

Strategic Entrepreneurship Development In SMEs Culinary Indonesia

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Abstract

Strategic Entrepreneurship (SE) is a conceptualization with a very broad reach. This theme is a synthesis of SME and corporate business research, which has been a dichotomous two poles in various business researches. Various conceptual models were developed by business scientists, and various potential constructs were developed for the direction of their empirical research. This paper itself offers a model for the concept of strategic entrepreneurship based on SE determination, SE readiness, and SE implementation. In particular, this time, it focuses on the dimensions of business conditions, learning conditions, and networking conditions as potential dimensions for SE determination. Nine potential indicators were developed for the three existing dimensions to be observed in the context of culinary SMEs in Indonesia. Through a descriptive analysis approach on 198 SMEs culinary, it was found that the business conditions, learning conditions, and networking conditions of culinary SMEs in Indonesia were in good condition to be used as dimensions for the SE determination variable.

Keywords: SE determination, business condition, learning condition, networking condition

1. Introduction

Indonesia is a country that has an orientation in developing entrepreneurship for its business actors (Nugroho, 2017). The intention to do business can be seen from a large number of business actors on the micro, small and medium scale, which reaches 62 million business actors (Bank Indonesia, 2015). In general, SME actors are indeed in the entrepreneurial phase, and this is different from corporations which are more oriented towards advantage-seeking behaviors. However, this dichotomy has been synthesized through the concept of strategic entrepreneurship, which is oriented to simultaneously develop opportunities seeking and advantages seeking for superior firm performance (Ireland et al., 2003; Luke et al., 2010).

In general, business actors in Indonesia are carried out for the necessities of life, which is different from the premise of entrepreneurship about doing business based on opportunity development (Venkataraman, 2019). Through many business actors in Indonesia, the development of the concept of strategic entrepreneurship (SE) is vital to create prosperity, as stated by David McClelland regarding the creation of welfare in a country (Kraus et al., 2011).

The development of the creative economy sector is a strategic direction oriented by the Indonesian government. The GDP generated by the creative economy reached 7.38%, with employment reaching 17.4

million in 2017 (Bekraf, 2019). The circulation of money in this sector reaches 1000 trillion, and the employment rate is above the national workforce's growth. The culinary sub-sector is the largest contributor to GDP among the sixteen existing sub-sectors in the creative economy sector. Formal culinary business actors reached 1,249,106, and non-formal culinary business actors reached 5,434,047. The total absorbed workforce reached 7,983,259 nationally (Bekraf, 2019). The government develops an orientation so that the culinary sector can become a business that produces quality products through a systematic, creative, aesthetic process and accommodates local wisdom (Kuliner Nasional, 2015).

This study will make observations about applying the concept of strategic entrepreneurship to SMEs in Indonesia and understand their profile. In addition, observations will be made on the culinary sector by studying its business profile. Through the findings of this research, it is hoped that this will be an initial map to understand them and their readiness to conduct SE in their business organizations.

2. Literature

The main premise of entrepreneurship theory is to take advantage of the inefficient market and innovate to disrupt the direction of market stability (Venkataraman, 2019). Despite the various descriptions and definitions of entrepreneurship, the core of entrepreneurship theory is about exploiting opportunities based on considerations of (1) the condition of an opportunity, (2) the condition of an entrepreneur, and (3) how to exploit it (Shane & Venkataraman, 2000). It is just that many business actors can seize opportunities but ultimately are unable to create advantages. In this condition, it can be understood that the development of opportunities and advantages is an equally important need. The development of opportunities and advantages itself is not a dichotomous one because the two things complement each other (Handrimurtjahjo, 2014). Strategic Entrepreneurship (SE) is a concept about the importance of developing opportunities and advantages in business organizations (Ireland et al., 2003; Kraus et al., 2011). For SMEs, what must be done is to develop an orientation on strategic matters. As for corporations, what must be done is to have an entrepreneurial orientation. Through the SE concept, a dialectical space is created for theory development between SMEs and corporations.

The concept of SE has become the orientation of various researchers with very diverse elaboration results (Kraus et al., 2011). In general, strategic entrepreneurship was developed towards synthesizing the concept of entrepreneurship with strategic management to present a sustainable competitive advantage in business organizations (Ireland et al., 2003). At this entrepreneurship concept level, business organizations should have an entrepreneurial attitude, entrepreneurial leadership, and entrepreneurial culture (Ireland et al., 2003). Strategic management is concerned with the development of resources, skills, and capacities (Hitt et al., 2001). This early phase in developing the concept Hitt et al. (2001) emphasized the importance of external networks, organizational resources and learning, Innovation, and Internationalization for SE development. The condition of the business organization will also be a determining factor in the application of the SE concept. Empirically the concept of strategic entrepreneurship has been studied at the SME level in Russia using the exploration and exploitation dimensions (Shirokova et al., 2013). Although empirical research on this concept is still very limited, strategic entrepreneurship is a very large conceptualization.

The development of the SE concept itself is contextual by understanding the diversity of determination (Handrimurtjahjo, 2014). Context can be developed based on country conditions, business environment, business organizations, and individual conditions of business actors. Likewise, the SE concept must have an observable context in its application. Based on the existing thinking, the following is a conceptual model that is trying to be developed on the SE concept in the context of SME in Indonesia:

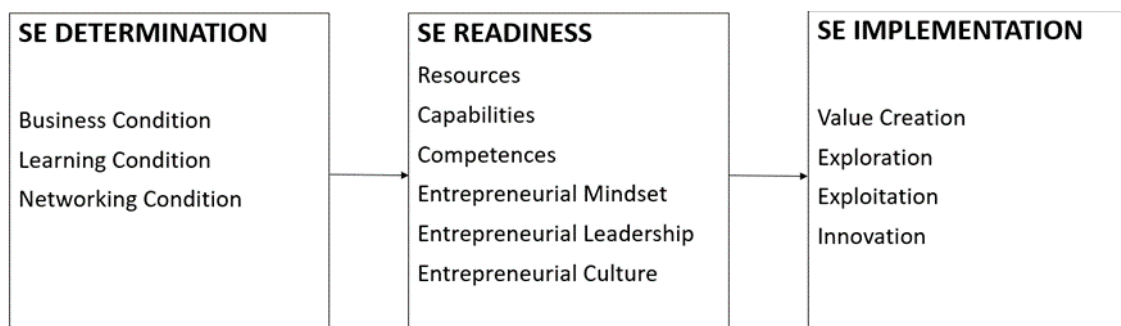


Figure 1: Strategic Entrepreneurship Conceptual Framework

The premise developed through this research is that the SE concept has three phases: SE determination, SE readiness, and SE implementation. Through the concept of SE determination, this becomes an understanding that there are prerequisites needed to conduct SE. SE readiness is an orientation about things that must be

developed in a business organization both entrepreneurially and strategically to do SE (Hitt et al., 2001; Ireland et al., 2003). In SE implementation, value creation, exploration, exploitation, and innovation must be carried out (Kraus et al., 2011).

This research focuses on SE determination which includes business conditions, learning conditions, and networking conditions. The condition of a business will determine the extent to which it will be able to be at the strategic level (Covin & Slevin, 1989). Being strategically important for a business will determine market position, competitive advantage, and business continuity. Meanwhile, learning and networking will become a resource for SMEs with limited resources (Hitt et al., 2001; Luke et al., 2011). For business organizations, the presence of these resources will determine excellence, reach market opportunities and become the power of business organization development. Through resources, it will also be a development power for competencies and capabilities.

3. Methodology

This study will explore the condition of culinary SMEs in Indonesia through the distribution of surveys. Questionnaires were distributed to the city center in Indonesia called Jakarta and the second city covering Bogor, Tangerang, Depok, and Bekasi in 2020. There were nine questions that were conducted to be used as material for analysis to understand business conditions, learning conditions, and networking conditions as dimensions of SE determination variable. The following is the conceptual framework for the implementation of this research:

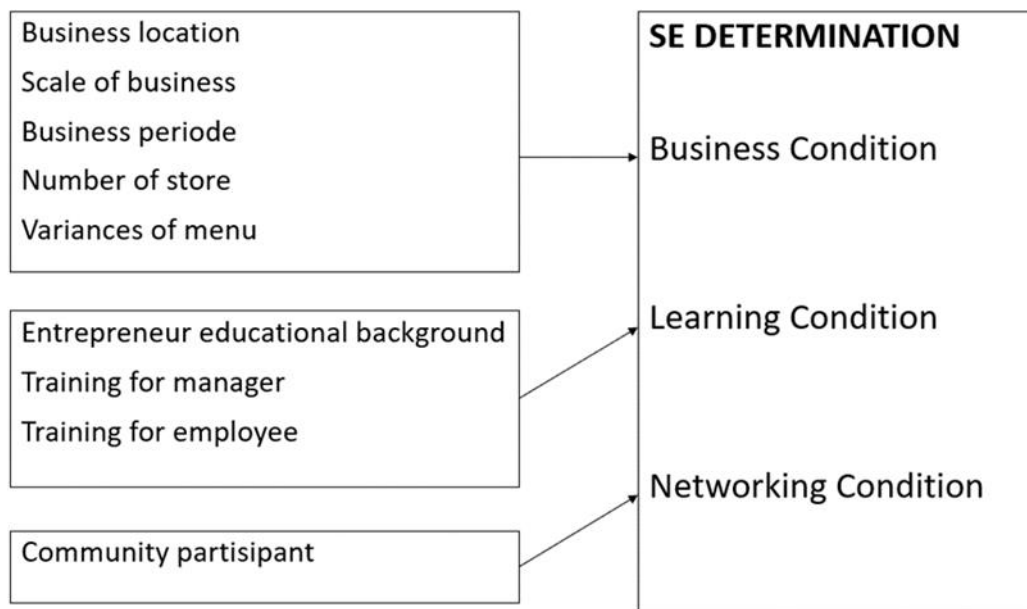


Figure 2: SE Determination Framework

Each incoming data will be sorted to get a category following the initial purpose of the study. Furthermore, the data will be analyzed based on the following approach:

1. Conduct a descriptive assessment based on the orientation of proportionality and the required trend.
2. To score each indicator with a very weak weight with a value of one, weak with a value of two, moderate with a value of three, strong with a value of four, and very strong with a value of five.
3. The conclusions on the contribution of accumulated indicators to its dimensions regarding the assessment of the contribution of accumulated indicators to dimensions 1 - 1.80 (very low), 1.81 - 2.60 (low), 2.61 - 3.40 (medium), 3.41 - 4.2 (high), and 4.21 - 5 (very high).

4. Result and Discussions

This study was conducted to understand nine indicators: business location, the scale of business, business period, number of stores, a variance of the menu, education of entrepreneur, training of manager, training for employees, and community participant on SE determination variable. Assessment and proportionality will be carried out on 198 culinary SMEs in Indonesia. The following is the complete data generated in this study:

Table 1: Research Variables and Indicators

Indicators	Data	Number	Percentage
Business Location	Main City	100	51%
	Second City	98	49%
Scale of Business	Small	136	69%
	Medium	62	31%
Business Period	Under One Year	25	13%
	More Than One Year	173	87%
Number of Store	One Store	53	27%
	More Than One Store	145	73%
Variance of Menu	Ten Menu Below	43	22%
	More Than Ten Menu	155	78%
Educational of Entrepreneur	High School Degree	24	12%
	Bachelor Degree	174	88%
Training for Manager	Not	62	31%
	Trained	136	69%
Training for Employee	Not	69	35%
	Trained	130	65%
Community Partisipant	Not	37	19%
	Join	161	81%

Sampling in this research was conducted randomly in various digital communities. A descriptive assessment will be carried out on the existing data and assign each indicator a score. In the business condition dimension, this study has five indicators. There are three indicators in the learning condition dimension, and in the networking condition dimension, there is one indicator.

In the "business location" indicator, it is found that the distribution of culinary business is present in a balanced way in the main cities (51%) and supporting cities (49%). This indicator assessment is based on the distribution of the business actors distribution, which will be interpreted as a preference for various regions. Given the vastness of the Indonesian state and the large population, the distribution of culinary actors is strategic for developing entrepreneurship in this sector. Therefore, this indicator is considered "very strong" for the business condition dimension through the proportionality of the almost balanced distribution.

In the "scale of business" indicator, 69% of small-scale actors are found, and the proportion of medium-scale is 31%. The premise is that medium-scale businesses will be better prepared to carry out strategic orientations so that the more medium-scale business actors, the more ready the sector will be to carry out strategic orientations. Although the percentage of medium-scale actors has only reached 31%, considering the criteria for medium-scale business actors in Indonesia, which reaches a turnover range of up to 50 billion rupiahs, compared to the small-scale turnover limit of 2.5 billion, this percentage is a significant finding. So in the existing context, this indicator is considered "strong" for the business condition dimension.

In the "business period" indicator, it was found that the business period of more than one year reached 87%, and 13% was under one year. The premise is that when the business is carried out for more than one year, the business actor is considered to have endurance and experience. Therefore, by achieving 87% of culinary actors who have a business period of more than one year, this indicator is considered very strong in the dimension of business conditions.

The "number of stores" indicator found that 73% have two places and 27% have one place. The premise is that when a business actor owns more than one place, it will be judged to have the intention to do business

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growth. Therefore, through the findings of 73% ownership of two stores and above, the number of store indicators on the business condition dimension is considered "strong".

In the "variance of menu" indicator, it was found that 78% of culinary business actors were able to make more than 10 menu variations, and only 22% prepared menu variations of ten menu and below. The premise is that the ability to make above 10 menus will be judged to have good creativity. Through this finding, the variance of menu indicator on the business condition dimension is considered "strong".

In the "educational of entrepreneur" indicator, 88% of respondents are college graduates, and 12% are high school graduates. The premise is that by conducting training for managers, business organizations intend to carry out organizational learning and leadership development. The indicators of training for managers on the learning condition dimension are considered "strong" through these findings.

In the "training for manager" indicator, it was found that 69% of culinary actors carried out the program. The premise is that by conducting training for managers, this becomes the intention of business organizations to carry out organizational learning and leadership development. Through these findings, the indicators of training for managers on the learning condition dimension are considered "strong".

In the training for employee indicator, it was found that 65% of culinary actors carried out this activity. The premise is that by conducting training for employees, culinary business actors are considered to have an orientation to develop human resources for their business. Through this finding, the training for employee indicator on the learning condition dimension is considered "strong".

The "community participant" indicator found that 81% of business actors are involved in the business community. The premise is that through involvement in the community, it becomes the intention of business actors to develop networking. Therefore, the community participant indicator on the networking condition dimension is considered "very strong" through these findings.

The next step is to accumulate indicator values for the dimensions. Through this process is to find an assessment of the accumulated contribution of the indicator to its dimensions. In total, the following is the contribution of the indicator to its dimensions:

Table 2: Result for SE Determinations

Indicator	Score	Average	Contribution	Dimensions
Business Location	5	4,4	Very High	Business Condition
Scale of Business	4			
Business Period	5			
Number of Store	4			
Variance of Menu	4			
Educational of Entrepreneur	5	4,33	Very High	Learning Condition
Training for Manager	4			
Training for Employee	4			
Community Partisipant	5	5	Very High	Networking Condition

Based on the results in table 2 above, it is found that nine indicators contribute to the three existing dimensions. The indicators of business location, scale of business, business period, number of store, and variance of menu contribute to the dimensions of business conditions. Indicators of educational of entrepreneurs, training for managers, and training for employees have a good contribution to the dimensions of the learning condition. Community participant indicators also contribute to the networking condition dimension. Through these findings, it can be concluded that the nine indicators in this study are relevant to be applied as indicators on the variabel SE determination.

5. Conclusion

In general, this research has resulted in the finding that culinary SMEs in Indonesia have a good SE determination. This is indicated by the level of contribution of nine indicators to the three dimensions is in a

very high score. Of course, further statistical calculations are still needed to produce statistical conclusions. This research implies that small and medium-scale culinary business actors in Indonesia can carry out strategic entrepreneurship behavior in their business. This research also has various limitations in various ways. Suggestions for the following research are to do further elaboration both at the level of indicators and dimensions. As preliminary research, this research has initiated the direction of elaboration of strategic entrepreneurship research in the Indonesian context and more broadly at the scientific level.

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