

Orientation of Market and Orientation of Learning as a Driver Innovation Capabilities of Small Restaurant

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ABSTRACT

The success of small businesses, especially restaurant businesses, is very much determined by the ability of the manager or owner to innovate. The phenomenon in small business management encourages research that observes the orientation that managers have in seeing the market, the ability in learning so that it will encourage the ability of managers to innovate. This exploration uses a quantitative proceed toward multiple regression to decide the relationship between variables. The findings obtained in the study explain that a good understanding of market orientation has prominent effect on innovation capabilities. In addition, orientation of learning has important effect on the capability to make innovation.

Keywords: *orientation of market, learning orientation, innovation capabilities.*

1. INTRODUCTION

High business competition encourages business actors to develop business strategies that are able to adapt to changes quickly. Business actors can design business strategies that are able to reduce price competition, reduce operating costs, and optimize market opportunities [1]. In addition, higher competition forces business actors to review internal conditions so that they are able to encourage business performance and survive in competition [2]. Business strategies designed by business actors are related to investments made for business development, market penetration, and business performance [3]. Competitiveness and adaptability play a role for business organizations in a sustainable manner [4]. Business actors must be able to excogitate supreme profit for consumers and the best quality of the products produced and adapt to needs [5].

Currently, business activities in the food processing sector continue to experience rapid development. Every food business manager strives to be able to produce the best products and services for consumers. Therefore, the latest business strategies developed by food processing businesses will encourage the creation of competitive advantages, which play an important role for business actors and business sustainability [6]; [7]; [8].

The lifestyle of most individuals today is increasingly consumptive, where individuals are used to

enjoying culinary delights with friends or family outside the home [9]. The hedonic lifestyle where most activities are carried out outside the home so that there is no opportunity to cook encourages the emergence of increasingly rapid food businesses [10]. One of the food processing businesses that continues to grow is the restaurant business. Restaurant businesses tend to be relatively competitive, and the main objective is to offer good quality culinary delights to meet consumer needs. The ability of the restaurant manager to provide the best service is important factors that establish the fruitfulness of this business [11]. Restaurant management performance has an important contribution to business continuity. Restaurant management capabilities have encouraged various studies [12]. However, there is still a lack of similarity in perceptions among the researches regarding the factors that drive business performance, triggering various studies to be carried out in the field of restaurant management [13].

2. LITERATURE REVIEW

2.1. Market Orientation and Innovation Capability

Previous studies have investigated the correlation of orientation of market and capability of innovation [14]; [15]. Most of the study results describe an absolute

relationship among orientation of market and innovation. Orientation of market encourages the ability of business actors to innovate along an appreciation of consumer needs, higher efficiency of production and increased transaction and profitability. [16] illustrates the absolute influence of orientation of market on innovation. Then, [17] study describes the ability of business actors who are customer-oriented and competitors to encourage the willingness of business actors to develop new products. In addition, [18] describe the close relationship between customer and competitor orientation with the increase in radical innovation carried out by business actors. [19] explained that the more customer-oriented businesses will seek to improve product quality, create and maintain relationships with customers. [20] emphasize that business actors who are oriented towards market needs will focus more on customer segmentation. [21] also explained that business actors who are able to be good listeners for customers will make business actors able to adjust to customer needs.

2.2. Learning Orientation and Innovation Capability

[22] stated that orientation of learning has a function in encouraging innovation by companies. According to [22] orientation about learning encourages innovation through: (1) direct observation and interaction with the business environment, (2) knowledge and abilities possessed by business managers to identify and meet the needs of consumers and potential consumers; and (3) business actors in detail monitor the strengths and behavior of competitors. A study regarding the orientation related to learning of business actors in small and medium business describes that the learning process is reactive on business category, including creates operational savings that encourage the ability to adapt to innovative behavior [23].

3. METHODS

3.1. Population of study

Population of study were the owners of small and medium scale restaurant in Palembang City as many as 115 respondents. The technique used in sampling is simple random sampling because the sampling of members of the population is done randomly without considering the strata in the population. This method is done when members of the population are considered homogeneous.

3.2. Measurement of Research Variables

Market orientation is measured by 9 questions quoted from research by [24]; [25]. Learning orientation is measured by 4 questions quoted from research by [22]. Innovation capability is measured by 5 questions quoted from [26]; [27].

4. RESULTS

4.1. Respondent Profile

Based on the descriptive analysis, it is known that male respondents are 61 people or 53% and women are 54 people or 47%. Respondents aged 21-30 years were 30 people or 26.1%, 31-40 years old were 53 people or 46.1%, and aged > 40 years were 32 people or 27.8%. The most recent junior high school education was 55 people or 47.8%, the last high school education was 50 people or 43.5%, and the last D3 education was 10 people or 8.7%. based on the type of RM Padang, a total of 41 people or 35.7%, 44 people of Pindang Lokal restaurant or 38.3%, and 30 other restaurant or 26.1%. Respondents with business duration <1 year were 39 people or 33.9%, respondents with 1-3 years business duration were 58 people or 50.4%, and respondents with business duration > 3 years were 18 people or 15.7%.

4.2. Data analysis

The validity test is done by using the product moment correlation, where r table is 0.1832. Based on testing the independent and dependent variables, it is known that each question item has r count > 0.1832. It can be seen that the results of the calculation of r count orientation of market, orientation of learning, innovation capability and firm performance are greater than r table, this explains that the data on all variable can be declared valid. Reliability testing of the question items developed in this study used the Cronbach α test with a minimum value of 0.60 [28]. The reliability test results show that all variables have a relatively good Cronbach α value, which is above 0.60, so it can be said that all measurement concepts for each variable are reliable and can be declared fit for use as a research instrument.

4.3 Path Examination

Data examination explained lest orientation of market variable obtained the t value = 3.708 with a significance level of 0.000. This study supports research conducted by [29]; [30]; [31]; [32]; [18] and in accordance with previous researchers' statements that market orientation is one of the drivers of innovation. If the managers of small-scale restaurants have a good understanding of the orientation that is in favor of market interests, it will encourage the emergence of the innovation capabilities of the products being sold.

The results of data analysis explained that the learning orientation variable obtained the value of t count = 6,600 with a significance level of 0.000. This study supports research conducted by [23]; [33]; [34]; [35] states the linkage among learning orientation and innovation capabilities is strong. Higher the degree of understanding of small-scale restaurant managers about learning orientation, the higher the innovation ability of the products produced.

Table 1 path analysis

Independent	Dependent	B	t-value	Sig.
Market orientation	Innovation capability	0.294	3.708	0.000
Learning orientation	Innovation capability	0.523	6.600	0.000
Constanta = 3.292				
R.S = .539				
Adj. R.S = .531				
F. statistic = 65.489				
Significance = 0.000				

5. CONCLUSION

Findings the research explain that the orientation that was understood by small-scale restaurant entrepreneurs is related to the market and existing competitors to market processed culinary products will be able to create the ability to innovate. Therefore, small-scale restaurant entrepreneurs must still be able to manage the existing resources in the organization. Then, orientation that business actors have for the learning process in business development and seeing market opportunities to offer existing processed culinary products will play a role in encouraging higher ability to innovate.

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