Quality of customer. This means that informal business actors in this study agree that production capability is where the informal business actors are able to maintain the availability of goods in production or sale.

Market orientation has no effect on business performance on Small Informal Enterprises in Papua City Jayapura. Market orientation that includes: Customers, Competitors, Coordination among functions, Long-term Orientation and Profitability (economic prosperity). This means that informal business actors in Jayapura have not fully focused on competitors, long-term orientation and inter-functional coordination.

Innovative Effect on Business Performance on Small Informal Enterprises in Papua City Jayapura. With the existence of customer needs, Idea Creation, Product sales (design). This means that innovation always starts from the idea or creative thinking of a product, this idea arises because of the opportunities that exist in a business.

Work productivity has an effect on to business performance on Small Informal Enterprises in Papua City Jayapura. This illustrates that understand and understand about the variables of work productivity is seen from the indicators that the age maturity level will affect the productivity of employers, education, the longer a businessman the better the productivity, income, omzet, and cost.

Production ability has an effect on to Competitiveness of Small Informal Enterprises in Papua City Jayapura. this suggests that informal entrepreneurs in this study are more likely to agree that market excellence and focus are Developing strategies for expanding market share, diversifying products or promoting existing products to consumers widely and Winning market competition by increasing product value should be better than competitors.

The market orientation influences the competitiveness of Small Informal Enterprises in Papua City Jayapura. Giving meaning that informal business actor in this research agree that profitability or economic prosperity is reached if effort done can give maximal benefit obtained by informal business actors and able to increase additional business capital.

Innovative Effect on Competitiveness of Small Informal Enterprises in Papua City Jayapura. that innovation is necessary to match customer needs and the need for an engaging experience when using the product, and before purchasing a product should be fully considered.

Work productivity has an effect on to Competitiveness of Small Informal Enterprises in Papua City Jayapura. The higher the age level of informal business actors is very likely to have maturity in thinking maturity in making decisions, in addition to having experience in running their business.

Business performance has an effect on to competitiveness on Small Informal business in Papua City Jayapura. This illustrates that the respondents understand and understand about this business performance variables which can be seen from the indicators that is in terms of sales growth, profit growth, asset growth and growth of own capital.

Production ability has an effect on Competitiveness through Production Performance in Small Informal Enterprises in Papua City Jayapura. Informal business actors are able to maintain the availability of goods that are produced or sold as well as informal business actors focusing on the market to strategize, product deversication, so that production performance plays a role as a perfect mediation in improving the competitiveness of a product.

Market Orientation influences competitiveness through Production performance on Small Informal Enterprises in Papua City Jayapura. This means that informal business actors in Jayapura have not fully focused on competitors, long-term orientation and inter-functional coordination. The role of business performance in mediating market orientation towards competitiveness has not been maximal so that the desired market orientation has not been able to overcome competitiveness even though there is an enhanced business performance by market participants.

Innovative Effect on Competitiveness through Production Performance on Small Informal Enterprises in Papua City Jayapura. Informal business actors can adjust customer needs and must have experience about the product that attracted with the idea or creative thinking of a product, this idea arises because of the opportunities that exist in a business. Therefore the role of production performance is said to succeed in increasing competitiveness in the market.

Productivity influence on competitiveness through production performance at Small Informal Enterprises in Papua City Jayapura. Human resource productivity can be described as a process of individual responses to performance measures expected by the firm that include job design, empowerment processes, and coaching. Production performance is a sensible mediation in improving competitiveness.

B. Suggestions

Based on the description of research results and conclusions as stated in the previous section, the authors provide some suggestions that can be used as a consideration in determining the policy for the organization both in the present and future, as follows:

The need for guidance and enhancement of human resource capacity for urban informal sector actors through training, courses or internships, so that they are better able to expand their business into larger businesses, so that one day it may be possible to switch into formal business actors.

That the need for localization for urban informal sector actors, in order to be younger in managing and nurturing them, to be able to develop into the formal sector. That since most of the actors in urban informal sector in Jayapura city are migrants, the need for local regulation on human resource capacity for those who want to enter Papua. That there is still a need to increase people's income, in general through: The creation of labor-intensive projects, in order to absorb more labor, and increase total community income.

Create an attraction for the city, through; Good affirmation and socialization of Papuan political status, affirmation of the status of release or lease of land, so that investors from outside Papua are interested to come invest their capital, and for entrepreneurs who already exist in Papua can increase their capital, by opening industries or new ventures, which may contribute to local revenue and employment; Structuring and understanding of spatial planning, so that economic actors have clarity about the location of each activity, so that they are more flexible in improving their productivity in order to become formal entrepreneurs, without having to be haunted by fear to be evicted; Enhance, improve and manage infrastructure in transportation infrastructure (Roads), so that economic actors both as consumers and as producers more freely in carrying out its activities; Helping household industries and other small entrepreneurs in pioneering the marketing network, so that their products can sell quickly, which in turn will make it possible for them to increase their business.

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