Analysis of business sustainability and welfare of silver workers in Gianyar Regency

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Abstract---The purpose of this study was to examine the effect of marketing strategy on business continuity and welfare of silver craftsmen in Gianyar Regency. The population in this study was 235 silver handicraft SMEs. The research sample was determined by purposive sampling method so as to produce a total sample of 95 silver handicraft SMEs. This study uses descriptive analysis techniques and quantitative analysis techniques with a structural equation model or Structural Equation Modeling (SEM), especially Partial Least Square (PLS) with an analytical tool, namely WarpPLS 7.0. The results showed that (1) the direct marketing strategy had an insignificant positive effect on the business continuity of silver craftsmen in Gianyar Regency; (2) The direct marketing strategy has a significant positive effect on the welfare of silver craftsmen in Gianyar Regency; (3) Business continuity directly has a significant positive effect on the welfare of silver craftsmen in Gianyar Regency; and (4) Information and communication technology moderates the influence of marketing strategy on the business continuity of silver craftsmen in Gianyar Regency.

Keywords---Marketing Strategy, Information and Communication Technology, Business Continuity, Welfare, IKM.
Introduction

The development of these business units and the number of workers shows that the potential of the Bali Province SMEs can contribute to the economy as well as create jobs for the surrounding community. However, the development of the Bali Province IKM which is quite good is in fact not spread evenly across nine regencies/cities in Bali Province. There is a significant difference in the number of business units between districts/cities that have the largest and the lowest IKM. This difference can also be seen from the amount of labor absorption, investment value and production value of IKM between districts/cities.

The problem of the declining trend in silver purchases that is happening in the silver craft industry at this time can also be caused by the Covid-19 pandemic. Relatively many silver handicraft business actors are affected, especially those in the tourism area and rely on the tourism sector. Based on initial interviews with several silversmiths, the decline in orders can be felt during the current pandemic. If before the pandemic, craftsmen were able to receive orders for hundreds of units for one model, but now the Covid-19 pandemic is taking place, the number of orders has decreased to tens of units, and even silver units for one model.

If implemented effectively, marketing strategies can influence several factors that also strengthen business continuity. Marketing strategy can affect product sales volume, consumer buying interest, purchasing decisions, customer loyalty, revenue, to company performance. This result is supported by previous research conducted by Utami and Firdaus (2018); Chaubey and Pant (2018); Sinulingga (2015); Sumaila, et al. (2018); Panjaitan and Setyorini (2020); Saif (2015); and Shibly and Alnaser (2017). Jeanine and Harmeling (2011) explain that understanding marketing strategy is very important for the long-term success, development, and sustainability of an organization. The concept of this marketing strategy can be used as a guideline that must be followed to overcome SMI problems related to marketing so that the established strategy can run successfully.

The tight market competition and the large number of SMIs that have recently emerged both from within and outside the country, have encouraged many IKM players to think hard about finding new strategies to win the existing competition. One way to do this is by utilizing the development of Information and Communication Technology (ICT) so that IKM players gain a wider market reach. Based on this, the existence of ICT has now become one of the accesses for IKM actors to develop their business (Wishnumurthi and Djunaedi, 2013).

IKM actors can take advantage of ICT in various aspects, one of which is marketing activities by utilizing digital marketing. The use of digital marketing can be used as an alternative strategy in product marketing to make it easier for business actors to monitor and provide for the needs and desires of potential consumers, while from the side of potential consumers it can be used as a medium that makes it easier to find product information. However, its use is not widely realized by business actors, especially SMEs who still use conventional marketing systems. Is-haq (2019) states that there is a relationship between
digital marketing and increasing sales of SMEs. The research also discusses options in digital marketing that are relevant to SMIs, including email, social media, search engine optimization, and online advertising.

Entrepreneurs demonstrate their ability to innovate by implementing survival mechanisms to manage the impact of the crisis on their business, namely by creating marketing innovations through promotion or alternative pricing (Naidoo, 2010), alternative distribution channels (Yu-Lian, 2008), product reengineering and use of campaigns. cheap and effective online (Bourletidis & Triantafyllopoulos, 2014).

Bastian (2015), Jermias (2008), and O’Brien (2003), who stated that product marketing by utilizing information technology through the internet and social media is the right strategy to market unlimited production while taking into account the company's balance sheet. A study on information technology and marketing conducted by Trainor et al. (2011) show that technology adoption leads to e-marketing capabilities and positively affects company performance by increasing customer retention and satisfaction so that it can also affect the company’s sustainability. Based on the 2015 Deloitte Access Economics research, SMEs that use digital technology are proven to be able to lift Indonesia’s economic growth by two percent. In addition, IKM income increased by 80 percent and was 17 times more innovative (www.kominfo.go.id, 2017).

Today’s technology continues to develop from time to time. Companies should be able to take advantage of this technology as a material consideration in formulating the right marketing strategy in order to achieve the company’s goals, namely maintaining business continuity. ICT can strengthen the influence of marketing strategy on business continuity if the company can use and utilize it in the company’s marketing strategy. Vice versa, ICT can weaken the influence of marketing strategies on business continuity if companies cannot use and utilize them, so that the marketing strategies used are potentially not optimal because they still use conventional methods to reach the market. If this happens, then the marketing strategy is not running effectively and the company’s goals are relatively difficult to achieve.

Based on the background explanation above, the focus in this study is to analyze the factors that influence the business continuity and welfare of silver craftsmen in Gianyar Regency, Bali Province by emphasizing marketing strategies and information and communication technology.

**Hypotheses**

Based on the preceding explanation, we suggest four hypothesis:

H1: marketing strategy has a positive effect on the sustainability of silver craftsmen’s business in Gianyar Regency.

H2: marketing strategy has a positive effect on the welfare of silver craftsmen in Gianyar Regency.

H3: business continuity has a positive effect on the welfare of silver craftsmen in Gianyar Regency.
H4: Information and communication technology moderates the influence of marketing strategy on the sustainability of silver craftsmen’s business in Gianyar Regency.

**Research Methods**

This study is a variable relationship analysis. Based on the process, this research is designed in a quantitative research model. This research was conducted on small and medium industries (IKM) engaged in silver handicrafts in Gianyar Regency, Bali Province. The determination of Gianyar Regency as the research location considering that silver handicraft SMEs in Gianyar Regency are silver handicraft SMEs with the largest number in Bali Province. The variables used in this study are classified into three, namely: (1) endogenous variables, namely business continuity (Y1) and craftsman welfare (Y2); (2) moderating variables, namely information and communication technology (X2); (3) exogenous variables, namely marketing strategy (X1). The population in this study amounted to 235 silver craft business units in Gianyar Regency which were classified as small and medium enterprises. The sampling method used in this study is a non-probability sampling type, namely purposive sampling. The analytical tool used in this research is WarpPLS 7.0. The conceptual framework in this study can be seen in Figure 1.

![Figure 1. Research conceptual framework](image)

**Result and Discussion**

**Outer Model test**

The loading factor value in this study is shown in Table 1.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>X1</th>
<th>X2</th>
<th>Y1</th>
<th>Y2</th>
<th>Type</th>
<th>SE</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1.1</td>
<td>0.750</td>
<td>0.235</td>
<td>-0.062</td>
<td>-0.078</td>
<td>-0.146</td>
<td>Reflect</td>
<td>0.157</td>
</tr>
<tr>
<td>X1.2</td>
<td>0.756</td>
<td>0.473</td>
<td>-0.312</td>
<td>0.156</td>
<td>-0.292</td>
<td>Reflect</td>
<td>0.166</td>
</tr>
</tbody>
</table>
Table 1 shows that all indicators reflecting the four constructs have a loading factor greater than 0.5. Based on this, all indicators of the four variables are valid. The feasibility of the constructs made can also be seen from the discriminant validity through Average Variance Extracted (AVE), Composite Reliability (CR) which is generally used for reflective indicators and aims to measure the internal consistency of a construct, and Cronbach Alpha. The results of the processed data are presented in Table 2.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Average Variance Extracted (AVE)</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Strategy (X1)</td>
<td>0.552</td>
<td>0.860</td>
<td>0.796</td>
</tr>
<tr>
<td>Information and Communication Technology (X2)</td>
<td>0.862</td>
<td>0.962</td>
<td>0.947</td>
</tr>
<tr>
<td>Business Continuity (Y1)</td>
<td>0.829</td>
<td>0.960</td>
<td>0.948</td>
</tr>
<tr>
<td>Craftsman Welfare (Y2)</td>
<td>0.465</td>
<td>0.858</td>
<td>0.806</td>
</tr>
<tr>
<td>Moderation Effect (X1*X2)</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: processed data, 2022
Table 2 shows that the constructs of marketing strategy (X1), information and communication technology (X2), business continuity (Y1), and the welfare of craftsmen (Y2) are very good, because they have discriminant validity greater than 0.5 which is reflected in the Average value. Variance Extracted (AVE), a value above 0.70 for Composite Reliability and a Cronbach Alpha value that exceeds 0.70.

**Evaluation of Goodness of Fit from Inner Model**

This study uses the analysis of WarpPLS version 7.0 to test the significance of the relationship between constructs based on the results of the analysis of the outer model which is reliable and valid. The Inner Path Model Diagram from this study is shown in Figure 2.

![Figure 2. Inner path diagram model](image)

### Table 3

R-Square value analysis results

<table>
<thead>
<tr>
<th>Variables</th>
<th>R²</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Continuity (Y1)</td>
<td>0.392</td>
<td>Moderate</td>
</tr>
<tr>
<td>Craftsman Welfare (Y2)</td>
<td>0.472</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

Source: processed data, 2022

The analysis presented in Table 3 shows that the results of R2 for Y1 are 0.392 and for Y2 are 0.472 so that they are classified as moderate as predictors of changes in the value of the dependent variable included in the research model. Another way that can be done to get the quality of the research model on a number of constructs used is through the goodness of fits (GOF) feasibility test as recommended by Tenenhaus et al. (2004). The model formulation is described as follows.

\[
Q_2 = 1 - \frac{1}{[(1-R_1^2)(1-R_2^2)]}
\]

\[
Q_2 = 1 - \frac{1}{[(1-0.392)(1-0.472)]}
\]

\[
Q_2 = 1 - \frac{1}{[0.608][0.528]}
\]

\[
Q_2 = 1 - 0.321 = 0.679
\]
Based on the calculation results, the Q2 value of 0.679 means that 67.9 percent of the variation of the craftsman’s welfare variable (Y2) is expressed by the variation of the marketing strategy variable (X1), information and communication technology (X2), and business continuity (Y1). The remaining 32.1 percent of the variation in value changes in the welfare variable of craftsmen cannot be explained by exogenous latent variables (X1, X2, and Y1), and is determined by other factors that are not included in this research model.

**Hypothesis testing**

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>P values</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 → Y1</td>
<td>0.021</td>
<td>0.417</td>
</tr>
<tr>
<td>X1 → Y2</td>
<td>0.313</td>
<td>0.009</td>
</tr>
<tr>
<td>Y1 → Y2</td>
<td>0.542</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Moderation effect</td>
<td>0.625</td>
<td>&lt;0.001</td>
</tr>
</tbody>
</table>

(X1*X2)

Source: processed data, 2022

Information:
X1 = marketing strategy; X2 = information and communication technology; Y1 = business continuity; and Y2 = craftsman welfare

Table 4 shows that the path coefficient value of the marketing strategy variable (X1) on the business continuity variable (Y1) is 0.021 and the P value is greater than 0.05 (0.417 > 0.05), so it can be concluded that the marketing strategy directly affects positive is not significant to business continuity. This means that the increase in the value of the marketing strategy does not lead to an increase in the value of business continuity.

The path coefficient value of the marketing strategy variable (X1) on the welfare variable of craftsmen (Y2) is 0.313 and the P value is smaller than 0.05 (0.009 < 0.05), so it can be concluded that the marketing strategy directly has a significant positive effect on welfare craftsman. This means that the higher the value of the marketing strategy, the value of the welfare of the craftsmen also increases.

The path coefficient value of the business continuity variable (Y1) on the welfare variable of craftsmen (Y2) is 0.542 and the P value is smaller than 0.05 (<0.001 < 0.05), so it can be concluded that business continuity directly has a significant positive effect on worker welfare. This means that as the value of business continuity increases, the welfare value of craftsmen also increases.

The path coefficient value from the test of the role of information and communication technology (X2) moderates the effect of marketing strategy (X1) on business continuity (Y1), which is 0.625 with a P value of less than 0.05 (<0.001<0.10). This value indicates that information and communication technology moderate the effect of marketing strategy on business continuity.
Discussion

Direct influence of marketing strategy on the sustainability of silver craftsmen's business in Gianyar Regency

The results of hypothesis testing in this study stated that the marketing strategy directly had a positive but not significant effect on the business continuity of silver craftsmen in Gianyar Regency. This means that the increase in the value of the Marketing Strategy does not lead to an increase in the value of Business Continuity. The marketing strategy of handicraft products that has been used so far has not been able to significantly affect business continuity. These results are also related to data regarding respondents' perceptions of marketing strategy variables which illustrates that the implementation of modern marketing strategies by silver craftsmen is still relatively low compared to the implementation of other marketing strategies. The implementation of modern marketing strategies that are still relatively low in the face of changing market situations due to the Covid-19 pandemic has caused the growth in sales of handicraft products to be relatively low as well.

Especially during the COVID-19 pandemic, there was a shift in customer purchasing patterns due to restrictions on activities and the closure of tourism in Bali Province. Craftsmen who used to wait for customers to come in person or rely on visiting groups of tourists, now have to rack their brains so that the products offered can be sold. Inevitably, craftsmen are faced with the choice to switch from a conventional marketing strategy to a digital marketing system.

Currently, most silversmiths are in the transition period. Craftsmen who are able to keep up with technological developments can use it to assist marketing activities in order to capture a wider market share. However, for craftsmen who have not been able to utilize technology in marketing activities, they have the possibility to be left behind and have difficulties in marketing their products so that it can also have an impact on the sustainability of their business.

This is also reflected in the shrinking population of silver craftsmen in Gianyar Regency. Based on data obtained from the Bali Province Industry and Trade Office, the number of silver craftsmen is 235 craftsmen. However, when data was collected, the population shrank to 95 craftsmen who are currently still active in carrying out their operational activities. Some of the craftsmen who are no longer active in running their businesses have migrated to other jobs that are considered more promising, while others have closed their businesses temporarily, while waiting for the situation to improve.

The results of this study are in line with research conducted by Jin (2018) which states that in the era of technological development, an inadequate marketing strategy system can limit the development and sustainability of SMEs. The ineffectiveness of the formulation and implementation of marketing strategies can be a problem for SMEs, so it is necessary to evaluate the marketing strategies that have been used so far. Even though SMEs have begun to adopt technology in marketing strategies, issues regarding the marketing concept, the professional
who runs it, and implementation in marketing strategies are also important things to pay attention to.

**Direct influence of marketing strategy on the welfare of silver craftsmen in Gianyar Regency**

The results of hypothesis testing in this study stated that the Marketing Strategy directly had a positive and significant effect on the Welfare of Silver Craftsmen in Gianyar Regency. Welfare in this study is measured by material welfare, namely the increase in profits from production activities. Increasing profits can be more easily achieved if the craftsmen are able to identify effective marketing strategies to be implemented so that they can attract buyers and increase sales which have an impact on increasing profits from silver handicraft production activities.

The most dominant indicator that supports the marketing strategy in this research is the application of modern marketing strategies. The use of modern marketing can be used as an alternative strategy in product marketing to make it easier for business actors to monitor and provide for the needs and desires of potential consumers, while from the side of potential consumers it can be used as a medium that makes it easier to find product information. Is-haq (2019) states that there is a relationship between modern marketing and an increase in sales of SMEs which also has an impact on welfare.

The results of this study are in line with the welfare theory, which is associated with the welfare of craftsmen. The selection of the right marketing strategy can overcome the problems of SMEs related to marketing so that the established strategy can run successfully in order to realize the welfare of the craftsmen. The results of this study are also in line with research conducted by Jeanine and Harmeling (2011) which explains that understanding marketing strategy is very important for the success, development, and long-term business sustainability that has an impact on welfare.

**The direct influence of business continuity on the welfare of silver craftsmen in Gianyar Regency**

The results of hypothesis testing in this study state that business continuity directly has a positive and significant impact on the welfare of silver craftsmen in Gianyar Regency. The results of this study illustrate that increasing the value of business continuity can increase the welfare value of silver craftsmen.

The dominant indicator that supports business continuity on the welfare of silver craftsmen in Gianyar Regency is the level of sales growth. Business continuity can occur if all business operational activities can take place properly, including sales growth because it has an impact on increasing the income earned by craftsmen. Along with the increase in the income earned by the craftsmen, the welfare of the craftsmen will be easier to achieve.

The results of this study are in line with the welfare theory, which is associated with the welfare of craftsmen. As part of MSMEs, when associated with the craft industry, craftsmen who can maintain their business continuity will tend to have
better welfare. This can be due to the income that the craftsmen get from the craft business they are engaged in, so that the income is used to meet their welfare. The results of this study are also in line with research conducted by Seran et al. (2017) which states that good management and empowerment of MSMEs can help maintain business continuity which also has an impact on a better level of community welfare.

**The role of information and communication technology moderates the influence of marketing strategies on the sustainability of silver craftsmen's business in Gianyar Regency**

The results of data analysis indicate that Information and Communication Technology (ICT) is able to moderate the influence of Marketing Strategy on Business Continuity of Silver Craftsmen in Gianyar Regency. ICT can strengthen the influence of marketing strategy on business continuity if the company can use and utilize it in the company's marketing strategy. An excerpt from an interview with Kadek Ari Dyah Wilatini in Sukawati District, October 18, 2021, is presented as follows.

“Currently I am carrying out a marketing strategy by combining technology using social media such as Instagram and marketing goods on online sites. For example, by using Instagram, I try to display product photos as attractive as possible and clear information so that buyers are interested. I also use the services of celebgram to promote my products to make it more attractive and because there are quite a lot of celebgram followers, many automatically know about my online shop. There are orders that I get from online sales, not only from Gianyar but also from outside Gianyar. So I think the scope of sales is wider. In the future, I want to develop online sales, especially in the midst of a pandemic with quiet conditions like today.”

Kadek Ari Dyah Wilatini’s statement illustrates that ICT can strengthen the influence of marketing strategies on business continuity if craftsmen can utilize the technology properly. Currently, most of the silver craftsmen who are still surviving in the midst of the Covid-19 pandemic are craftsmen who have started to shift their marketing strategy from conventional to digital with the help of ICT. This is intended so that silver craftsmen can reach a wider market in the midst of the implementation of activity restrictions.

The results of this study are in line with research conducted by Bastian (2015), Jermias (2008), and O’Brien (2003), which states that product marketing by utilizing information technology through the internet and social media is the right strategy to market production without limit by taking into account the company’s balance sheet. A study on information technology and marketing conducted by Trainor et al. (2008) showed that technology adoption leads to e-marketing capabilities and positively affects company performance by increasing customer retention and satisfaction so that it can also affect the company’s sustainability. Based on the 2015 Deloitte Access Economics research, SMEs that use digital technology are proven to be able to lift Indonesia’s economic growth by two percent. In addition, IKM income increased by 80 percent and was 17 times more innovative (www.kominfo.go.id, 2017).
Findings

The marketing strategy has a positive but not significant effect on the sustainability of the silver craftsmen's business. This happens because the marketing strategy of handicraft products that have been used so far has not been able to significantly affect business continuity. Facts revealed in the field, craftsmen who have not been able to utilize technology in marketing activities, have the possibility to be left behind and have difficulty in marketing their products so that it can also have an impact on the sustainability of their business. Most of the silver craftsmen who still survive and run their business operations are craftsmen who have started implementing digital marketing. Craftsmen who are able to keep up with technological developments can use it to assist marketing activities in order to capture a wider market share.

Especially during the Covid-19 pandemic, there was a shift in customer purchasing patterns due to restrictions on activities and the closure of tourism in Bali Province. Craftsmen who used to wait for customers to come in person or rely on visiting groups of tourists, now have to rack their brains so that the products offered can be sold. Inevitably, craftsmen are faced with the choice to switch from a conventional marketing strategy to a digital marketing system. Explicitly, the use of a touch of information and communication technology in the implementation of marketing strategies is able to contribute to maintaining business continuity. This illustrates that craftsmen are expected to adopt information and communication technology which includes facilities, infrastructure, and human resources who are able to operate the technology so that it is implemented in the implementation of marketing strategies so that they can actually realize business continuity, especially silver crafts in Gianyar Regency.

Conclusion and Suggestion

Conclusion

Based on the results of data analysis and discussion in the previous chapter, the following conclusions can be drawn: (1) Direct marketing strategy has an insignificant positive effect on the sustainability of silver craftsmen's business in Gianyar Regency; (2) The direct marketing strategy has a significant positive effect on the welfare of silver craftsmen in Gianyar Regency; (3) Business continuity directly has a significant positive effect on the welfare of silver craftsmen in Gianyar Regency; and (4) Information and communication technology moderates the influence of marketing strategy on the business continuity of silver craftsmen in Gianyar Regency.

Suggestion

Based on the results of the research and the conclusions above, the suggestions that can be given are as follows: (1) Formulating the right marketing strategy. Maintaining marketing strategies that are still considered effective, as well as innovating marketing strategies. Moreover, the use of Information and Communication Technology has proven to be able to moderate the relationship
between marketing strategy and business continuity; and (2) the need for the Government’s role in accommodating silver craftsmen through recommendations or policies regarding Small and Medium Industries, especially silver crafts.

References


