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Innovation in Distribution Channel and Firm Performance:
The Case of Small and Medium Enterprises in Indonesia

Field of study: Small and medium enterprises

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ABSTRAK

Seperti yang dibuktikan selama beberapa dekad, perusahaan kecil dan sederhana (PKS) telah menjadi penyumbang utama terhadap peluang pekerjaan, pembiasian kemiskinan, tambah nilai, dan pembangunan ekonomi di seluruh dunia. Dengan meningkatnya kepentingan pengantarkebangsaan penglibatan PKS dalam kegiatan ekspor, ekspor semakin berkembang untuk menjana pertumbuhan. Kesusasteraan yang membahas tentang ekspor telah menunjukkan bahawa keberkesanan dan kecekapan saluran pengedaran menjadi isu kritikal untuk meningkatkan prestasi ekspor. Walaupun kalangan peneliti mengakui bahawa ciri saluran pengedaran umumnya sukar untuk berubah, dapan kajian sebelumnya menguatkan bukti bahawa prestasi firma juga ditadbir oleh gabungan di kalangan ahli-ahli saluran pada menguruskan penyelarasan, mengelakkan konflik, mencapai jualan dan keuntungan, bertukar-tukar maklumat, mempercayai dan memegang komitmen serta bagaimana aplikasi bukan saluran rasmi, kedudukan ahli saluran; pertubuhan pelbagai saluran pengedaran; pengimport hubungan pertubuhan; dan buktinya. Kepentingan inovasi termasuk inovasi dalam saluran pengedaran sebagai pemandu prestasi adalah muktamad. Selain itu, kajian sedemikian berkaitan PKSadalah amat terhad. Oleh itu, kajian ini mengkaji kesan inovasi aktiviti saluran pengedaran ke atas prestasi firma PKS. Berdasarkan jurang sastera yang sedia ada, perhatian khusus telah diberikan kepada peranan pengantara prestasi saluran pengedaran dalam hubungan antara inovasi saluran pengedaran dan prestasi firma PKS. Menggunakan sampelsebanyak 120 PKS berorientasikan ekspor berasaskan industri pertanian dalam wilayah DIY dan kawasan sekitar Jawa Tengah, Indonesia; analisis regresi hierarki telah digunakan dan jelas telah ditemui bagaimana inovasi dalam saluran pengedaran membawa kepada peningkatan prestasi firma. Temuan telah menyatakan bahawa inovasi dalam pelbagai, perkongsian maklumat, dan penyelarasan pengangkutan telah membawa kepada prestasi firma yang lebih besar. Hasil kajian juga menunjukkan bahawa prestasi pengedaran adalah perantara hubungan antara inovasi dalam, perkongsian maklumat dan penyelarasan pengangkutan, dan prestasi firma. Ini secara empirikal membuktikan kesan inovasi terhadap prestasi PKS adalah amat penting apabila prestasi pengedaran dipertingkatkan melalui inovasi. Penemuan dan implikasi kajian ini menyokong teori yang sedia ada: biaya urus niaga, teori depot, perspektif individu inovasi, dan sumber asas pandangan. Temuan ini memperikan petunjuk kepada pemegang saham akan kepentingan inovasi dan menggalakkan usahawan untuk melibatkan diri dalam inovasi. Hal ini merupakan cabaran untuk PKS yang sejenis pada umumnya di dunia.

Keywords: Inovasi, saluran pengedaran, PKS, Indonesia & prestasi firma
ABSTRACT

It has been evidenced for many decades, that small and medium enterprises (SMEs) have become the major and fundamental contributors to employment generation, poverty alleviation, value added creation, and economic development around the globe. Due to the growing significance of internationalization, engagement in export has developed among SMEs for seeking natural growth. Literature on export has shown that the effectiveness and efficiency of distribution channel have become critical issues for export performance. Whilst acknowledging that the characteristics of distribution channels is generally difficult to change once established, findings from previous studies have strengthen the indications that firm performance is also governed by affiliation among channel members on managing coordination, avoiding conflict, achieving sales and profit, exchanging information, trusting and holding commitment, as well as how the applications of non formal channels, position of channel members; multiple distribution channels’ establishments; importers linkage establishments; and decentralization. The importance of innovation, including innovation in distribution channels as the driver of performance, is inconclusive. Additionally, such a study is extremely limited in SMEs. Therefore, this study examines the impact of innovation in distribution channel activities upon firm performance. Based on the existing literature gap, a special attention was given to the mediating role of distribution channel performance in the relationship between distribution channel innovation and firm performance of SMEs. This study used a sample of 120 collected export-oriented agriculture-based SMEs in DIY province and the surrounding areas of the Central Java, Indonesia. A hierarchical regression analysis was used to estimate the distribution channel innovation-firm performance model. Clearer findings of this study showed how the innovations led to firm performance. It was indicated that innovation in assortment, information sharing, and transportation coordination led to greater firm performance. The result of the study also showed that distribution performance mediated the relationship between innovations in assortment, information sharing and transportation coordination, and firm performance. This empirically proved that the effect of innovation on the performance of SMEs is strongly significant when distribution performance is enhanced through such an innovation. The findings and implications support the existing theory of transaction cost, depot theory, individual perspectives of innovation, and resource base view, which give clues for stakeholders and the entrepreneurs how to engage in the innovations. It could grant challenges for the SMEs worldwide.

Keywords: Innovation, distribution channel, SMEs, Indonesia & firm performance
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Factors that effect the trade friendliness of logistic services in ASEAN
List of abbreviations

SMEs = Small and medium enterprise scales
LE = Large enterprises
APEC = Asia Pacific Economic Cooperation
WTO = World Trade Organization
AFTA = Asian Free Trade Area
TF = Trade Facilitation
GDP = Gross Domestic Product
ETCs = Export Trading Companies
IT = Information Technology
IM = Inventory Management
NCPDM = National Council of Physical Distribution Management
ROI = Return on Investment
R&D = Research and Development
NAFTA = North American Free Trade Area
EDI = Electronic Data Interchange
FDI = Foreign Direct Investment
EBIT = Earnings Before Interest and Tax
EAT = Earnings After Interest and Tax
IDR = Indonesian Rupiah
ERP = Enterprise Resource Planning
AVS/RS = Application Autonomous Vehicle Storage and Retrieval System
RBV = Resource Base View
ETC = Economic Transaction Cost
DIY = Daerah Istimewa Yogyakarta
GATT = General Agreement on Tariffs and Trade
K-S = Kolmogorov Smirnov
S-W = Shapiro-Wilks
KMO = Kaiser Meyer Olkin
OFP = Order Fulfillment Process
Acc = Account
NPV = Net Present Value
DF = Discount Factor
PV = Present Value
SCM = Supply Chain Management
SC = Supply Chain
PO = Purchasing Order