THE INFLUENCE OF ORGANIZATION CAPABILITIES AND ENTREPRENEURSHIP TO COMPETITIVE ADVANTAGE IN GOODNESS OF TASTE AND THE IMPLICATION TO BUSINESS PERFORMANCE IN SME RESTAURANTS, SEMARANG

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ABSTRACT

This research was aimed to analyze the influence of capabilities organization and entrepreneurship to increase business performance that can be moderated by competitive advantage, which is focused on goodness of taste, for restaurants in Semarang. Based on pre-survey in 20 owners of restaurant, it can be concluded that there was decreasing income about 22% (Rp 335.000,00) and was followed by decreasing of market share about 0,56% during 3 months. It was interesting because the restaurants are one of SME that many people interested in it. In other hand, many people work in this sector as their main job.

The samples of this research are the restaurants that include in SME, which employ 5 – 19 employees. This research used 150 respondents, but only 124 respondents who fulfill the requirement. The data were collected by using questionnaires and direct interviews to the owners of restaurants in Semarang. This research proves 5 (five) hypothesis that were built by capabilities organization, entrepreneurship, competitive advantage in goodness of taste, and business performance. The results was analyzed by AMOS.

It can be concluded that the model is feasible. The results of this study indicate that the business performance can be increased directly by a good management of capabilities organization and indirectly can be reached by focusing to maintain the resources. It because the restaurants that include as SME have a limit resource.

Key Words: Capabilities Organization, Entrepreneurship, Competitive Advantage in Goodness of Taste, Business Performance.

I. INTRODUCTION

Business performance of SME restaurants in Semarang showed declining. Almost 75% owners of SME restaurant felt it (survey, 2016). This phenomena can be seen from the decline of average income per days about Rp 355.000,00 in 3 (three) months. It was because of the increase of SME restaurants. It give an impact in decreasing market share for small scale (almost 0,56%). This condition become a centre of point because this sectors have some limitations (Bakar dan Ahmad, 2010; Herman, 2012; Ndubisi dan Iftikhar, 2012). This limitation make owners should find some strategy to increase business performance and could win or at least survive in competition.

Monsur dan Yoshi (2011) stated that if the owners want to have a good performance should have ability to compete. Competitive advantage is the conditions when business become superior to win the competition. The main attraction of SME restaurants is the goodness of taste that can interest the buyers. The taste become important because could influence buying decision and could impact to business performance wholly.

Pérez-de-Lema, Alfaro-Cortes et al. (2012) said that competitive advantage could be got by The good organization capabilities. Liu, Hou et al. (2011) define the organization capabilities as ability to interact wheter socially or economically. The good capabilities can be formed by the good competences. Human resources who has competeces become a critical factor to reach the success (Todericiu, Serban et al, 2013; Kurniawati dan Yuliando, 2014). It because the quality of human resources is something unique and hard to immitate or to has like other resources. In contrary, Price dan Stoica (2015) said that human resources and social aspects doesn’t important to create a good performance.

Lee dan Chu (2011); Liu, Hou et al. (2011); Kurniawati dan Yuliando (2014) said that not only organization capabilities but also entreprenuership could form competitive advantage to make a good performance. Entreprenuership can be defined as an ability to continously create, see, and take the opportunities. (Ndubisi dan Iftikhar, 2012). The SME restaurants which is superior than the other will have an opportunity to win the competition. It because The SME restaurants have a better performance than another competitors, thus it will be more flexible to face the dynamic of business. Awang, Khalid et al. (2009); Arshad, Rasli et al. (2013); Lee, Hallak et al. (2015) didn't agree with that statement and said that entreprenuership doesn’t have impact to business performance.

Based on the explanations before, some questions which were tested in this research are:
1. Does the competitive advantage in goodness of taste has possitive impact to business performance?
2. Does the organization capabilities has possitive impact to business performance?
3. Does entreprenuership has possitive impact to business performance?
4. Does the organization capabilities has positive impact to competitive advantage in goodness of taste?
5. Does entrepreneurship has positive impact to competitive advantage in goodness of taste?

II. LITERATURE REVIEW

Organization Capabilities

Liu, Hou et al. (2011) said that the organization capabilities include an ability to stay connect wheter in economically or socially. Tibon (2015) stated that the relationship which is made from trust even within organization or between stakeholder is a main factor to face the dynamic of business. Relationship between stakeholder include a good relationship with suppliers and buyers. Buyer relationship could be formed with marketing strategy, coordination, and a good service (Limakrisna, Sudarso et al, 2015).

The output of SME restaurant's activites are foods and services. The quality of foods and services could be reached if the owner has a good organization capability (Joung, Goh et al, 2015). The organization capabilities can be formed by individual capabilities that become united to create foods and services (Arik dan Dunne, 2014).

Ghazali, Nasyira et al. (2014) agree with that statement and said that a good organization capability could impact willingness to work for the employees. Todericiu, Serban et al. (2013) told that employees who have a high work motivation are main factor to effectively and sustainability make a success organization.

Entrepreneurship

Entrepreneurship is a factor which impact to business performance (Zhang dan Zhang 2012; Limakrisna, Sudarso et al, 2015; Price dan Stoica, 2015). Limakrisna, Sudarso et al. (2015) said that one of entrepreneurship dimensions is innovation. Innovation means not only create something new, but also modify the product which could increase the appresiation of buyers (Tüzünkan dan Albayrak, 2015).

Other dimensions of entrepreneurship is proactive (Miller dalam Awang, Khalid et al, 2009) dan kemandirian (Lumpkin dan Dess in Awang, Khalid et al, 2009). Proactive can be defined as the ability to actively search business opportunites which is profitable. Almeida, Bremser et al. (2014) stated that proactive has positive relationship to organization capabilities to face the dynamic of business. Arshad, Rasli et al. (2013) agree with that statement and said that independence could build confidence to create something creative.

Competitive Advantage in Goodness of Taste

Mahdi, Almsafir et al. (2011) said that competitive advantage can be intepreted as a superior possition in a long term with a sustainable improvisation. The quality of foods become the most important thing to restaurant to buid competitive advantage (Ryu, Lee et al, 2010; Majid, Alias et al, 2016). It because the quality of foods could impact the reputation of restaurants and buyer perceptions which is customer satisfaction and willingness of repurchase or giving recomendastion to the other. Munjal dan Sharma (2012) added the statement that the owners should manage the materials with a proper way, thus cost become more efficient and contiously improve the quality of foods to increase the buyer trust.

Business Performance

The output of restaurant's activites are foods and services that is served for buyers (Min dan Min, 2011). Tomescu dan Botezat (2014) agree with that statement and said that most people come to restaurant to try, smell, and find various foods. The
employee of restaurant should participate to increase business performance to create quality as well as buyer expectations. Total sales become a tool to measure business performance (Limakrisna, Sudarso et al, 2015). Lee, Hallak et al. (2015); Limakrisna, Sudarso et al. (2015) said that business performance can be measured by calculate the growth of buyers, sales, assets, and capitals. All within organization should imply strategies to create competitive advantage and achieve the targets (Pérez-de-Lema, Alfaro-Cortes et al, 2012).

Based on preliminary and literature review, some hypothesis that were tested in this research are:

H1: “Competitive of advantage in goodness of taste has positive impact to business performance”

H2: “Organization capabilities has positive impact to business performance”

H3: “Entreprenuership has positive impact to business performance”

H4: “Organization capabilities has positive impact to competitive of advantage in goodness”

H5: “Entreprenuership has positive impact to competitive of advantage in goodness”

III. METHOD

Population of this research is all of SME restaurants in Semarang. The SME restaurants were defined as business which focused on foods and have a permanent place (even partially or wholly) and not moving, but still doesn’t have a legal permission from government (Airlangga, Suharni et al, 2015). Other requirement that needed to fulfill is SME restaurants should employ 5 – 19 employee like BPS stated to identify small sector. The number of respondents of this research is 150 respondents with random sampling method. This research used Structural Equation Model (SEM) with AMOS to analyze the result.

AMOS calculate the output estimation based on data in questionnaires that already gave to the respondents. Questionnaires are distributed by coming one by one to the owners of SME restuants in Semarang. Indicators is formed based on literature review and explained become questions of questionnaires for respondents. Here some indicators which is used in this research:

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Conceptual Definition</th>
<th>Indicator</th>
<th>Symbol</th>
<th>No Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organization capabilities (X.1)</td>
<td>Organization capabilities can be defined as ability to stay connect whether economically or socially (Liu, dkk, 2015)</td>
<td>Ability to increase spirit for employee</td>
<td>X.1.1</td>
<td>P1</td>
</tr>
<tr>
<td></td>
<td>(Mutahar, 2015; Limakrisna, 2015; Pérez-de-Lema, Alfaro-Cortes et al. (2012))</td>
<td></td>
<td>Employee discipline</td>
<td>X.1.2</td>
<td>P2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ability to connect to the buyers</td>
<td>X.1.3</td>
<td>P3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ability to connect to the suppliers</td>
<td>X.1.4</td>
<td>P4</td>
</tr>
<tr>
<td>2</td>
<td>Entreprenuership (X.2)</td>
<td>Entreprenuership can be defined as ability to</td>
<td>Find a new way to create food to attract the buyers (innovation)</td>
<td>X.2.5</td>
<td>P5</td>
</tr>
</tbody>
</table>
continuously create, see, and gather opportunities (Ndubisi dan Iftikhar, 2012)  

Ability to get business opportunity (Proactive)  

Ability to face dynamic of business (Independence)  

The success of organization because internal process that already did in a certain period  

The growth of sales  

The growth of buyers  

The growth of assets  

The growth of capital  

Can be defined as a condition which has a strong taste to win the competitions  

Ability to cook a new food which is still rare in the market  

Ability to cook with hygiene standards  

Ability to combine materials become a perfect combination  

Ability to cook with no MSG  

The growth of sales  

The growth of buyers  

The growth of assets  

The growth of capital  

Can be defined as a condition which has a strong taste to win the competitions  

Ability to cook a new food which is still rare in the market  

Validity Test  

Validity test can be known from Average Variance Extracted (AVE). If value AVE greater than 0,5, it can be conclude that
the variables have a good validity. Output AVE can be seen at table 3.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Jumlah Kuadrat Standar Loading</th>
<th>JumlahStandar Error</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization_Capabilities</td>
<td>2,999682</td>
<td>1,000318</td>
<td>0,749921</td>
</tr>
<tr>
<td>Entreprenuership</td>
<td>2,144134</td>
<td>0,855866</td>
<td>0,714711</td>
</tr>
<tr>
<td>Competitive_Advantage</td>
<td>2,894475</td>
<td>1,105525</td>
<td>0,723619</td>
</tr>
<tr>
<td>Business_Performance</td>
<td>2,838197</td>
<td>1,161803</td>
<td>0,709549</td>
</tr>
</tbody>
</table>

Source: Data (2017)

Table 03 showed that 4 (four) variables in this research has value AVE greater that 0,5 (about 0,709549 – 0,749921). It means all of variables valid to measure.

**Discriminant Validity Test**

Discriminant validity test can be calculated by root of Average Variance Extraced (AVE). It show a good result if value root of AVE greater than value correlation of latent variable. Correlation between latent variable and root of AVE can be seen at table 4.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organization_Capabilities</th>
<th>Entreprenuership</th>
<th>Competitive_Advantage</th>
<th>Business_Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization_Capabilities</td>
<td>0,86598</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entreprenuership</td>
<td>0,188</td>
<td>0,845406</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive_Advantage</td>
<td>0,502</td>
<td>0,385</td>
<td>0,850658</td>
<td></td>
</tr>
<tr>
<td>Business_Performance</td>
<td>-0,101</td>
<td>-0,538</td>
<td>-0,638</td>
<td>0,842347</td>
</tr>
</tbody>
</table>

Source: Data (2017)

Table 04 showed that roots of AVE have value between 0,842347 – 0,86598. It indicate a good result because value correlation of latent variable less than root of AVE.

**Confirmatory Factor Analysis Test (Full Model)**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Standard</th>
<th>Estimation</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN</td>
<td>Chi – square Value</td>
<td>83.591</td>
<td>Confirm</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>&lt;2</td>
<td>0,995</td>
<td>Confirm</td>
</tr>
<tr>
<td>GFI</td>
<td>0 – 1</td>
<td>0,916</td>
<td>Confirm</td>
</tr>
<tr>
<td>RMSEA</td>
<td>&lt; 0,08</td>
<td>0,000</td>
<td>Confirm</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0,90</td>
<td>0,880</td>
<td>Moderate</td>
</tr>
<tr>
<td>TLI</td>
<td>0 – 1</td>
<td>1,000</td>
<td>Confirm</td>
</tr>
<tr>
<td>NFI</td>
<td>0 – 1</td>
<td>0,942</td>
<td>Confirm</td>
</tr>
<tr>
<td>PGFI</td>
<td>0 – 1</td>
<td>0,641</td>
<td>Confirm</td>
</tr>
</tbody>
</table>

Source: Data (2017)
Table 5 showed that there is one of eight variables has moderate criteria because didn’t fulfill the requirement. This condition can be tolerated, the model still fit to analyze.

Picture 2
Hasil Estimasi Full Model

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**The Direct and Indirect Impact**

This research aimed to analyze the impact of organization capabilities and entrepreneurship to business performance. This relationship also be moderated by competitive advantage in goodness of taste, so there is direct and indirect impacts. Calculation of direct and indirect impact can be seen at table 6.

Table 06 showed that direct impact which is formed by organization capabilities and business performance is 0,29 dan indirect impact of that is -0,2897.

Total impact of organization capabilities and entrepreneurship is 0,000305. Lack of impact is caused by a significantly negative relationship between competitive advantage im goodness of taste and business performance.

The direct impact between entrepreneurship and business performance is -0,342. The indirect impact between entrepreneurship and business performance is -0,10328, so total impact of that is -0,44528.

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**Table 6**
Direct and Indirect Impact

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Capabilities – Business Performance</td>
<td></td>
</tr>
<tr>
<td><strong>Direct Impact:</strong></td>
<td></td>
</tr>
<tr>
<td>Organization Capabilities – Business Performance</td>
<td>0,29</td>
</tr>
<tr>
<td><strong>Indirect Impact:</strong></td>
<td></td>
</tr>
<tr>
<td>Organization Capabilities – Competitive Advantage in Goodness of Taste</td>
<td></td>
</tr>
<tr>
<td>Competitive Advantage in Goodness of Taste – Business Performance</td>
<td>(-0,651)</td>
</tr>
<tr>
<td></td>
<td>(0,445)</td>
</tr>
</tbody>
</table>

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Sumber: Processed data (2017)
Hypothesis Test

Based on output estimations, the result of hypothesis test can be seen in Table 7.

Tabel 7
Rangkungan Hasil Uji Hipotesis

<table>
<thead>
<tr>
<th>No</th>
<th>Hypothesis</th>
<th>Result</th>
<th>Interpretation</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>H1: &quot;Competitive advantage in goodness of taste has positive impact to business performance&quot;</td>
<td>CR : -6,268 P &lt; 0,05 Output estimation: -0,620</td>
<td>Competitive advantage in goodness og taste has negative impact to business performance. The impact of that is 62%, so ther is 38% consist of other factors which has impact to business performance.</td>
<td>Accepted with significantly negative relationship</td>
</tr>
<tr>
<td>2</td>
<td>H2: &quot;Organization capabilities has positive impact to business performance&quot;</td>
<td>CR : 3,301 P &lt; 0,05 Output estimation: 0,247</td>
<td>Organization capabilities has positive impact to business performance. The impact of this is 24,7%, so there is 75,3% consist of other factors which has impact to business performance.</td>
<td>Accepted</td>
</tr>
<tr>
<td>3</td>
<td>H3: &quot;Entrepreneurship has positive impact to business performance&quot;</td>
<td>CR : -3,920 P &lt; 0,05 Output estimation: 0,312.</td>
<td>Entrepreneurship has negative impact to business performance. The impact of this is 31,2%, so there is 68,8% consist of other factors which has impact to business performance.</td>
<td>Accepted with significantly negative relationship</td>
</tr>
<tr>
<td>4</td>
<td>H4: &quot;Organization capabilities has positive impact to competitive advantage&quot;</td>
<td>CR : 5,065 P &lt; 0,05 Output estimation: 0,398</td>
<td>Organization capabilities has positive impact to competitive advantage in goodness of taste. The impact of this is 39,8%, so there is 60,2% consist of other factors which has impact to competitive advantage</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Discussion H1: this result is in line with Setyawati (2012) who said competitive advantage don't have influence to business performance. It is caused by measurement of business performance has subjective indicators and based on assumption. It probably a different measurement and make the result not always has positive impact.

Discussion H2: Ghazali, Nasyira et al. (2014) said that a good organization capability will make a good commitment within organization, after that it will increase the work motivation of the worker. This statement is in line with the result that organization capability which consist of a high work motivation has positive impact to business performance.

Discussion H3: Altinay dan Altinay (2004) said that innovation is a complex activity and needs many resources. In contrary, the owner of SME restaurants only have a limit resource, so they don't have many alternatives to choose.
advantage in goodness of taste" | competitive advantage in goodness of taste.
--- | ---
**Discussion H4:** This result is in line with Liu, Hou et al, (2011) who stated that organization capabilities is the key to build competitive advantage. Most people think that most owner of SME restaurants have a limit capability whether in knowledge or skill, but this limitation could push the owners to become more creative.

<table>
<thead>
<tr>
<th>H5</th>
<th>Entrepreneurship has positive impact to competitive advantage in goodness of taste. The impact of this is 28.9% consist of other factors which has impact to competitive advantage in goodness of taste.</th>
<th>Accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR : 3,377</td>
<td>P &lt; 0.05</td>
<td>Output estimation: 0.289</td>
</tr>
</tbody>
</table>

**Discussion H5:** This result is in line with Bakar dan Ahmad (2010) who stated that innovation could build competitive advantage and become a factor to lead a success. The limitation of resource can make the owners become creative to create a special taste.

Source: Data (2017)

V. CONCLUSION AND SUGGESTION

In brief, this research showed that there is a significantly negative relationship between entrepreneurship and business performance. It impact to relationship between entrepreneurship and business performance that be moderated by competitive advantage. This relationship is significantly negative too. It makes the owners should focus to maintain the taste and don’t take a high risk to create a new taste. Take a high risk to create a new taste will impact to decrease business performance. So, what the owners can do to increase the business performance is increasing the organization capabilities. It will directly impact to the increasing of business performance.

In another hand, some suggestions that the owners can do to directly increase business performance are (1) The owners should make more discipline for all employees, (2) The owners should have a good relationship to suppliers, (3) The owners should not take a high risk decision to create something new to gather new opportunities, (4) The owners should increase the spirit of all employees, and (5) The owners should have a good relationship to buyers (like point 2 stated before). Business performance could indirectly increased by focus in maintain and improve the taste. The taste is the main attraction for buyers and could impact the buyers decision. If the owners focus to find something new (innovation) to attract buyers, the limit resources will used uneffectively. It is because the innovation will face a trial and error before can be accepted successfully by buyers.

VI. REFERENCES


