
RESEARCH ARTICLE

Determinants of Culinary Business Performance in Makassar City, Indonesia

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ABSTRACT

The purpose of this study is to determine the factors that affect the performance of culinary MSMEs in Makassar City, Indonesia. This study used an ex-post facto type of research. The subject of the study was a culinary business manager in Makassar City with a sampling technique using purposive sampling. The research data were collected using questionnaires. The research data were analyzed using descriptive techniques using IBM SPSS 23 and structural equation modeling (SEM) analysis with the help of IBM 23 analysis of moment structure (AMOS) assistance software. The results of the study found that the factor that most affects the improvement of the performance of culinary MSMEs in Makassar City is business innovation, on the performance of culinary MSMEs in Makassar City.

KEYWORDS

Entrepreneurship, Innovation, Market Orientation, MSMEs, Performance.

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) have increased from year to year, thus having a positive impact on Indonesia's Gross Domestic Product (GDP). Based on data from the Central Statistics Agency Micro, Small and Medium Enterprises (MSMEs). Based on data, the number of MSMEs in Indonesia is 64.1 million. From this data, it shows that such a large number of MSMEs also employ the community. MSMEs are the largest means of equitable economic and social welfare in Indonesia, where the existence of MSMEs is an effective solution to the economic problems of the community, especially for the small and middle class. MSMEs have a strategic role in economic growth and reducing unemployment in Indonesia.

MSMEs play an important role in the economic and social development of a country. The role of MSMEs is reflected in the creation of jobs and income and the improvement of the trade balance and is the main mechanism in revitalizing and enhancing national economic progress through income creation and job creation.

The development of MSMEs can expand the economic base and can make a significant contribution to accelerating structural changes, namely increasing the regional economy and national economic resilience as well as their contribution to employment, the formation of gross domestic product (GDP), exports and the creation of fixed capital/investment (Narmanov, 2020). Apart from low productivity, MSMEs have better resilience to crises, which is formed due to MSMEs' organizational structure and workforce being more flexible in adjusting to market changes. This resilience and flexibility make MSMEs used by most people as the main source of livelihood.

The culinary business, including MSMEs, is the choice of many people; considering that the need for food is the main thing in human needs that absolutely must be met, the culinary business is currently an attraction. Although the data on the contribution of the provision of accommodation and food and drink to Indonesia's GDP is one of the smallest and has decreased. The fluctuation in contribution to GDP indicates that there is a decline in performance in MSMEs in the sector.

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Business actors, including MSMEs, must be able to present quality products, be disciplined, focused, creative, innovative, able to see opportunities and dare to take risks. Entrepreneurs are required to have special skills and knowledge of planning and processing uniquely, able to offer creative and innovative products so that they are ready to compete in an increasingly competitive market. Customers will loyally use a product, both goods and services, when they feel satisfied. One source of customer satisfaction is due to product quality.

The main central of MSME activities is how to have the creativity to increase sales, where an increase in sales will increase income, which is a form of profit. MSMEs that can innovate creatively will be more successful in adapting to ever-changing demands, and very fast changes, which causes competitive advantage and can improve their performance to be more optimal with the innovations carried out and will be able to overcome consumer complaints.

Business performance is one measure of the achievement of a business obtained through overall production and marketing activities derived from business organizations. Business performance can be viewed as a concept used in measuring the extent to which market achievements have been achieved by a product produced by an MSME business.

MSMEs that adopt creativity can generate new ideas for service innovation and have a greater chance of achieving market success through the development of new products and processes. One way that can be done by MSME business actors is to innovate. Innovation is the idea of how a product has appeal and can attract consumers to buy the product (Nurbaiti et al., 2021). Innovation is needed so that businesses can compete and products are always up-to-date; it is expected that these innovations can encourage increased sales and eventually will obtain increased profits, not only increasing profits but also increasing various abilities, including the ability to enter new markets and attract new customers.

The results of research conducted by (Poernomo et al., 2021; Rizqulloh, 2021) prove that MSMEs that are managed creatively in the marketing aspect by carrying out marketing innovations involving online sales show that they can continue to run amid a pandemic and even continue to show progress in reaching a wider area to different provinces. In addition, digital marketing will make it easier for business actors to be able to capture market share and consumers (Rozan, 2022). The implementation of e-marketing through the marketplace carried out by MSME entrepreneurs is under procedure; besides that, e-marketing has a positive impact during the Covid-19 pandemic on the economic resilience of MSMEs.

The same thing from results of research conducted shows that product innovation, process innovation, and marketing innovation can produce good business performance in terms of increasing the amount of sales turnover (profitability), increasing sales (sales volume), and wider market share. The results showed that small business development strategies in strengthening the people's economy in business can be done by developing markets and products, as well as intensive market penetration by increasing promotion, quality, and product innovation.

MSMEs must be independent, adapt and be ready to face the upcoming economic changes, which will occur not only at the global level but also at the regional and country level (Distanont & Khongmalai, 2020). MSMEs must operate optimally to generate sales by using their resources efficiently. In addition, they must control costs wisely, without compromising the quality of their products and services, to increase their margins. They should strengthen their performance by regularly improving their efficiency and sustainability. (Pagaddut, 2021). Shows that the lack of marketing innovation applied in a business can lead to a loss of competitiveness, ease of imitation, and less success in improving MSME business performance.

Financial management or financial literacy is an absolute thing done by every MSME, ranging from small, medium, to large scale, even though it must still be mandatory to carry out financial management for their business. For MSME, actors who do not do financial planning or management will certainly experience failure because business people do not carry out capital management, which means that they cannot ensure the amount of income and the amount of expenditure that continues to be used in doing business.

For MSME actors, an understanding of financial literacy is needed as one of the factors in improving performance, especially those related to profit and loss management, attitudes, and behaviors to improve the quality of decision-making and financial management to achieve welfare for MSME managers. With a good understanding of financial literacy, MSME management can design production costs, marketing costs, and total costs charged to products, capital, sales profits, and access to financial institutions.

The Covid-19 pandemic that has occurred in Indonesia since the end of December 2019 has become a concern for all sectors. Covid-19 has an impact on all sectors, one of which is the economic sector. This is felt significantly by Micro, Small, and Medium Enterprises (MSMEs) who are experiencing an economic crisis. The reason is the decline in people's purchasing power due to the

Covid-19 pandemic also greatly affects the business sustainability of MSMEs. The economic crisis experienced by MSMEs can unwittingly pose a threat to the national economy, including Makassar City.

Makassar City, which is the capital of South Sulawesi Province, can be said to have a relatively large number of MSMEs. One of the MSME centers that are highlighted or become a flagship in Makassar City is the culinary MSME center. Based on data from the Makassar City Cooperative Office, there are 13,277 MSMEs in Makassar City affected by difficult conditions since the Covid-19 pandemic. However, they were again tested by government policies in limiting trading operating hours (Cooperative and MSME Office, 2021)

The economic development of MSME players, especially the culinary industry, is facing severe challenges due to the Covid-19 outbreak; this is due to the imposition of restrictions by the government. Makassar City, as an economic center, still imposes strict restrictions on human movement. As a result, most culinary MSME customers have disappeared, which ultimately makes most culinary MSME business actors out of business. But during this crisis, there are still culinary MSME business actors who are still surviving by making innovations such as online sales, reducing the number of employees, and calculating capital in running a business where MSMEs reduce the amount of raw material stock provision.

Culinary MSMEs in Makassar City must be able to take advantage of opportunities and improve the performance of MSMEs during the pandemic. The performance of MSMEs is important because, with measurable and recorded business performance, we can find out the development of the course of the business being run, whether including businesses that are growing or threatened with closure.

The approach so that MSMEs can turn challenges into opportunities that help them to survive is important for academic study materials that can be used as a basis for the development of MSMEs that can survive in a global situation full of challenges with ever-changing consumer tastes so changes in MSME business patterns also need to make all adaptations so as not to be left behind by consumers. Therefore, among the many factors or variables that affect business performance, this study will focus on entrepreneurial orientation variables, market orientation with innovation intervening variables, and whether these variables can affect business performance in MSMEs in Makassar City in the new normal era.

Thus, this study intends to determine the influence of each variable on MSME performance using a structural equation modeling (SEM) analysis approach. The variables of entrepreneurial orientation and market orientation, with variables intervening in innovation on business performance, have been widely used in previous research, but the results obtained are not the same. Therefore, researchers believe that culinary MSMEs are interesting things to research. Researchers want to see and provide an overview of the indicators of each variable that has the largest loading factor so that it can provide recommendations to make this Makassar City Culinary MSME able to achieve business success that can survive after the Covid-19 pandemic.

2. Research Methods

The study used a non-experimental quantitative technique, which is ex-post facto. The selection of ex-post facto research types is based on the researchers' considerations in line with the statement (Creswell, J. W., 2009) that this type of research, in addition to trying to find information about why a causal relationship occurs and researchers trying to trace back the relationship, this study will also describe descriptively the circumstances that have occurred to the research variables. The variables of this study consist of two exogenous variables that influence, namely entrepreneurial orientation (X1), this variable indicator is adopted from research that has been conducted, marketing orientation (X2) of this variable indicator, was adopted from research that has been conducted by (Chen & Volpe, 1998; Huston, 2010), one variable that functions as an intervening variable that also functions as an exogenous variable is the innovation (Y1) indicator variable adopted from (Johnson et al., 2009a; P. I. P. P. Putri et al., 2016; Suliyanto & Rahab, 2011a), one endogenous variable that functions as an influenced variable is business performance (Y2), this variable indicator is adopted from research that has been conducted by (Johnson et al., 2009; Suliyanto & Rahab, 2011). T

Data collection techniques in the study are (1) Questionnaires containing items measuring constructs or variables, (2) Interviews used to strengthen data that have previously been obtained through questionnaires, and (3) Observations that are useful for strengthening data that have been obtained through questionnaires, as well as to see the conditions and processes carried out by MSMEs in HRM, financial bookkeeping management, and innovation in increasing sales. This observation is also to see directly the process of production, presentation, and packaging in the hands of consumers. Data analysis techniques in this study use descriptive analysis to determine the characteristics of each variable and can conduct objective representatives of research problems. In addition, this study used structural equation modeling (SEM) analysis to test the research hypothesis.

3. Research Results

Factors that influence the improvement of culinary MSME business performance in Makassar City are determined based on the results of hypothesis testing. Based on the results of hypothesis testing, it was found that entrepreneurial orientation, market orientation, and business innovation are factors that affect the business performance of culinary MSMEs in Makassar City.

1. The Effect of Entrepreneurial Orientation on Business Performance

The results of the hypothesis test showed that H0 was accepted and H1 was rejected with a p-value (p) of 0.545. This suggests that the relationship between entrepreneurial orientation and business performance is not statistically significant. Thus, the H0 hypothesis is accepted, which means that there is no significant influence of entrepreneurial orientation on business performance. Therefore, although there is a positive relationship between the two variables, it cannot be considered as significant as the predetermined significance level of 0.05. From the results of the analysis, it was obtained that the variable value of entrepreneurial orientation had a very small partial direct influence on business performance, with an effect value of 0.060. This indicates that every one-unit increase in entrepreneurial orientation will only be followed by a 0.060-unit increase in business performance.

Entrepreneurial orientation refers to the tendency and orientation of culinary business management to develop new ideas, take risks, and innovate in running their business. However, the results of the analysis showed that the relationship between entrepreneurial orientation and business performance was relatively weak. Although it has little influence, it cannot be concluded that entrepreneurial orientation does not have an important role in business performance. The contribution of entrepreneurial orientation can be a supporting factor in creating an innovative atmosphere, motivating employees to think creatively, and developing unique business strategies. However, its direct influence on business performance is not significant. In this context, companies also need to consider other factors that can affect business performance more significantly. For example, factors such as human resource management, operational excellence, marketing strategy, and finance can have a greater contribution to achieving good business performance (Muzanhenamo, 2023).

It is important to remember that the results of this analysis only look at the direct influence between entrepreneurial orientation and business performance. This influence does not include the influence of other variables that might affect the relationship between the two variables. Therefore, in optimizing business performance, companies need to consider various factors that interact with and influence each other and conduct a more comprehensive analysis.

The results of this study are in line with the fact that entrepreneurial orientation has a positive and significant effect on business performance. The results of the study suggest that entrepreneurial orientation is an attitude to dare to take risks and the ability to innovate in marketing and be able to set strategies in seeing competitors as partners in increasing hard work efforts (Hanan et al., 2021). The same was stated by (Kraus et al., 2012) that the attitude of courage in managing risk in trying to set sales targets and competitive pricing, which is an indicator of entrepreneurial orientation as part of motivation in running a business as a positive and significant influence in improving the business performance of culinary MSMEs. Business performance consists of an increase in sales and increasing business profits to make our business have a larger business capital than before; this is in line with the results of research presenting entrepreneurial orientation influences significantly improving MSME performance.

The results of the study show that we will improve performance in running a culinary MSME business by emphasizing a hard work attitude. A person who has a hard work attitude, the ability to always try as much as possible without causing boredom and try to achieve the targets that have been set by achieving maximum results in the innovation efforts carried out and making each process an experience in developing the business. The results of this study are in line with the states that to succeed in entrepreneurial activities, especially culinary MSMEs, high motivation or hard work is needed, never give up, and have an attitude of creativity and, innovation and courage in taking risks.

The attitude of independence in running a business is an attitude that always leads to the spirit of doing independently without depending on others, where in managing the business and being able to determine attitudes in determining business goals appropriately, people who have awareness will be more open to new things in innovating (Farrukh et al., 2017). Independence in trying will bring out an attitude of creativity in managing a business so that it will give birth to producing goods, marketing innovation, and service innovation.

To carry out various kinds of innovations, a person must have confidence in his abilities and confidence that actions and efforts are part of positive efforts in improving his business in a better direction for business improvement to have a profit impact. The results of the research presented by (Al-Qadasi et al., 2023) mention that self-willedness is a theory put forward to describe an individual's belief in their ability to perform a particular action, the "expectation of ability" and the expectation that this action will produce the desired result, the "expectation of results". This is a trait of people who have an entrepreneurial orientation, which refers to personality traits of individual beliefs and their ability to cope with complex activities such as the process of creating new

ventures (Al-Qadasi et al., 2023; Boyd & Vozikis, 1994; Riski et al., 2021). The results of research conducted by C. Li et al. (2020) stated that individuals with high self-confidence prefer challenging tasks and show greater creativity, resilience, and optimism when building successful business ventures (Al-Qadasi et al., 2023).

Entrepreneurial orientation is a character that arises from someone who innovates, is proactive and dares to take risks in running a business (Miller, 1983a). According to Kreiser et al. (2010), entrepreneurial orientation refers to processes, practices, and decision-making that lead to new directions. Entrepreneurial orientation refers to the inherent nature, disposition, and traits of an entrepreneur to realize innovative ideas and develop them resiliently. The management of MSMEs needs to provide an entrepreneurial orientation because it affects their functional performance (Lee & Lim, 2009; Rezaei & Ortt, 2018)

The results of this study provide evidence that entrepreneurial orientation is a factor that has a significant and positive influence on the ability of MSMEs to innovate and provide benefits on how to produce food menus that suit consumer tastes, innovate in marketing by involving the *Gojek*, *Grab*, *Shop Food*, *Maxim* platforms and various other forms of social media utilization so that they can penetrate a wider market, this is in line with research conducted by (Khomah et al., 2021) MSMEs can apply online marketing, indicating that MSMEs as a form of marketing innovation in expanding their marketing networks through online platforms to increase their sales through online marketing. According to Kurniawati et al. (2020), E-commerce is an innovation that can be adopted by culinary MSMEs that can be developed in the management of innovative culinary MSMEs and developing new products through hard work as the key to survive in increasingly competitive business competition. The management of MSMEs that have an entrepreneurial orientation will always refresh and update the pattern of service to customers. The results of this study are in line with that entrepreneurial orientation will influence efforts to develop innovation and regulate various kinds of potentials to bring innovation in unique products and innovations in marketing while still taking into account the costs of innovating (Latifah et al., 2020).

2. The Effect of Market Orientation on Business Performance

In this study, the P value was 0.236, which indicates that the relationship between market orientation and business performance is not statistically significant. Based on these data, the H0 hypothesis is accepted that there is no significant influence of market orientation on business performance. Despite the weak positive influence of market orientation on business performance, the relationship was not considered statistically significant based on the C.R. and P values found. Although the influence is relatively small, market orientation can still make a positive contribution to business performance. In this context, market orientation refers to a company's ability to understand and respond to market needs and preferences effectively.

By having a good market orientation, culinary MSEs can identify opportunities and challenges in the market, understand customer demands and needs, and develop the right marketing and product strategies. A strong market orientation can also help companies in keeping up with market trends, maintain competitiveness, and improve customer satisfaction. However, the relatively small value of this effect shows that the direct influence of market orientation on business performance is not as large as the influence of business innovation. Therefore, companies also need to consider other factors that can affect business performance, such as operational management, marketing strategies, finance, or human resources.

In addition, it should be noted that the results of this analysis only measure the direct influence between the variables studied, namely business innovation, market orientation, and business performance. This direct influence does not include the influence of other variables that may affect the relationship between business innovation, market orientation, and business performance. Therefore, in a real business context, other factors also need to be considered and analyzed to understand a more complete picture of the factors that affect overall business performance.

The results of the study illustrate that the management of MSMEs that focus more on customer orientation and competitor orientation will not affect increasing business innovation. Customer orientation is an effort made by MSME managers to understand what consumers want. Competitor orientation is an effort made by culinary MSME managers in Makassar City to understand their potential as an effort to be developed.

The results of this study are in line with the statement that market orientation will affect the performance of MSMEs. For culinary MSME business actors in Makassar City, market orientation is carried out by building good relationships with customers, trying to provide optimal service, and being open to receiving suggestions and criticisms from customers. Strive to provide different value from competitors, for example, by providing competitive prices and providing more portions with competitors. Market orientation is an effort to see how the service concept is oriented with the consumer paradigm to realize business performance achievements in the form of increased profits.

3. The Effect of Business Innovation on Business Performance

Based on the results of hypothesis testing, it shows that H0 is rejected and H1 is accepted, which means that there is a positive and significant influence of business innovation on business performance. In the results of the analysis, the variable of business innovation has a significant direct influence on business performance. An effect value of 0.736 indicates that every one-unit increase in business innovation will increase to 0.736 units in business performance. That is, the higher the level of innovation in the business, the better the business performance that can be achieved. This positive influence shows that innovation has an important role in improving overall business performance.

Innovating in various aspects of business, such as products, production processes, marketing, or business strategies, can bring significant positive changes in business performance. Through innovation, companies can present new products or services that are more innovative, improve production efficiency, adapt to market changes, or adopt new technologies that can increase competitiveness and business success. Innovation can also open up new opportunities, create added value, and provide a competitive advantage for companies. In this context, business owners and managers need to pay attention to and encourage innovation efforts as part of their business development strategy. They need to spot innovation opportunities, invest in research and development, encourage creativity and collaboration within teams, and keep abreast of relevant technology and market trends.

In practice, innovation can involve experimentation, risk, and continuous renewal. Therefore, effective management, good monitoring, and a corporate culture that supports innovation are also important factors in driving better business performance. It is also important to note that although innovation has a significant influence, business performance can also be affected by other factors beyond this analysis model. Therefore, in addition to innovation, companies also need to consider other relevant factors, such as financial management, marketing, human resources, or market conditions, that can have an impact on overall business performance.

The results of this study are in line with those who suggest that business innovation is a determining factor in improving business performance. In innovating, the ability to carry out hygienic production in accordance with customer wishes will have an impact on increasing the number of customers and will automatically provide an increase in business profits when the amount of profit increases will have an impact on increasing capital for culinary MSMEs in Makassar City. Stated that MSMEs that can innovate in products and provide added value through the provision of friendly services will provide advantages in conducting business competition.

Meanwhile, Tria Wahyuningtihas et al. (2021) in this study summarize three factors that can affect the modernization of culinary MSMEs in Indonesia, including the suitability of information technology used with MSME conditions, ICT experience, and customer pressure. Conformity is the availability of facilities, culture, infrastructure, and values in MSMEs so that the existing conditions in culinary MSMEs illustrate readiness to modernize. The experience and knowledge possessed by MSMEs can make it easier for them to adopt information technology-based food ordering service technology. Customers will need interactive culinary MSME services when searching, buying, transacting, and paying for culinary products online. Therefore, meeting customer needs encourages culinary MSMEs to adopt information technology. According to Dabić et al. (2018), culture in innovation is the value of belief in MSME management to facilitate the birth of marketing strategies that are oriented to attractive standards and quality.

Setting production standards such as using quality ingredients and attractive packaging will provide added value to the culinary business. Increased production that is always available, whatever is needed by consumers, while maintaining product quality in any condition. Efforts to introduce products by utilizing online sales, as well as providing rewards in the form of vouchers to loyal customers to make transactions so that between sellers and customers, a mutually beneficial relationship is built.

The results of the study show that if we are going to increase innovation in running a culinary MSME business, it is to emphasize a hard work attitude. A person who has a hard work attitude, the ability to always try as much as possible without causing boredom and try to achieve the targets that have been set by achieving maximum results in the innovation efforts carried out and making each process an experience in developing the business. The results of this study are in line with the states that to succeed in entrepreneurial activities, especially culinary MSMEs, high motivation or hard work is needed, never give up, and have an attitude of creativity and, innovation and courage in taking risks.

The attitude of independence in running a business is an attitude that always leads to the spirit of doing independently without depending on others, where in managing the business and being able to determine attitudes in determining business goals appropriately, people who have awareness will be more open to new things in innovating (Farrukh et al., 2017). Independence in trying will bring out an attitude of creativity in managing a business so that it will give birth to producing goods, marketing innovation, and service innovation.

To carry out various kinds of innovations, a person must have confidence in his abilities and confidence that actions and efforts are part of positive efforts in improving his business in a better direction for business improvement to have a profit impact. The results of the research presented by (Al-Qadasi et al., 2023) mention that self-willedness is a theory put forward to describe an individual's belief in their ability to perform a particular action, the "expectation of ability" and the expectation that this action will produce the desired result, the "expectation of results". This is a trait of people who have an entrepreneurial orientation, which refers to personality traits of individual beliefs and their ability to cope with complex activities such as the process of creating new ventures (Al-Qadasi et al., 2023; Boyd & Vozikis, 1994). The results of the research stated that individuals with high self-confidence prefer challenging tasks and show greater creativity, resilience, and optimism when building successful business ventures (Al-Qadasi et al., 2023).

The results of this study confirm that entrepreneurial orientation is a factor that has a significant and positive influence on the ability of MSMEs to innovate and provide benefits on how to produce food menus that suit consumer tastes, innovate in marketing by involving the *Gojek*, *Grab*, *Shop Food*, *Maxim* platforms and various other forms of social media utilization so that they can penetrate a wider market, this is in line with research conducted by (Khomah et al., 2021) MSMEs can apply online marketing, indicating that MSMEs as a form of marketing innovation in expanding their marketing networks through online platforms to increase their sales through online marketing. According to Kurniawati et al. (2020), E-commerce is an innovation that can be adopted by culinary MSMEs that can be developed in the management of innovative culinary MSMEs and developing new products through hard work as the key to survive in increasingly competitive business competition. The management of MSMEs that have an entrepreneurial orientation will always refresh and update the pattern of service to customers. The results of this study are in line with the fact that entrepreneurial orientation will influence efforts to develop innovation and regulate various kinds of potentials to bring innovation in unique products and innovations in marketing while still taking into account the costs of innovating (Latifah et al., 2020).

4. The Simultaneous Effect of Entrepreneurial Orientation, Market Orientation, and Business Innovation on the Business Performance of Culinary MSEs

In this analysis, Squared Multiple Correlations (R^2) are used to measure how well regression models can account for variations in business performance variables. The R^2 value obtained is 0.831, which means that about 83.1% of the variation in business performance can be explained by variables in the regression model. However, it is important to remember that the remaining 16.9% variation in business performance cannot be explained by the variables present in this model. Other factors beyond this regression model can also affect business performance. Therefore, although models have a good ability to explain most of the variation in business performance, there are still other factors to consider in further analysis. Overall, these results show that regression models have a fairly high accuracy in explaining variations in business performance, but there are still other aspects that need to be considered to understand more comprehensively the factors that affect business performance.

In the context of improving the business performance of MSEs (Micro Small Enterprises) in the culinary field, the results of the analysis mentioned earlier show that the regression model has a good ability to explain most of the variation in business performance. An R^2 value of 0.831 shows that around 83.1% of the variation in the performance of culinary MSEs can be explained by variables in the regression model. However, keep in mind that there is still a 16.9% variation in business performance that cannot be explained by variables in the model. This shows that other factors outside the regression model can affect the business performance of culinary MSEs.

In the context of improving the business performance of culinary MSEs, these results show that the regression model has a fairly high level of accuracy in explaining variations in business performance. However, for culinary MSE business owners to understand the factors that affect business performance more comprehensively, it is necessary to pay attention to other aspects that are not covered in the model. Therefore, to improve the business performance of culinary MSEs, it is important to conduct further analysis involving other factors such as marketing strategies, customer satisfaction, product innovation, financial management, and so on. By paying attention to these factors comprehensively, culinary MSEs can improve their business performance more effectively. In addition to the factors mentioned earlier, several other aspects can also affect the business performance of culinary MSEs.

Some factors that need to be considered to improve the business performance of culinary MSEs include:

- a. **Quality of Products and Services:** The quality of products and services provided by culinary MSEs can be an important factor in improving business performance. Ensuring quality products, fresh raw materials, and good taste and providing friendly and efficient service can increase customer satisfaction and create loyalty.
- b. **Innovation and Differentiation:** Culinary MSEs need to develop innovations in products, processes, or services to differentiate themselves from competitors. Through innovation, culinary MSEs can attract new customers, expand market share, and increase competitiveness.

- c. Effective Financial Management: Good financial management is a key factor in improving business performance. Culinary MSEs need to do careful financial planning, control costs efficiently, and manage cash flow well.
- d. Promotion and Marketing: Effective promotion and marketing efforts are essential in increasing the visibility and awareness of culinary MSEs. Through the right marketing strategy, such as the use of social media, collaboration with influencers, or holding special events, culinary MSEs can reach a wider target market.
- e. Operational Management: Efficiency in operational processes also plays an important role in business performance. Culinary MSEs need to ensure the production and distribution process runs well, manage inventory efficiently, and pay attention to food hygiene and safety aspects.

4. Conclusion

The study found that the factor that most affects the improvement of the performance of culinary MSMEs in Makassar City is business innovation, on the performance of culinary MSMEs in Makassar City. Therefore, to improve the business performance of culinary MSEs, business owners need to pay attention to and manage these factors holistically. By conducting more in-depth analysis and implementing the right strategy, culinary MSEs can optimize their business potential, increase revenue, and expand market share in the competitive culinary industry.

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