JOURNAL OF BUSINESS, MANAGEMENT, AND SOCIAL STUDIES
Journal Website: www.jbms.site
J. Bus. Mgt. Soc. Studies 1(3) 1-6 (2021)

The Antecedents of Culinary Business Performance in COVID-19 Pandemic (A Conceptual Paper)

Ahmad Ghaffar Aziz[a], Peicha Pangestu Wardana[b], Desman Hidayat[c]
[ab]BINUS Business School Undergraduate Program, Management Department, Bina Nusantara University, Jakarta, Indonesia 11480
[c]BINUS Entrepreneurship Center, Management Department, Bina Nusantara University, Jakarta, Indonesia 11480

ABSTRACT

Objective – Culinary business has been an important part of Indonesia's Micro and Small Enterprises (MSEs). Currently, this industry has been affected by COVID-19 pandemic. This study aims to show how innovation capability mediates the relationship between entrepreneurial orientation and market orientation towards culinary business performance in Jakarta, Indonesia.
Methodology – This study creates a conceptual model based on the literature review of antecedents of culinary business performance.
Findings – This paper shows the important concept of entrepreneurial orientation and market orientation towards business performance with innovation capability as the mediating variable.
Novelty – The novelty of this study is in the importance of innovation capability for helping culinary business in Jakarta to survive the COVID-19 pandemic.
Keywords: *Entrepreneurial Orientation; Market Orientation; Innovation Capability; Culinary Business*

JEL Classification: L26, O31, M10, L25
Article info: Received 21 September 2021; Revised 30 September 2021; Accepted 3 October 2021
Article Correspondence: d4906@binus.ac.id
Recommended Citation: Aziz, A. G., Wardana, P. P., & Hidayat, D. (2021). The Antecedents of Culinary Business Performance in COVID-19 Pandemic (A Conceptual Paper). Journal of Business, Management, and Social Studies, 1(3), 1-6.

I. INTRODUCTION

The COVID-19 pandemic has affected the global economy, including Indonesia. The pandemic impacted all the businesses in Indonesia. Micro, small, and medium enterprises (MSMEs) in Indonesia have a vital role in the Indonesian economic condition. The contribution of MSMEs to Indonesia's Gross Domestic Product (GDP) is raising from year to year, from 60.3% in 2018, 60% in 2019, and 61% in 2020 (Lokadata, n.d.). According to Indonesia MSMEs Association, 30 million MSMEs were closed because of the social distancing restriction related to the COVID-19 pandemic (CNN Indonesia, 2021). The restriction made some businesses and industries that contributed to Indonesia's GDP decrease; the transportation and warehousing sector decreased to -15.04%, and accommodation and food and beverage went south to -10.22%. These industries, which have enormous contributions to Indonesia's GDP, made the GDP decreased drastically from 5.02% to -2.07% (Badan Pusat Statistik, 2020).

According to Badan Pusat Statistik (2020) BPS, DKI Jakarta, as the capital of Indonesia, has the most significant contribution to Gross Regional Domestic Product (GRDP) in Java Island. It had a significant impact because of the COVID-19 pandemic, and several businesses operating in Jakarta, such as the hotel, restaurants, transportation, and other business sectors, went down. The accommodation and the food and beverages sector's revenue decreased drastically to -16.21% compared to the previous year. Large-scale Social Restriction (PSBB) made public activities and business had to stop for a moment, it made people hold the household consumption and do not want to purchase something,

The lack of household consumption of the food and beverage industry and other industries made DKI Jakarta's GRDP went down and gave a bad condition to Jakarta's economy. There are many reasons why the businesses closed. However, the biggest reason businesses were closed is that 45% did not have any capital anymore, and 23% had an alarming business prospect (Ismoyo, 2021).

This study aims to explore the factors related to Jakarta's culinary business performance, which is shown by the financial performance of the business. There are four conceptual relationships in this study: (1) to identify the impact of entrepreneurial orientation on the culinary financial performance in DKI Jakarta; (2) to identify the impact of innovation capability on culinary financial performance in DKI Jakarta; (3) to identify the impact of market orientation on culinary financial performance in DKI Jakarta; (4) to identify the impact of innovation capability as the mediating factors between entrepreneurial orientation, market orientation, and culinary financial performance in DKI Jakarta. This study is expected to provide knowledge for theoretical benefits and to contribute to the culinary Micro and Small Enterprises (MSEs) in developing their businesses.

II. LITERATURE REVIEW

Entrepreneurial Orientation

Entrepreneurial orientation is the company's aggressiveness in choosing products and making innovations for new offerings (Dubey et al., 2020; Merz & Sauber, 1995). Entrepreneurs can innovate new products or services for existing markets by taking risk projects and can innovate aggressively (Aljanabi & Noor, 2015; Miller, 1983). Five dimensions define entrepreneurial orientation: autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness (Dubey et al., 2020; Lumpkin & Dess, 1996). This concept complemented the earlier three dimensions, risk-taking, proactiveness, and innovativeness (Basco et al., 2020; Rigtering et al., 2017), by adding competitive aggressiveness and autonomy (Aljanabi & Noor, 2015; Lumpkin & Dess, 1996). Those studies described competitive aggressiveness as an organization's attempt to overtake its market antagonists through maintaining a confrontational attitude and autonomy as the ability of the organizational members to promote promised entrepreneurial ideas and plans independently.

Market Orientation

Narver & Slater (1990) explained market orientation as an organizational culture of a company that focuses on providing products and services according to customer needs. This concept helps companies ensure that the company's offerings are more effective and efficient than their competitors. Market orientation encourages companies to learn about what customers need through coordinating, organizing, and spreading customer-related information across an organization to create high value (Fang et al., 2014; Yoganathan et al., 2015). Market orientation helps and gives companies access to market knowledge. Market orientation has a usability level that depends on the company's ability to use market knowledge to create or innovate a product (Dogbe et al., 2020). Market orientation has three dimensions: customer orientation, competitor orientation, and inter-functional coordination (Narver & Slater, 1990).

Innovation Capability

Lawson & Samson (2001) argue that innovation capability is a valuable asset for the company to provide and maintain an advantage over its competitors and implement it in all strategies. The company structured innovation capability as its primary business process. Innovation capability defines as the ability to develop a new product that provides what the market needs (Adler & Shenhar, 1990; Rajapathirana & Hui, 2018). Innovation capability is the company's ability to apply a technology to produce a new product. This ability also includes taking an idea or process and developing it into a new product with a new technological process that can satisfy future needs. Innovation capability consists of four dimensions: product innovation, process innovation, marketing innovation, and organizational innovation (Kafetzopoulos & Psomas, 2015), but in this study, the organizational innovation dimension is not relevant for micro and small businesses.

Therefore, this study used three dimensions of innovation capability, which are: product innovation, process innovation, and marketing innovation.

Business Performance

Company performance is a combination system of the organization resulting from the internal and external environment (Sawaean & Ali, 2020). The business performance describes the company's goals that are distinguished based on the target (Almatrooshi & Singh, 2016; Sawaean & Ali, 2020). Business performance is also defined as the company's ability to determine its resources and targets (Taouab & Issor, 2019). This study focused on the financial performance that represent the business performance. Mashayekhi & Bazaz (2008) describe three dimensions of financial performance: return on asset (ROA), return on equity (ROE), and earnings per share (EPS), where ROA is the operating profit after tax divided by total assets, ROE is the operating profit after tax divided by total equity, and EPS is the net income divided by the total number of shares. For micro and small enterprises, earnings per share is not relevant. Thus, the dimensions used for business performance in this study are ROA and ROE. Based on the discussion, this study recommends several propositions:
Proposition 1: Entrepreneurial Orientation has a positive effect on Business Performance
Proposition 2: Innovation Capability has a positive effect on Business Performance
Proposition 3: Market Orientation has a positive effect on Business Performance
Proposition 4: Entrepreneurial Orientation has a positive effect on Innovation Capability
Proposition 5: Market Orientation has a positive effect on Innovation Capability
Proposition 6: Innovation Capability mediates the relationship between Entrepreneurial Orientation and Business Performance
Proposition 7: Innovation Capability mediates the relationship between Market Orientation and Business Performance

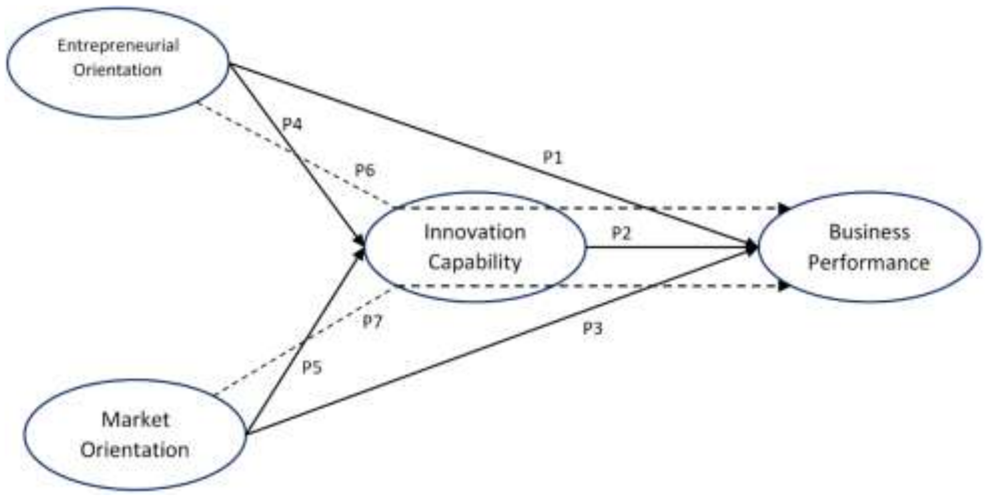

Figure 1. Conceptual Model

III. METHODOLOGY

The study will use the quantitative method by distributing online questionnaires to culinary micro and small enterprises in DKI Jakarta. According to Indonesia's constitution number 20 in year 2008, micro businesses are the businesses that have <300 million Rupiah revenue per year, while small businesses are the businesses that have 300 million to 2.5 billion Rupiah revenue per year. Research methods are defined as techniques used in a study to provide a way to obtain and analyze information that can be used as a conclusion (Walliman, 2018). Quantitative research methods are concerned with measuring and analyzing variables to obtain research results. This method involves and utilizes in analyzing numerical data using special statistical techniques. In this study, researchers used primary data sources. Primary data is data obtained directly by researchers or owned by researchers that have never been published before so that the data can be trusted to be authentic and objective; therefore, primary data has a higher validity value than secondary data. In this primary data, the researcher uses a survey, where this survey uses a method that has often been used by other researchers, namely the questionnaire (Kabir, 2016).

The population in this research is 24,395 culinary MSEs in DKI Jakarta, Indonesia, which are divided into 22,412 food sellers and 1,984 beverage sellers (Badan Pusat Statistik, 2020). The method used to obtain the sample group is the probability sampling method by using simple random sampling. The data analysis will use Structural Equation Modelling (SEM) by using SmartPLS software as a tool that helps researchers process the data collected and will be carried out testing with software through the results of questionnaires that have been distributed collected. The minimum number of respondents required for this study is 100 respondents by using Yamane's formula. Table 1 shows variable operationalization of the study.

Table 1. Variable Operationalization

Variable	**Definition**	**Dimension**	**Source**
Entrepreneurial Orientation	Strategic orientation of a company that describes company ability on innovativeness, proactiveness, and risk-taking in behavior and regulate the company's management philosophy	1. Innovativeness 2. Proactiveness 3. Risk-taking 4. Competitive Aggressiveness 5. Autonomy	(Anderson et al., 2009; Covin & Slevin, 1989; Lumpkin & Dess, 1996)
Market Orientation	A culture of running a business through creating superior value for customers and resulting in outstanding performance for the business	1. Customer Orientation 2. Competitor Orientation 3. Interfunctional Coordination	(Narver & Slater, 1990)
Innovation Capability	The company ability to innovate or develop and to create a new product and process creatively	1. Product Innovation 2. Process Innovation 3. Marketing Innovation	(Kafetzopoulos & Psomas, 2015)
Business Performance	The company's concept on applying resources to achieve targets	1. Return on Assets 2. Return on Equity	(Mashayekhi & Bazaz, 2008)

IV. CONCLUSION

This study seeks to understand and determine the relationship between entrepreneurial and market orientation by using innovation capability as the mediating variable on culinary MSEs in Jakarta, Indonesia. Scholars can use this conceptual paper to provide theoretical benefits and contribute to MSEs in developing their business performance. However, this study is still limited by only creating the conceptual model of the research. Future research can be done by surveying the culinary MSEs actors in Jakarta.

REFERENCES

Adler, P. S. & Shenhar, A. (1990). Adapting Your Technological Base: The Organizational Challenge. *Sloan Management Review*, 32(1), 25-37.

Aljanabi, A. Q. R. A. & Noor, N. A. M. (2015). The Mediating Role of Market Orientation on Entrepreneurial Orientation, Absorptive Capacity and Technological Innovation Capabilities. *Asian*

Social Science, 11(5), 219-234.

Almatrooshi, B., & Singh, S. K. (2016). Determinants of organizational performance: a proposed framework. *International Journal of Productivity and Performance Management*, 65(6), 844-859.

Anderson, B. S., Covin, J. G., & Slevin, D. P. (2009). Understanding the Relationship Between Entrepreneurial Orientation and Strategic Learning Capability : An Empirical Investigation. *Strategic Entrepreneurship Journal*, 3, 218-240.

Badan Pusat Statistik. (2020). *Laju Pertumbuhan PDB Seri 2010*.

Basco, R., Hernández-Perlines, F., & Rodríguez-García, M. (2020). The effect of entrepreneurial orientation on firm performance: A multigroup analysis comparing China, Mexico, and Spain. *Journal of Business Research*, 113(May), 409-421.

CNN Indonesia. (2021, March 26). *30 Juta UMKM Bangkrut, 7 Juta Orang Kehilangan Kerja*. CNN Indonesia. https://www.cnnindonesia.com/ekonomi/20210326124010-92-622407/30-juta-umkm-bangkrut-7-juta-orang-kehilangan-kerja

Covin, J. G. & Slevin, D. P. (1989). Strategic Management of Small Firms in Hostile and Benign Environments. *Strategic Management Journal*, 10(March 1987), 75-87.

Dogbe, C. S. K., Tian, H. Y., Pomegbe, W. W. K., Sarsah, S. A. T. O., & Otoo, C. O. A. (2020). Market Orientation and New Product Superiority among Small and Medium-sized Enterprises (SMEs): The Moderating Role of Innovation Capability. *International Journal of Innovation Management*, 24(5), 1-25.

Dubey, R., Gunasekaran, A., Childe, S. J., Bryde, D. J., Giannakis, M., Foropon, C., Roubaud, D., & Hazen, B. T. (2020). Big data analytics and artificial intelligence pathway to operational performance under the effects of entrepreneurial orientation and environmental dynamism: A study of manufacturing organisations. *International Journal of Production Economics*, 226, 107599.

Fang, S. R., Chang, E., Ou, C. C., & Chou, C. H. (2014). Internal market orientation, market capabilities and learning orientation. *European Journal of Marketing*, 48(1), 170-192.

Ismoyo, B. (2021, August 5). *Menkop: 22 Persen UMKM yang Berhenti Usaha Akibat Pandemi Covid-19, Kembali Menggeliat*. Tribun Bisnis. https://www.tribunnews.com/bisnis/2021/08/05/menkop-22-persen-umkm-yang-berhenti-usaha-akibat-pandemi-covid-19-kembali-menggeliat

Kabir, S. M. S. (2016). *Basic Guidelines for Research: An Introductory Approach for All Discipline*. Book Zone Publication.

Kafetzopoulos, D. & Psomas, E. (2015). The impact of innovation capability on the performance of manufacturing companies the Greek case. *Journal of Manufacturing Technology Management*, 26(1), 104-130.

Lawson, B. & Samson, D. (2001). Developing Innovation Capability In Organisations: A Dynamic Capabilities Approach. *International Journal of Innovation Management*, 5(3), 377-400.

Lokadata. (n.d.). *Kontribusi UMKM terhadap PDB. 2010-2020*. Lokadata Beritagar. Retrieved November 8, 2021, from https://lokadata.beritagar.id/chart/preview/kontribusi-umkm-terhadap-pdb-2010-2020-1586251312

Lumpkin, G. T. & Dess, G. G. (1996). Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance. *Academy of Management Journal*, 21(1), 135-172.

Mashayekhi, B. & Bazaz, M. S. (2008). Corporate Governance and Firm Performance in Iran. *Journal of Contemporary Accounting & Economics*, *4*(2), 156-172.

Merz, G. R., & Sauber, M. H. (1995). Profiles of managerial activities in small firms. *Strategic Management Journal*, 16(7), 551-564.

Miller, D. (1983). The Correlates of Entrepreneurship in Three Types of Firms. *Management Science*, 29(7), 770-791.

Narver, J. C. & Slater, S. F. (1990). The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*, 54(4), 20.

Rajapathirana, R. P. J. & Hui, Y. (2018). Relationship between innovation capability, innovation type, and firm performance. *Journal of Innovation and Knowledge*, 3(1), 44-55.

Rigtering, J. P. C., Eggers, F., Kraus, S., & Chang, M. L. (2017). Entrepreneurial orientation, strategic planning and firm performance: The impact of national cultures. *European Journal of International Management*, 11(3), 301-324.

Sawaean, F. A. A. & Ali, K. A. M. (2020). The impact of entrepreneurial leadership and learning orientation on organizational performance of SMEs: The mediating role of innovation capacity. *Management Science Letters*, 10(2), 369-380.

Taouab, O. & Issor, Z. (2019). Firm Performance: Definition and Measurement Models. *European Scientific Journal ESJ*, 15(1), 93-106.

Walliman, N. (2018). *Research Methods: The Basics* (2nd ed.). Routledge.

Yoganathan, D., Jebarajakirthy, C., & Thaichon, P. (2015). The influence of relationship marketing orientation on brand equity in banks. *Journal of Retailing and Consumer Services*, 26, 14-22.