

## CHAPTER IV

### RESULT AND DISCUSSION

#### A. The General Idea Analysis

This chapter determine and explain concerning the description about the illustration of research object which giving information from the object. This study use primary data with directly questionnaire to respondents, include the owner and labor in MSME halal food business Bantul regency, Yogyakarta. However, researcher focuse on Bantul regency as the total of respondent is 65 which had distributed, non completed Questionnaire is 5 and were complete Questionnaire were 61. Based on Slovin formulation the researcher need to process 60 data. The questionnaire was distributed to 9 owner and 51 labors in halal food business Bantul regency. Further information of respondent was explain in following sub-chapter.

Total the populaton in Bantul regency is 919.440 people or 299.772 family. Almost people who have food business in Bantul regency not all a business had halal certification. Bantul regency as population and sample research object because there are many kinds of food business who had halal sertificated. Bantul regency consists of plain area located in the middle and hilly areas located in the east and west, as well as coastal areas in the south. The condition of landscape is relatively longitudinally from north to south. Bantul regency have 17 area and have moto as “Projotamansari” (*produktif or profesional ijo royo-royo tertib aman sehat dan asri*) mean as potentials area such as human resource or natural resource be able and to be more productive, be able to give a justice to develop the area. Everyone need to recognize the rights and their obligation as community.

In the side of the economy in Bantul regency according to agency for regional development (BAPPEDA) that economy in Bantul regency quarterly III increase 5,32%, increase from Rp 989,6 billion become Rp 1,042 billion just than 2011. The economy in Bantul that causes from several sectors who encourage the development of economy that is building sector, restaurant or food business, hotel and services. Those were not being separately from the performance of business, especially MSME, SMEs and that has big influence to economy development in city.

Not only in the vision and mission of Bantul regency is to create being professional society, more independent and also creative to develop the city. The employees need to increase the performance since it is importance to develop their skill and a result. In education, Bantul regency has mission to realize the ideals of Bantul regency consisting health, intelligent, and prosperous in an educational institution. The education institutions would be improve the quality of the human resource mostly in education service quality through school or outside of school. The development of education in Bantul regency have been improve and receive many achievement from the student or teachers, last achievement was accept in 2017 as the excellent teachers, which present in national level.

The result of descriptive analyses for demographic of respondent consist of gender, education, age, income and duration their work in business shown in table as follows.

Table 4.3 Gender of Respondent

| Gender    | Total | Percentage |
|-----------|-------|------------|
| 1. Male   | 31    | 51,70%     |
| 2. Female | 29    | 48,30%     |
| Total     | 60    | 100%       |

Source: Primary Data Process 2017 using SmartPLS 3

Based on table 4.3 then the researcher interpreted the identity of respondent halal food business in Bantul regency consist of gender with the total are 60 respondent from employees and owner in halal food business that are covering 29 female and 31 male, the difference of gender only 2 person. Almost respondent this research who work in halal food business are male.

Table 4.4 Age of Respondent

| Age          | Total | Percentage |
|--------------|-------|------------|
| 1. < 20th    | 10    | 16,70%     |
| 2. 20 - 40th | 43    | 71,70%     |
| 3. 40 - 60th | 5     | 8,30%      |
| 4. > 60th    | 2     | 3,30%      |
| Total        | 60    | 100%       |

Source: Primary Data Process 2017 using SmartPLS 3

According to table 4.4 age of the respondent describe the age of employees and owner in halal food business Bantul regency. Respondent who work in business have age between 20 – 40 years old as 71,7% and the lowest of respondent who have age > 60 years old it's just 3,30% or only 2 people. So almost businessman or employees at a business actually working in a middle of their age. Not only in a

middle age, researcher found teenager <20 years old who working and dropout from their school because an economic problem in their family.

Based on table 4.4 most respondent has age between 20-40 years old, almost people who working in those age has a difference experience about a business than respondent who have age >40, but the benefit is a performance of human resource in business still higher and more active than older employees. Based on interview and discussion with respondent, a business would be succes if has more experience and smart to create problem solving. So, in those age might be increase a business if have an idea or many experience about a business, but almost a business who has employees more than 40 years old actually good and many experience but the energy to working is not really good or difference with a productive age.

Table 4.5 Level Education of Respondent

| <b>Education</b>      | <b>Total</b> | <b>Percentage</b> |
|-----------------------|--------------|-------------------|
| 1. Elementary School  | 1            | 1,70%             |
| 2. Junior High School | 8            | 13,30%            |
| 3. Senior High School | 37           | 61,70%            |
| 4. Undergraduate      | 8            | 13,30%            |
| 5. Others             | 6            | 10%               |
| <b>Total</b>          | <b>60</b>    | <b>100%</b>       |

Source: Primary Data Process 2017 using SmartPLS 3

The highest percentage of level education of respondent who are employees and owner in a business was senior high school as 61,7% and the lowest percentage was elementary school as 1,70%. The others level education was 10%, most of the respondent has high school as the level education, in the same

direction with Suparmoko (2010) means the quality of respondent or human resource not higher since the level education each people influenced the level of skill and had highest productivity. The other side, the owner and labor in Micro Small and Medium Enterprises halal food business the education their take is not higher. We can see several student or teenagers looking for a job in order to making money, because economic problem in family or something that they must to get a job.

Table 4.6 Income of Respondent

| <b>Income</b>      | <b>Total</b> | <b>Percentage (%)</b> |
|--------------------|--------------|-----------------------|
| 1. < Rp.500.000    | 1            | 1,70%                 |
| 2. > Rp.500.000    | 41           | 68,30%                |
| 3. Rp.1,5jt –2,5jt | 11           | 18,30%                |
| 4. > Rp.2,5jt      | 7            | 11,70%                |
| <b>Total</b>       | <b>60</b>    | <b>100%</b>           |

Source: Primary Data Process 2017 using SmartPLS 3

The percentage of income based on the table 4.6 the higher income level of respondent is > Rp 500.000 with the percentage is 68,3% , it's mean that the income of respondent in MSME is not to much. Almost people who working in a halal food business based on the interview and survey there are has income Rp 500.000-Rp 1.000.000. Another person might argue if the income is not too much, but actually there are legit because they work in MSME (micro small medium enterprises) that it means a business not have an role from government about profit or something like that. So, a business should build a business itself and could be more develop time to times if there are have a good or higher education from human resource, because if a quality of human resource is very good so it will be influence the performance of business. a business it must be careful

actually in finance, management process and can problem solving. Almost human resource who has many experience especially who has a higher education can be solve the problem because their capable to manage and know more about business.

Tabel 4.7 Duration Job of Respondent

| <b>Duration</b> | <b>Total</b> | <b>Percentage</b> |
|-----------------|--------------|-------------------|
| 1. < 1 year     | 22           | 37%               |
| 2. >1 year      | 22           | 37%               |
| 3. 3 – 4 year   | 7            | 12%               |
| 4. >4 year      | 9            | 14%               |
| <b>Total</b>    | <b>60</b>    | <b>100%</b>       |

Source: Primary Data Process 2017 using SmartPLS 3

Based on table 4.7 about the duration work in a business, the higher percentage is 37% that is same between less than 1 year and also which more than 1 year the respondent are 22. It shows that the respondent from Micro Small and Medium Enterprise in halal food business was contribute at 1 - > 1 years. The employees who has duration more than 1 year in a halal food business based on the interview actually has many experience and already know the condition or the implementation of Islamic ethic in business. The employees in a halal food business who have duration less than one year, there are so many a new employees because the development of halal food business time to time increase so their needed more employees. The employees or owner who has duration of working at a business more than one years, definetly has many experience and also know and more understand about the business. in the other words, it would be more known how to create problem solving in a business.

## 1. The Illustration of Research Variable

The illustration are explain the estimation every variable and describe the minimum and maximum based on primary data process with statistics analyses using SPSS. The measurement of deviation determined that indicates a highest or lowest of differences in data resulting from the average, the size of deviation is used to determined the extent of irregularities data or homogeneity data.

Table 4.8 Ilustration Research Variable

|                           | <b>N</b> | <b>Minimum</b> | <b>Maximum</b> | <b>Mean</b> | <b>Std. Deviation</b> |
|---------------------------|----------|----------------|----------------|-------------|-----------------------|
| <b>FreeWill</b>           | 60       | 15             | 29             | 25,53       | 2,517                 |
| <b>Justice</b>            | 60       | 13             | 29             | 25,41       | 2,899                 |
| <b>Responsibility</b>     | 60       | 17             | 29             | 26,25       | 2,261                 |
| <b>Management</b>         | 60       | 18             | 29             | 25,73       | 2,079                 |
| <b>HR</b>                 | 60       | 16             | 29             | 26,25       | 2,44                  |
| <b>Capital</b>            | 60       | 12             | 29             | 24          | 3,493                 |
| <b>Valid N (listwise)</b> | 60       |                |                |             |                       |

Source: Primary Data Process 2017 using SmartPLS 3

According to the table 4.8 could be know the variable of free will in above had the minimum value is 15 and the maximum 29, mean the illustration of variable free will as 25,53 and produced the standard deviation is 2,517. The result of variable justice with the minimum value is 13 and maximum value is 29. Mean in variable justice is 25,4 and the result of standard deviation is 2,899. In variable responsibility minimum is 17 and maximum 29, the result of mean 26,25 and standard deviation 2,261. The result of variable management had the minimum 18 and maximum 29 with mean is 25,73 the standard deviation 2,079. The result variable human resource (HR) minimum 16 and maximum is 29, mean of variable human resource 26,25 and standard deviation is 2,44. And the last variable capital with minimum 12 and maximum 29, mean 24 and standard deviation is 3,493.

According to the answering from respondent for the question about Islamic business ethic variable shows the responsibility in Islamic business ethic concept more highest than justice and free will in a business since the value of mean is 26,25. The item question about human resource in the internal factors indicator variable shows when those question is highest than others question in Internal factor variables. This proven with the maximum value of capital as 29 and the standard deviation as 3,493 means in a top of mean value of human resource since the greater value of standard deviation, hence the greater an average distance of each unit data toward the average of count.

The mean value of free will as 25,53, however the value of standard deviation 2,517 is the highest value than other means the greater an average distance each unit data towards the average count. In the other side, the value of management have maximum value 29 and the standard deviation as 2,079 means the greater an average distance each unit data towards the average count. It shows that the responsibility and human resource is relative higher.

## **2. Perception of Employment**

Perception analyses describe by 60 employments in Halal food business Bantul regency, Yogyakarta province. This perception concern each question related Islamic business ethic consist of free will, justice and responsibility. In the question concerning Internal factors consist of management, human resource and capital. The estimation of perception divided into two chapter, that is indicators and result perception about those each indicators. That showing in the table 4.9:



Table 4.9 Perception of Employment MSME Halal Food Business

| Indicator               | Indicator Value | Information |
|-------------------------|-----------------|-------------|
| Islamic Business Ethic: |                 |             |
| Free Will               | 4,42            | Very Agree  |
| Justice                 | 4,3             | Very Agree  |
| Responsibility          | 4,216           | Very Agree  |
| Internal Factor:        |                 |             |
| Management              | 3,284           | Quite Agree |
| Human resource          | 3,284           | Quite Agree |
| Capital                 | 4,373           | Very Agree  |
| Performance:            |                 |             |
| Importance              | 3,843           | Agree       |
| Productivity            | 4,373           | Very Agree  |
| Inovation               | 3,842           | Agree       |

Source: Primary Data Process 2017 with SmartPLS 3

Based on the perception of respondents regarding indicators shows in table 4.9, the highest value was free will in Islamic business ethic consist of (4,42) compare to justice (4,3) and responsibility (4,216). The main reason as free will had the highest value because in halal food business have influence to increase their human resource with applied Islamic concept and appropriate to the rules, most respondent explain that justice important and give impact for business also. In the other case, responsibility (4,216) it has a lowest perception value between free will and justice. Almost employment has lowest knowledge concerning the ethical business, but they are still can work with a good in business.

It differences with indicators from internal factors, there are has a highest value that is capital (4,373), whereas management and human resource have same value as (3,284) then belonging to lowest value since the respondent think that the question about capital appropriate with reality condition that is influenced in performance than management and human resource. In performance indicators consist of importance (3,843) means the perception of respondent agree with questions because each business had some rules or policy and there are importance to develop business, productivity was (4,373) consisting the highest

value than other indicators means respondent more comprehend with question cause they thought each productivity in business more affected for example food business it would be increase on performance when the productivity are stable and better than before, and the lowest value in performance indicators are inovation (3,842) means respondent agree with question consist of inovation because their thought that each business would be better than before when a business create new inovation to collect customers.

## **B. Instrument Quality Test**

### **1. Analyses The Influence of Islamic Business Ethic and Internal Factor**

The evaluation of instrument from this study is to understand and know the influence of Islamic business ethic and Internal factor toward the performance of business or MSME in halal food business. In this study was describe the influence and factor toward the performance using two model that are outer model and inner model in Partial Least Square. Quality instrument was the first step need to be seen for interpretation on estimation. SEM PLS is one of the multivariate techniques that would be explains to represent a series of causal relationship in the scheme path diagram. The analysis would be give an explanation and to the problem of this research.

## 1.1 Scheme Path Diagram

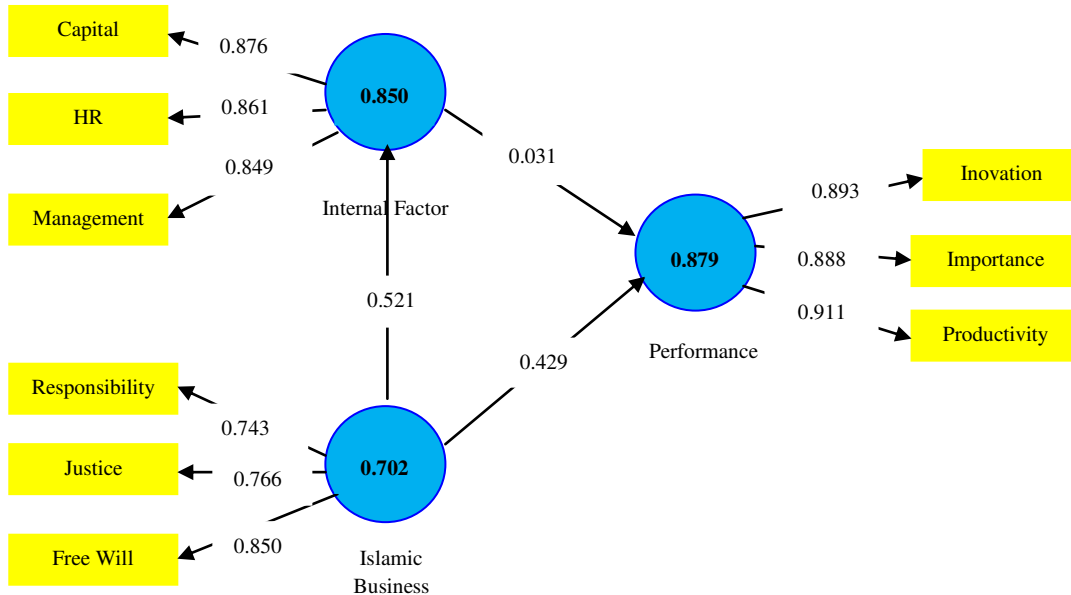


Figure 4.2 Path Diagram structural SEM PLS

The path diagram scheme from SEM PLS method above explain that all of variables and some indicators in this research were processing using smartPLS 3. In path diagram, one manifest variables could be asociated with one latent variables. One blocks is all manifest variables are associated in one latent variables, the way blocks associated with latent variables reflective or formative. The path diagram structural with scheme path was easier than others structure, since the researcher can see the result to look for the path scheme. Those model is very good to take an analysis and interpretation since the path were described the path each variable and indicator. Measured covariates are the measured (manifest) continuous variables entered as measures for the dependent and independent variables. Measured factors are the measured categorical variables entered as dummy variables in the model.

The path multiplication rule may be used to estimate direct and indirect effects when, as in the model depicted above, one variable (Islamic business ethic) has a direct effect on another (Business Performance) as well as in indirect effect (from

Islamic business ethic to Internal Factors to Motivation). The direct effect is the standardized structural coefficient, also known as the inner model loading of Islamic business ethic on business performance. The indirect effect is the product of the path coefficient for Islamic business ethic toward internal factors times the path coefficient for internal factors toward business performance. In more complex models there may be more than two paths multiplied together to get the indirect effect. The total effect of Islamic business ethic on business performance is the sum of its direct and indirect effects.

### 1.2 Measurement Model Analyses (Outer Model)

Outer model (Outer Relation) that used to analyses this study. Loading outer model are explain the relationship between variable laten and indicator, so this model will mix the relationship between indicator and variable laten but also estimated some dimation to compose factor. Ghozali (2008), outer model is determine and explaining the relation between indicator and variable latent. The coefficient or outer loading factors were less than 0,7 every indicator in reduction model. It would be explain as follows 4.10:

Table 4.10 Loading Outer Model

| Variable                | Indicator      | Std.Value    |
|-------------------------|----------------|--------------|
| Islamic Business Ethic: | Free Will      | <b>0,850</b> |
|                         | Justice        | <b>0,766</b> |
|                         | Responsibility | <b>0,743</b> |
| Internal Factor:        | Management     | <b>0,894</b> |
|                         | Human Resource | <b>0,861</b> |
|                         | Capital        | <b>0,876</b> |
| Business Performance:   | Productivity   | <b>0,911</b> |
|                         | Importance     | <b>0,888</b> |
|                         | Inovation      | <b>0,893</b> |

Source: Primary Data Process 2017 with SmartPLS 3

Based on the table 4.10 the value in each indicator, were described before reduction or bootstrapping process to show the influence of Islamic business ethic and internal factor. When the standard value had value more than 0,7, the indicators had relationship and these were appear to made the lowest value on indicators and variable was found on free will (0,850), justice (0,766) and responsibility (0,743), the highest value of standard deviation in Islamic business ethic variables consisting indicators free will. The internal factor value consist of indicators management (0,894), human resource (0,861), and capital is (0,876). The highest value of convergent validity in internal factor are management. All of indicators value is significant because more than 0,7 Although the level of responsibility (0,743) every labor is not higher than justice and free will on Islamic business ethic variables, but their always do the best in productivity (0,911) and inovation in latent variable which better and maked an impression. Structure and detailed of model attached in Appendix 5.7.

Based on the result data value consist of loading factor in variable latent with the indicators which more than 0,7 for each indicators in Internal factor and Islamic business ethic, when the value of cross loading factor are more than 0,7, hence the indicator are not valid and must to delete from analysis or estimation since that shows the indicators is not better to use interpreted variable latent. Then, all of indicators that use in this study is very good and valid on variable latent estimation because which more than 0,7. The indicators performance it's also more than 0,7 hence it's very good and valid data. The reliability it also explain at table 4.11 follows:

Tabel 4.11 Discriminant Validity and Convergent Validity Analyses

|                       | Value Cross Loading | Convergent Validity | Discriminant Validity |
|-----------------------|---------------------|---------------------|-----------------------|
| <b>Capital</b>        | 0,876               | Valid               | Valid                 |
| <b>Free Will</b>      | 0,850               | Valid               | Valid                 |
| <b>Human Resource</b> | 0,861               | Valid               | Valid                 |
| <b>Importance</b>     | 0,888               | Valid               | Valid                 |
| <b>Inovation</b>      | 0,893               | Valid               | Valid                 |
| <b>Justice</b>        | 0,766               | Valid               | Valid                 |
| <b>Management</b>     | 0,894               | Valid               | Valid                 |
| <b>Productivity</b>   | 0,911               | Valid               | Valid                 |
| <b>Responsibility</b> | 0,743               | Valid               | Valid                 |

Source: Primary Data Process 2017 with SmartPLS 3

Table 4.11, the researcher make an result from the data to validity test use discriminant validity test useful to know the construct who had discriminant adequate and convergent validity are loading factor value in variable latent with an indicators. According to the table 4.11 the value of cross loading as a factor who explained there have discriminant relation or not between cross loading value and constructs, those test also compared between cross loading value and other constructs. Those data describe all of value cross loading factor based on discriminant validity are valid. According to the convergent validity based on cross loading factor value mostly have significant also.

The result of discriminant validity is to measured wheter the construct have an discriminant (not similar) or can not compared between cross loading value from discriminant validity with Average Variance Extracted. According to Champbell and Fiske (1959) the concept of discriminant validity evaluated test validity and shows that a test of a variables is not highly correlated with others test. The value is must more than AVE. Based on the table most of cross loading value is more than AVE value, and the higher value of discriminant validity is productivity (0,911) and management (0,894).

Tablel 4.12 Reliability Composite Value Every Variable

|                               | <b>Cronbach's Alpha</b> | <b>Rho_A</b> | <b>Composite Reliability</b> | <b>AVE</b>   |
|-------------------------------|-------------------------|--------------|------------------------------|--------------|
| <b>Internal factor</b>        | <b>0,850</b>            | <b>0,850</b> | <b>0,909</b>                 | <b>0,769</b> |
| <b>Islamic Business Ethic</b> | <b>0,702</b>            | <b>0,743</b> | <b>0,830</b>                 | <b>0,621</b> |
| <b>Performance</b>            | <b>0,879</b>            | <b>0,883</b> | <b>0,925</b>                 | <b>0,805</b> |

Source: Primary Data Process SmartPLS 3

Reliability describe the coefficient value explained a level of consistency data. The data measured as good if the data is reliable, when those variable have a composite reliability more than 0,7 for cronbach alpha and the value of Average Variance Extracted (AVE) more than 0,5 to determine convergent validity and good data, In the context of PLS SEM, factors are the latent variables which are extracted as linear (usually equally weighted) combinations of the measured indicator variables. Based on the table 4.12 the reliability composite value of internal factor (0,909), Islamic business ethic (0,830), and performance (0,925). Hence, whole variables determined as reliable with cronbach alpha have more than 0,6 and total AVE more than 0,5, means whole data were reliable and valid. Those reability composite value are measured each variable was reliable. Then, it would be called strength when the value of cronbach alpha as more than 0,6 for all of constructs. Based on the data table 4.12, the value which more than 0,6 in every construct, hence all of data is very strength and reliable.

The result outer modeling test in table 4.12 shows as reflective indicators. Hence, in order to understand about the formatif indicators value researcher use other test based on multicoll to analyze the relation between indicators, wheter the formatif indicator has multicollinearity or not. When the VIF value is less than 5 there are no multicollinearity, it's appear as problem when the value is between 5-10, then there are have multicollinearity.

Table 4.13 Multicollinearity Test

|                       | VIF          |
|-----------------------|--------------|
| <b>Capital</b>        | <b>2,148</b> |
| <b>Free Will</b>      | <b>1,377</b> |
| <b>Human Resource</b> | <b>1,864</b> |
| <b>Importance</b>     | <b>2,316</b> |
| <b>Inovation</b>      | <b>2,440</b> |
| <b>Justice</b>        | <b>1,480</b> |
| <b>Management</b>     | <b>2,428</b> |
| <b>Productivity</b>   | <b>2,527</b> |
| <b>Responsibility</b> | <b>1,306</b> |

Source: Primary Data Process 2017

Based on the table 4.13 variable Islamic business ethic consisting free will (1,377), justice (1,480) and responsibility (1,306) all indicators more than 1 and not more than 5, hence there are no multicollinearity. Internal factor indicators consist of management (2,428), human resource (1,864) and capital (2,148) it also significant same like Islamic business ethic because there are no multicollinearity. Based on those result no multicol were found, in other words the data is health and good to being research.

### 1.3 Structural Model Analyses (Inner Model)

Structural model or inner relation structural model in SEM PLS are showing the relationship between construct latent variables which hypothesis before looking for the coefficient of parameter result value and the level of significancy based on substantive theory. The model describe independent variables and dependent variable an use statistic technique as path analysis. Path analysis describe the influence of exogenous variables toward endogen variables through the measurement of direct or indirect effects. The measurement of R and Q square predictive relevance used to evaluating and requirements in structural model (inner model) who connected each variable latent.

R square is coefficient of determination in construct and parameter path coefficient, while Q square use to validate the ability of model prediction with



formulation  $Q^2 = 1 - (1 - R^2)(1 - R^2)$ . With bootstrapping, it determined the significance statistic model and refer to coefficient every path hypothesis, in endogen construct have been describe as follows table 4.14:

Table 4.14 R square in Endogen Construct

|                        | R Square | Adjusted R Square |
|------------------------|----------|-------------------|
| <b>Internal factor</b> | 0,272    | 0,257             |
| <b>Performance</b>     | 0,199    | 0,165             |

Source: Primary Data Process SmartPLS 3

According to table 4.14 R square test use to describe the goodness of fit model and determine the value of observation, the value could be influences dependent and independent variables. R square is determine by endogen construct. Based on Chin (1998) the R square is strongt when it's more than 0,6, medium when less than 0,33 and low when it's 0,19. We can see in table 9 the value of R square is less than 0,33 so the determination coefficient in endogen construct is low.

According to Hussein (2015), After understanding the total of R square to estimate inner model test. Hence, the next step is to know the total prediction of relevance ( $Q^2$ ) to measured the prediction capability based on procedure, if the result of  $Q^2$  is 0,02 (low), 0,15 (medium), and more than 0,35 (high) so the researcher use the formulation that follow:

$$Q^2 = 1 - (1 - R^2)(1 - R^2)$$

$$Q^2 = 1 - (1 - 0,272)(1 - 0,199)$$

$$Q^2 = 0,4168$$

Hence,  $Q^2$  has value as more than 0,35 means to calculate the goodness of fit model was accepted since 0,416 which more than 0,35. According to instruktural model (inner model), the value from  $R^2$  and  $Q^2$  should be summarize the data is

robust. Then, the result of R square in endogen construct with SEM PLS using path scheme factor give a better result.

Tabel 4.15 Path Coefficient Before Bootstrapping

|                               | <b>Internal factor</b> | <b>Performance</b> | <b>Islamic Business Ethic</b> |
|-------------------------------|------------------------|--------------------|-------------------------------|
| <b>Internal factor</b>        |                        | 0,031              |                               |
| <b>Islamic Business Ethic</b> | 0,521                  | 0,429              |                               |
| <b>Performance</b>            |                        |                    |                               |

Source: Primary Data Process 2017 using SmartPLS

According to table 4.15 shows the path coefficient before bootstrapping to understand the relation and effects of latent construct variables consisting Islamic business ethic variable (X1), internal factors variable (X2) and performance variable (Y). The path coefficient before bootstrapping measured latent construct variables consist of internal factors had relation toward performance as (0,031), while Islamic business ethic had relation toward performance as (0,429) and relation to internal factor as (0,521). In Islamic business ethic indicators are empty since the direction in path diagram only towards the performance with internal factor. Then, there is no other result in path coefficient as Islamic business ethic. In goodness of fit test in structural model (inner model) are uniformity with purpose to the observation test result based on model this study. To better understand and test significant effects, hence T statistic value in resampling bootstrapp it should be determine.

### **C. Hypothesis Analysis**

#### **1. Resampling Bootstrap**

Hypothesis this study used understand about how many effects of independent variable towards dependent variable. Hypothesis analyses in Partial Least Square measured with Resampling Bootstrap based on the development Geisser and Stone. The Partial Least Square technique for analysis use T statistics and T-test. Resampling bootstrap giving the best result from the data process and it's

important in PLS since before bootstrapping the result are not good and there have problem in data result. To minimize error data process, then better idea to solve the problem is resampling bootstrap.

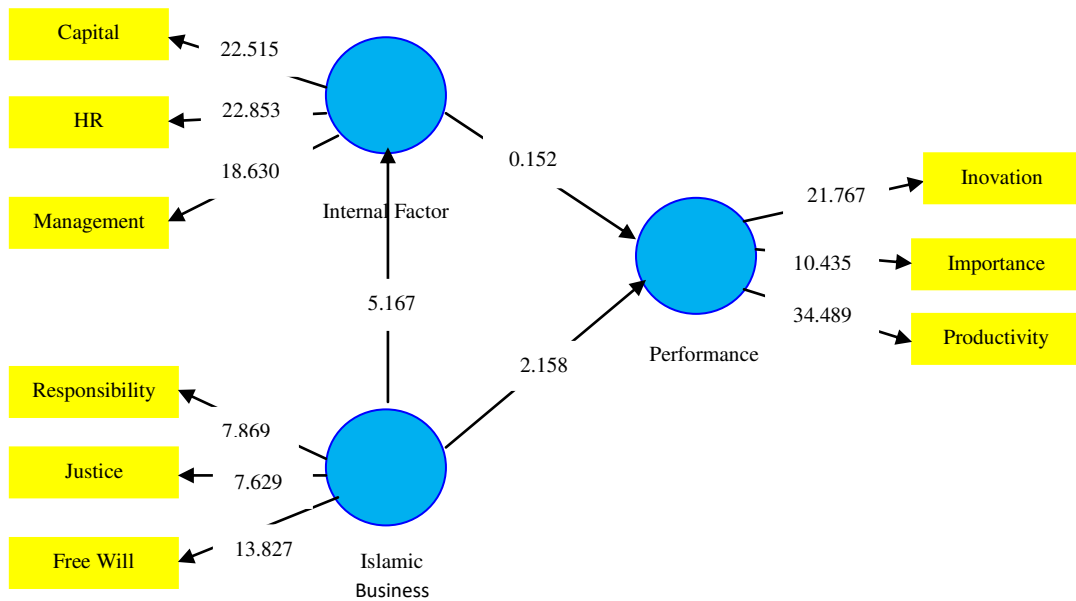


Figure 4.3 Path Diagram structural After Bootstrapping

Figure 4.3 describe path diagram after bootstrapping for each indicator and latent variable who have different value to the performance of business or MSME. Those model of exogenous latent variable (independent variable) that is Islamic business ethic and internal factors, and endogenous latent variable (dependent variable) that is performance. Islamic business ethic and internal factor variables measured by three indicators as formative consist of capital, human resource, management, responsibility, justice and free will. Meanwhile, endogenous latent variables measured with three indicators as reflective. Path diagram scheme after bootstrapping has benefit for business since the function of bootstrapping is making a result of data process in better condition of the data and also describe the highest value of data.

Table 4.16 Outer Loading Factor Indicator After Bootstrapping

| Variable Latent        | Indicator | Loading | Std Error | T-stat |
|------------------------|-----------|---------|-----------|--------|
| Islamic Business Ethic | X1.1      | 0,876   | 0,039     | 22,515 |
|                        | X2.1      | 0,850   | 0,061     | 13,827 |
|                        | X3.1      | 0,861   | 0,038     | 22,853 |
| Internal Factor        | X4.2      | 0,888   | 0,085     | 10,435 |
|                        | X5.2      | 0,893   | 0,041     | 21,767 |
|                        | X6.2      | 0,766   | 0,100     | 7,629  |
| Performance            | Y1.1      | 0,894   | 0,048     | 18,630 |
|                        | Y2.1      | 0,911   | 0,026     | 34,489 |
|                        | Y3.1      | 0,743   | 0,094     | 7,869  |

Source: Primary Data Process 2017 using SmartPLS 3

Table 4.16 describe value after reduction or bootstrapping process to explain the influence Islamic business ethic and internal factor. Almost indicator or variable of Islamic business ethic consist of X1.1 (0,876), X1.2 as (0,850) and X1.3 as (0,861). Internal factors consisting X4.2 as (0,888), X5.2 as (0,893) and X6.3 as (0,766) and performance consist of inovation (Y1) as 0,894, importance (Y2) as (0,911) and productivity (Y3) as (0,743) has relationship because all off indicators have more than 0,7. Hence, the relationship each indicators on variable latent consisting free will (X1.1), Justice (X2.1), responsibility (X3.1), management (X4.2), human resource (X5.2) and Capital (X6.2) it changes become more than 0,7 since to get the best result after bootstrapping technique with. when the path coefficient after bootstrapping more than 0,7 means as significant and have effect. Although the level of justice and productivity each labor was not higher than management and inovation, but their always do the responsibility and assignment with a good and make an impression. The highest level is importance was (0,911) means that in a business based on research have a big influence to performance.

Table 4.17 Total Effect After Bootstrapping

|   | Original Sample | Mean  | STDEV | T Statistics | P Values |
|---|-----------------|-------|-------|--------------|----------|
| <b>Internal factor -&gt; Performance</b>            | 0,031           | 0,059 | 0,204 | 0,152        | 0,880    |
| <b>Islamic Business Ethic -&gt; Internal factor</b> | 0,521           | 0,535 | 0,101 | 5,167        | 0,000    |
| <b>Islamic Business Ethic -&gt; Performance</b>     | 0,429           | 0,421 | 0,199 | 2,158        | 0,035    |

Source: Primary Data Process 2017 with SmartPLS 3

Table 4.17 explain the total effect after bootstrapping each variable indicators. It found T statistic is highest than T table, means all variables were valid and significant. The hypothesis test above based on the objective result used estimation of resampling bootstrap technique. The estimation technique no need distribution assumptions and also no required a sufficiently large sample or adapted to the research data. The test shows T statistic value and T table (1,96) with significant level as 5%. If T statistic value which more than T table (1,96), then H0 rejected and Ha accepted, it can be called the model are significant which means exogenous variable affected endogenous variables. However, if T statistic value less than T table (1,96) we can called Ha rejected and H0 accepted, in other words exogenous variable not significant and not influenced the endogenous variable.

- a. According to table 4.17 the original sample of Internal factor toward performance was 0,031, as not significant since T statistics was 0,152 or less than 1,96. Hence, the result of statistic test P value as 0,880 it could be concluded that there are no a relation between internal factor with performance. Then, the purpose of relationship between capital (independent variable) and performance (dependent variable) was negative effect.
- b. The original sample of Islamic business ethic toward Internal factor as 0,521 and T statistics was 5,167 which was more than 1,96. The result of P value as 0,000, then there are had relation between Islamic business ethic with internal factor. Hence, the effect between of Islamic business ethic (X1) and internal factor (X2) was positive effect.
- c. The relationship between Islamic business ethics (independent variable) indicator and the performance (dependent variable) has original sample as

0,445 and T statistics 3,706 which was more than 1,96. Hence, there are ha a positive effect to Islamic business ethic and there are have relation since the result of P value as 0,035.

## 2. Inner Model After Resampling Bootstrap

Table 4.18 Inner Model After Bootstrapping

|   | Original Sample | Mean  | STDEV | T Statistics |
|---|-----------------|-------|-------|--------------|
| Internal factor -> Performance            | 0,031           | 0,059 | 0,204 | 0,152        |
| Islamic Business Ethic -> Internal factor | 0,521           | 0,535 | 0,101 | 5,167        |
| Islamic Business Ethic -> Performance     | 0,429           | 0,421 | 0,199 | 2,158        |

Source: Primary Data Process 2017 using SmartPLS 3

Table 4.18 describe the average of internal factors and performance as 0,152 that causes T statistic less than T table as 1,96 with standard deviation (0,204). Hence, Islamic business ethic variable was not effected to the internal factor of MSME halal food business. The Islamic Business Ethic has positive effect such as Islamic business ethic and internal factor directly to the performance of MSME halal food business, since the original sample was 0,521 and T statistics was more than T table as 5,167 with standard deviation 0,101. Therefore, variable of proven that Islamic business have an effect toward performance of Micro Small and Medium Enterprises halal food business and also have a highest significant than internal factor toward performance. Islamic business ethic also had positive effect and significant since original sample was (0,429), T statistic (2,158) with standard deviation as (0,199).

## D. Discussion

Based on the objective of the research, Islamic business ethic and internal factor toward performance of MSME halal food business in Bantul regency, Yogyakarta province have influence to increase the performance in a business. According to 60 respondent, almost labor in business agree with the application of

Islamic business ethic in halal food business as (0,702) consist of free will, justice and responsibility, and internal factors as (0,850) however they not maximize were applied good services and good cooperation in a business. There so, the development of performance in business influenced by Islamic business ethic and Internal factors. According to the hypothesis test with bootstrapping model, have been explained as follows:

Table 4.19 Hypothesis Result

| <b>Independent Variable</b>   | <b>Declaration</b>  | <b>Information</b>             |
|-------------------------------|---|--------------------------------|
| <b>Islamic Business Ethic</b> | There were have influence between Islamic business ethic include Responsibility, justice, free will, norm and moral toward the performance of MSME halal food business in Bantul regency, Yogyakarta  | H1 is accepted and H0 rejected |
| <b>Internal Factor</b>        | Internal factors such as general, service, skill, experience and knowledge have the negative effect or have not affected to the performance of MSME halal food business in Bantul regency, Yogyakarta | H0 is accepted and H2 rejected |

**1. The influence of Islamic Business Ethic simultaneously influential toward the Performance of Micro Small and Medium Enterprises (MSME) Halal food business in Bantul regency**

According to interpretation and hypothesis result above explain that Islamic business ethic simultaneously affect the performance of MSME halal food business. based on hypothesis we can know and understand that variable had influential, proven that independent variable have an influential for dependent

variable with simultaneously toward performance of halal food business or the other words, H1 is accepted. The interpretation based on the data result is the performance of MSME halal food business influenced by Islamic business ethic (0,429) which including free will (0,876), responsibility (0,850) and justice (0,861). It's mean that if the Implementation of Islamic business ethic in a business increase so it will be increase the performance of business (0,429). If the employment in a business increasing the level of responsibility, justice and free will in a business so it would be increasing as is as (0,850), (0,861) and (0,876). It would be explain that in the reality based on discussion with respondent, the good act in a market or business and applied the role especially norm or Islamic business ethic concept that will make the performance of halal food business more good and being succes. A business consist of employment and owner who working at food business has impact to developing business, cause their are applied the rules. It's means when their applied a business ethic with Islamic concept, it would be giving customer trust in a way to provide Sodaqah, free meal each Friday, Qurban and Pengajian with invite general public. They thought it should create good cooperation, increase the obligation awareness in their carrier because there are had free will and good cooperation according to the Islamic teaching, Al qur'an and Sunnah. Each business who had a good ethic with Islamic business ethic would giving a goodness in the future and hereafter

This is mean that free will, responsibility, and justice it should be increase the motivation in a business actually towards the performance of halal food business. although the value every indicator in Islamic business ethic is less then the other indicator, if the Islamic business ethic more increase so the performance of halal food business increase also. Based on the result and discussion with respondent, a good act, free will opinion, justice and responsibility in halal food business will support smooth the effort that they run and will deliver the results performance of halal food business more better than before.

In general Ethic in a business is important and there are have effect toward performance of business. Almost labor did not understand and know more about



why ethic is important for business, although their muslim. All of those caused the management of business. Based on the title, Islamic business ethic actually is important in halal food business performance because that including responsibility in business, justice, free will for labor and owner in a business, and know the good act and norm in a business. the responsibility always not separated from amanah concept in Islam, because human is created from Allah SWT.

The purpose of every business is to increase the customer and defend the customer, that make a business more advance with giving a policy in applied Islamic business ethic. That have an influence because A owner it must be know and understand about how to make customer more comfortable, believing those business and understanding with another producer. Not only about the comfortable in concept but, owner and labor it must to be humble, friendly toward the customer and society because that belonging to Islamic business ethic. Badowi (2011) Because of that, business must be understand and know about the importance of business ethic especially on Islamic Perspective. Islam not giving permission for business who make an deceit for customer or employment.

A business with business ethic principle in their business model and management of human resource strategic and sustainable it would be giving a goodness for business or the other word it will make an believing and support from society and customer (Wibisono, 2007). Not only that, with an moral value also give good effect by directly or indirectly in business. Justice is a concept in Islamic business ethic, business who applied justice concept it should be proven get believing from customer and labor because it must to give everybody his own. Researcher also agree with previous study Juliansyah (2011) Responsibility and Free will is very influencing in the business. According to Anatan and Lina (2010) business must had conceptual responsibility, because a business have commitment which is ethic, legal and had contribution to increase a quality life of employment and their family, local community and organization.

The perception of respondent this study explain the problem of the research. Based on interpretation and description in this research, the characteristics perception from almost respondent this research explain that honesty, responsibility, justice, free will and moral norm is very important and give an influence toward the good brand in public because actually labor and owner it must has good act and quality moral toward the social welfare. Social welfare it will raise believing from customer. Because of that case according to Gustina (2008) if ethic is very consistence with aim of business, almost business have dilema because there are no ethic and moral. A business it will be stabil if applied the ethic, because ethic as compass for all of human activity and actually ethic it must be exist in a business. Hence, the explanation before describe that customers it would be trust a business especially halal food business when the business giving a good impact for environment and customers also such as consistence of their recipe must be halal with halal certificate, be patient in facing the customers, applied the obligation as a Muslim, taking care a customers, give Sadaqah for homeless and poverty. Not only from human or customers who giving trust, Allah it would be give big goodness for business who applied according to Islamic teaching and give maslahah to each human being.

## **2. The Influential of Internal factor toward the performance of Micro Small and Medium Enterprises Halal food business in Bantul regency**

The result of this research describe the influence of internal factor which is management, capital and human resource concept there are not significant toward the performance of MSME halal food business with including productivity, inovation, and importance in dependent variable because the result of T statistic is less than T table (1,96). Based on the result data process we can see if the performance of halal food business is not influenced by internal factor because the result is (0,153) not significant although a positive impact toward the performance of halal food business, if the internal factor more increase so the performance of

business not change or not increase also. It's mean that internal factor are lower impact to the performance of halal food business being more develop, that causes the role of management in a busines including human resource and capital is less giving a good services when they do not applied Islamic business ethic in a business and benefit toward the importance of the productivity and inovation to the maximum, because when a business who are applied Islamic business ethic, hence do not worry about management or others. Islamic business teaching more benefit and structured in a business, hence when business who only taking care about internal factors can't faced others problems.

In the other words, because the development of capability in management and team performance toward manage the capital or human resource in a business more lower so it is difficult to increase the performance result in halal food business. According to interview and give questionnaire the important think in halal food business are Islamic business ethic, when a halal food business not applied business ethic appropriate with Syariah it would be impact for internal factors cause Islamic business ethic teaching all of factors in business. If the management and human resource in business is not good so it will give an impact for a business. A business who aware about the important things of Internal factor in a business so it can be influence with simultaneously in a business. With a good quality of human resource and good financial management compare with Islamic teaching it could be increase the performance of business, because a good production by a good quality in human resource management.

The result of this study is compliance with Tatang Suryana (2014) research that shows there are any influence of internal factor toward the performance of business using SEM with positive effect simultaniously and any significant toward the variable. Not only internal factor but business ethic also have positive influence and significant toward performance of business. Internal factor in business there are including several aspect, especially service because this research shows that service with applied Islamic business ethic have influence for business and believing consumer. The case that will strengthen the research of

Komunda (2012) if the service on business have an important role, when customer satisfaction so they are still loyalty. The good service it must be known from business ethic knowledge for every employment or owner.

The failure on business is not talking about service on internal factor, but also about the responsibility in a business. Responsibility is a part of services, consumer it will be increase and more loyalty if the business can good on controlling the responsibility of service. There are have positive impact and significant toward the performance and development of business based on Huang (2008). That is shows the relationship between previous study is good because in this study be concerned with Purwaningsih and Pajar (2015) Micro Small and Medium Enterprises (MSME) is include many aspect which come from Internal Factor that is human resource, management on business and production that has influence toward the performance of MSME.

Many several aspect in Internal factor which are influence performance of business. Based on the interpretation above considered a title of research, the independent variable at Internal factor with several aspect such as Human resource, management, capital are do not have effect for business world when their do not applied Islamic business also caused Islamic business ethic teaching many factors in business especially management. Internal factors in micro small and medium enterprises might more important and give impact, but for micro small medium enterprises of halal food business are not influence caused the greatest management, capital and human resource in internal factors there are not being a better when do not appropriate with Islamic teaching. Same with Sekaran though (2006) a internal factor can influencing environment of business. In table above describe internal factor have a higher value and more significant than Islamic business ethic in business, although there are more highes than Islamic business ethic but business ethic is very influencing in performance of halal food business.