



# MSMES Culinary Business Performance in West Sumatera

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**Abstract.** Purpose - The emergence of competition in the business world, including Micro, Small, and Medium Enterprises (MSMEs). MSMEs are independent organizations and have an important role in economic growth. In addition to contributing to economic growth in Indonesia, MSMEs also require and absorb a large number of workers. Micro, Small, and Medium Enterprises (MSMEs) provide opportunities for MSMEs to make their businesses more developed. Also included are MSMEs engaged in the culinary field. The performance of the MSME culinary business must be good and managed optimally, where one of the benchmarks is the flexibility strategy and strategic orientation. The development of the culinary business in West Sumatera is inseparable from the role or behavior of MSMEs in maintaining the culinary business development process to be more efficient and profitable. Therefore, the performance of this culinary business must continue to be improved.

**Keywords:** Business Performance · Flexibility Strategy · Market Orientation

## 1 Research Background

The emergence of competition in the business world, including Micro, Small, and Medium Enterprises (MSMEs). MSMEs are independent organizations and have an important role in economic growth. MSMEs on economic growth in Indonesia, including being able to absorb large numbers of workers.

According to Yulianti and Juwita (2016) [1], the province of West Sumatera has various elements of culture and diversity of tourism, both nature tourism and culinary tourism. Areas in West Sumatera that are busy being visited as tourism places full of delicious and diverse culinary treats are Padang, Bukittinggi, and Payakumbuh.

The development of the culinary business in West Sumatera is inseparable from the role or behavior of MSMEs in maintaining the culinary business development process to be more efficient and profitable. Therefore, the performance of the MSME culinary business in West Sumatera must continue to be improved.

According to Besra (2012), that the culinary sector is one of the supporters of tourism in West Sumatera. With so many tourists coming to West Sumatera, of course, tourists hope to enjoy traditional food, so it is necessary to increase the growth and potential of the

MSME culinary business which plays an important role in supporting economic growth and tourism in West Sumatra.

According to Kara et al. (2005) in Lestari and Warmika (2019) [6], The elements that lead to an increase in business performance include flexibility and market orientation strategies.

## **2 Content and Method**

### **A. Business Performance**

According to Sumantri et al. (2013), business performance is the result obtained by a company that is influenced by the company's operational activities in using its resources for a certain period of time. Hakim and Rahmat (2014) state that performance comes from the translation of the word performance (English) which means the results or work performance. However, performance actually has a broad meaning which is not only the result of work, but also includes the sustainability of the work process. Performance is the result of work that is closely related to the strategic goals of the organization, customer satisfaction, and contributing to the economy.

According to Han and Goleman, Daniel; Boyatzis, Richard; Mckee (2019), business performance is influenced by the variables of product innovation, entrepreneurial orientation, market orientation, and sustainability. Furthermore Inelo et al. (2015) stated that business performance is influenced by flexibility and market orientation strategies. Meanwhile, Zhou et al. (2018) stated that business performance is influenced by flexibility strategy and technology orientation.

### **B. Flexibility Strategy**

Savira and Suharsono (2013) stated that flexibility strategy is one of the factors that encourage the achievement of companies that are in intense competition facing environmental changes and refers to the extent to which the company's ability to modify its strategy in the face of opportunities, threats, and variations in the external environment. Meanwhile, according to Inelo et al. (2015), flexibility strategy is also defined as the company's ability to be proactive and reactive in meeting needs and adapting to sustainable environmental changes.

According to Yu (2015), the flexibility strategy can be a company's dynamic ability to achieve competitive advantage in a dynamic competitive environment. Furthermore, Inelo et al. (2015) states that the flexibility strategy has an important component in achieving competitive advantage that serves as a force in marketing that reflects the company's ability to allocate its resources, processes, and strategies in the face of environmental changes.

Bambang, Arif, and Gery (2011) stated that the determination of the amount of production with flexibility through a strategy to follow the demand (chase demand strategy) can be reached by regulating the number of workers. Setting the number of workers will

realize production flexibility with a more stable workload, reducing undertime and overtime phenomena. Meanwhile, according to Lau in library.binus.ac.id, roduct flexibility is the ability of a system to produce a variety of different products and mixes.

### **C. Market Orientation**

According to Narver and Slater (1990), market orientation is the most effective organizational culture in order to create important forms of behavior to achieve superior value in business, both for buyers and business performance. Meanwhile, according to Lindblom (2015), performance is not influenced by market orientation, but market orientation is used to develop marketing capabilities in improving performance. Market orientation that is applied will improve the company's performance.

Ferdinand (2000) states that marketing and market orientation are one of the centers of attention for marketing management to articulate the strategies developed. Meanwhile, according to Sofjan (2002), market orientation is the view of company leaders that emphasizes the need for companies to coordinate marketing activities that are directed to be able to achieve the goals and objectives of providing customer satisfaction by providing services that are in accordance with the goals of the company, so that the company's goals will be achieved in the long term. long.

## **3 Method**

### **1. Information**

The information method used to implement the flexibility and market orientation strategy of MSME culinary business performance in West Sumatera.

### **2. Theoretical study**

Theoretical studies are used to reveal theories related to the research carried out.

## **4 Result of Research**

Currently, Micro, Small, and Medium Enterprises (MSMEs) have provided opportunities for MSMEs to make their businesses more developed. Also included are MSMEs engaged in the culinary field. The performance of the MSME culinary business must be good and managed optimally, where one of the benchmarks is the flexibility strategy and strategic orientation.

Business performance is influenced by factors, namely: the internal environment which includes entrepreneurial orientation, ownership and access to resources, mastery and utilization of information technology, management systems, culture, capital strength, partnerships, and business networks with parties outside the business. The second factor of business performance is the external environment, including those related to government policies, legal aspects, market competition conditions, social conditions, infrastructure conditions, and how to empower infrastructure conditions, community education levels, and changes in the global economy.

The biggest contribution to the company's performance is given by market orientation, when compared to alternative strategic orientations, such as: innovation, learning, and entrepreneurial orientation. Some of the benefits to organizations generated by market orientation fall into four categories, namely: organizational performance, customer consequences, innovation consequences, and employee consequences.

## 5 Conclusion

The conclusions that can be obtained are: The performance of the MSME culinary business must be good and managed optimally, where one of the benchmarks is the flexibility strategy and strategic orientation.

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