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## **Factors Affecting Financial Performance of Culinary Entrepreneurs**

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O'nelysia Marthing <sup>1</sup>, Carunia Mulya Firdausy <sup>2</sup>

**Abstract:**

*The rise of people who become entrepreneurs currently makes it difficult to maintain financial performance in the culinary business sector. This study aims to determine the effect of Entrepreneur Orientation, and Opportunity Exploitability on the Financial Performance of Culinary Entrepreneurs in Jabodetabek with Innovation Capability and Flexibility Strategy as Mediating Variables. The subject of this study was culinary entrepreneurs in the Jakarta, Bogor, Depok, and Bekasi (Jabodetabek) areas. The method to collect the data was by distributing questionnaires to 200 respondents. This study used a quantitative PLS-SEM analysis. The results of this study indicate that Opportunity Exploitability has a positive and significant effect on Financial Performance. Opportunity Exploitability has a positive and significant impact on Strategy Flexibility. Strategy Flexibility has a positive and significant effect on Financial Performance. The Flexibility Strategy mediates the Exploitation of Opportunities on Financial Performance. Entrepreneurial orientation has a positive and significant effect on financial performance. Entrepreneurial orientation has a positive and significant effect on Innovation Capability. Innovation Capability has a significant positive effect on Financial Performance. Innovation Capability Mediates Entrepreneurial Orientation on Financial Performance.*

**Keywords:** *Financial Performance; Culinary Business; Entrepreneurship; Innovation*

### **1. Introduction**

The rise of people who are becoming entrepreneurs at this time is seen by the many new business units that have sprung up by creating various innovations in improving their business. One of the three growing business sectors is the culinary sector. This culinary sector is open to anyone interested in joining the culinary industry or business. The emergence of newcomer entrepreneurs in the culinary business makes them quickly establish a culinary business without learning what must be considered when joining the culinary business industry. As Indonesia is now moving to post-COVID-19 pandemic recovery, there is a need to complement the above policy suggestions. The inability to innovate in its business and not be responsive in dealing with a business environment that is constantly changing fast is the cause of the culinary industry's inability to survive in the current situation (Firdausy & Buhaerah, 2022). Due to this, culinary food entrepreneurs are affected by the deteriorating

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<sup>1</sup>Universitas Tarumanagara, Indonesia. [onelysia.117212011@stu.untar.ac.id](mailto:onelysia.117212011@stu.untar.ac.id)

<sup>2</sup>Universitas Tarumanagara, Indonesia. [caruniaf@pps.untar.ac.id](mailto:caruniaf@pps.untar.ac.id)

financial condition, which is decreasing due to profits from sales; in the end, many companies are forced to close their culinary businesses. However, even though it looks easy, the culinary industry also has a potential barrier because it is always required to try to have creative and innovative taste and must always pay close attention to the business cycle (Fadjar, 2022).

Even though many factors influence financial performance, the study (Rua et al., 2017) found that entrepreneurial orientation did not affect improving financial performance like the study conducted (Kantur, 2016). Therefore a critical question arises, namely, what must exist for entrepreneurial orientation to be able to improve entrepreneurial financial performance. Addressing the research gap, this study adopts product innovation theory ((Cooper & Kleinschmidt, 1987); (Li & Atuahene-Gima, 2001)) which describes creating new products. The logic is that an entrepreneurial orientation by innovating products will be able to improve its financial performance. The study of culinary entrepreneurship is very popular in this decade ((Cho & Lee, 2018); (Kantur, 2016)). Many factors determine why an entrepreneur improves financial performance (Kraus et al., 2012).

This model was tested on culinary businesses in Indonesia by referring to previous research on the effect of entrepreneurial orientation, product innovation, and partnership support on competitive advantage. The analytical method used in this study is multiple regression analysis. The results showed that product innovation and partnership support had a positive and significant effect on competitive advantage, while entrepreneurial orientation had a positive but insignificant effect on competitive advantage (Puspasari & Rahardjo, 2017). Several previous studies stated that innovative capabilities affect company performance ((Agyapong, A., Mensah, H. K., & Ayunni, 2009); (Lawson & Samson, 2001)). Subsequent research on the influence of entrepreneurial orientation, market orientation, and business strategy on the performance of MSME businesses in the culinary field. The analytical method used in this study used a purposive sampling technique. The research results show that entrepreneurial orientation, market orientation, and business strategy positively and significantly influence business performance (Fidelia & Sarwo, 2021). Without exploiting potential business opportunities, entrepreneurship will not occur. The analytical method was tested using Partial Least Squares-Structural Equation Modeling. The results of this study indicate that the exploitation of opportunities influences learning in entrepreneurship.

The purpose of this research is to complement the previous research process of how product innovation is carried out to improve entrepreneurial actors' financial performance. We develop the model by incorporating variables: opportunity exploitation which explains how an entrepreneur explores opportunities ((Kim et al., 2020); (Krane et al., 2014)), and the Flexibility Strategy variable, which provides many opportunities for entrepreneurs to open a new business which is very important to improve financial performance. As these small businesses will no doubt grow in

many other countries, this study is, therefore, considered essential to be undertaken (Firdausy & Idawati, 2017). Thus, referring to existing research phenomena, researchers are interested in conducting research with the title "The Influence of Entrepreneur Orientation, Opportunity Exploitability on the Financial Performance of Culinary Entrepreneurs in Jabodetabek with Innovation Capability and Flexibility Strategy as Mediation Variables."

## **2. Theoretical Background**

This research was built on a theoretical concept, Resource Based View (RBV) Theory. The RBV theory was developed by (Barney & Clark, 2007), who argues that performance is a function of a collection of various unique resources with capabilities that are owned and controlled by the company. The Resource-Based View (RBV) conceptual framework can identify the resources owned by a company so that it has the potential to be a driver of company performance by linking resources, capabilities, and decisive actions with achieving sustainable competitive advantage that results in higher profits than competitors. RBV is that company competition is based on their resources and capabilities (Peteraf & Bergen, 2003). Resources usually consist of tangible and intangible assets of various capabilities, skills, information, and processes that are still under the company's control. RBV argues that a decision on actions taken by a company is required to have a reference to the characteristics and have a special focus on various activities that have advantages and not take actions that are not profitable.

### **Entrepreneur Orientation**

According to (Scarborough, 2016) explain the notion of entrepreneurship, namely someone who forms a new business and deals with all the risks and uncertainties to be able to generate growth and gain profits by identifying opportunities and combining various resources in an effort to benefit from these opportunities. According to (Covin et al., 2006), in their research, focused on the importance of knowing the influence of entrepreneurship on organizational performance. The tendency of companies to take risks, innovate and be more proactive. Basically, there are five dimensions of entrepreneurship three dimensions presented (Covin et al., 2006) such as proactiveness, innovation, and risk-taking. Then according to (Foltean, 2007), there are two other dimensions: autonomy and competitive aggressiveness. Entrepreneur Orientation relates to a process, practice, and decision-making activities for use by entrepreneurs that end in company establishment (Lumpkin & Dess, 1996).

### **Opportunity Exploitability**

According to (Eckhardt & Shane, 2003), recognizing and taking advantage of opportunities is very important to determine the level of success of most businesses, especially in the business of entrepreneurship or in the context of international (or

global) business. Opportunity Exploitability is a situation in which new goods, services, raw materials, markets, and organization methods can be introduced by forming new means, goals, or means. Recognition and Opportunity Exploitability are equally important as a form of success in business (Ram & Jones, 1998).

### **Innovation Capability**

Innovation can be interpreted as the ability to apply creative solutions to problems and opportunities to improve and develop people's lives. This definition means that an entrepreneur is not only an idea inventor but must add value (innovation) to existing findings (Scarborough, 2016). Innovation that is said to be successful is simple and focused, must have specific, clear directions, and have a design that can be applied (Lupiyoadi, 2018). Innovation Capability is a company that can quickly use new methods, products, processes, and services when facing an increasingly changing business environment so that it can gain a competitive advantage (Agyapong et al., 2018). Innovation Capability within a company can provide an overview of the knowledge and competencies expected to absorb effectively, improve existing technological capabilities, and then develop new ones (Romijn & Albaladejo, 2002).

### **Flexibility Strategy**

Flexibility Strategy, namely the ability possessed to be able to function to respond to various kinds of requests and take advantage of opportunities that exist along with a dynamic competitive environment and uncertainty in the position of the competitive environment (Hitt, M.A., Hoskisson, R.E., 2007). According to (Shimizu & Hitt, 2004), Flexibility Strategy is the ability possessed by a company or organization to be able to identify the main change factors that occur from the external environment (such as the introduction of new technology), can place new and useful resources can respond to changes that happen, and to act immediately. Flexibility Strategy explains the importance of SMEs in creating value, such as unique and different products from competitors, low-cost products compared to competitors, and the lowest prices in the eyes of consumers (Supeno et al., 2015).

### **Financial Performance**

(Barlian, 2003) argues that Financial Performance is a prospect or future. There is growth, and it impacts good development potential for the company. Short-term financial goals focus on financial measurements, long-term goals, and growth potential related to non-financial (Cho & Lee, 2018). To test various dimensions of performance, self-reported financial performance measurements can offer greater opportunities (Wiklund & Shepherd, 2003). Financial Performance is an illustration of the level of achievement of how far the company's success can be interpreted regarding the results that have been achieved with the various activities that have been carried out. Financial performance is also interpreted as an analysis of how far the

company has carried out various good and correct financial implementation rules (Fahmi, 2012).

As in the previous discussion, Entrepreneur Orientation is a company orientation as an effort to identify Opportunity Exploitability for the benefit of achieving company goals. In other words, the achievement of good financial performance can be determined by various factors in Entrepreneur orientation. Meanwhile, the Innovation Capability and Flexibility Strategy can further encourage entrepreneurs to be able to create something new in the form of superior products/services so that they can always maintain their business ventures as well as be more responsive to changes in the business environment to be more active in anticipating matters that will have an impact on Financial Performance. Based on some of the basic concepts above, the theoretical framework used in this study is as follows:

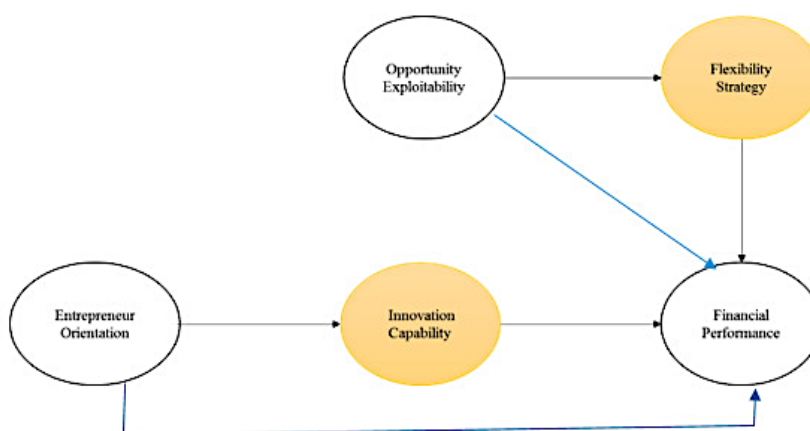


Figure 1. Research Model

## Hypothesis

Based on some of the explanations that have been described previously, the hypothesis for this study is as follows:

H1: Opportunity Exploitability affects the Financial Performance of culinary entrepreneurs.

H2: Opportunity Exploitability affects the Flexibility Strategy of culinary entrepreneurs.

H3: Flexibility Strategy influences the Financial Performance of culinary entrepreneurs.

H4: Flexibility Strategy mediates the relationship between Opportunity Exploitability and Financial Performance of culinary entrepreneurs.

H5: Entrepreneur Orientation influences the Financial Performance of culinary entrepreneurs.

H6: Entrepreneur Orientation influences the Innovation Capability of culinary entrepreneurs.

H7: Innovation Capability influences the Financial Performance of culinary entrepreneurs.

H8: Innovation Capability mediates the relationship between Entrepreneur Orientation and Financial Performance of culinary entrepreneurs.

### **3. Methodology**

The subjects of this research were culinary entrepreneurs in the Jakarta, Bogor, Depok, and Bekasi (Jabodetabek) areas. This study aimed to investigate the effect of Entrepreneur Orientation and Opportunity Exploitability on the Financial Performance of culinary entrepreneurs in Jabodetabek with Innovation Capability and Flexibility Strategy as mediating variables. The research period was carried out from January 2023 to April 2023.

The data source in this study was culinary industry entrepreneurs who ran their businesses in the Greater Jakarta area. The data collection methodology used in this study was the distribution of questionnaires. Respondents filled out the questionnaire via Google form. Questionnaires were distributed to entrepreneurs using social media such as WhatsApp Messenger, Instagram, and email. After collecting the questionnaire data, statistical testing was carried out using version three of the Smart PLS software. All of these variables were measured using indicators with a Likert scale. On a Likert scale, respondents were asked to indicate how much they agreed or disagreed with the proposed statement, using five answer choices: Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree. The Likert scale was chosen because it made it possible to explore the extent to which respondents agreed or disagreed with the statements submitted and provided answers that varied from the respondents. In addition, the Likert scale was easier to analyze because the data could be converted into an interval scale, so it could be used to perform more sophisticated statistical analyses. Details of indicator items for each variable in the questionnaire were adopted from previous studies advanced in Indonesia's literature, as noted above. The reason for adopting these indicator items was mainly for methodological and consistency purposes (Tanady & Firdausy, 2022).

The research used purposive sampling to deliberately provide questionnaires in accordance with the requirements for culinary entrepreneurs in Jabodetabek who were willing to fill out the questionnaire and had been in business for at least 1 year. According to (Sugiyono, 2018), if the sample size is too large, then the model becomes very sensitive, making it difficult to get good results. For this reason, it is recommended that the sample size is 5-10 times the manifest variable (indicator) of all latent variables. In this study, the number of indicators researched was 35, so the minimum number of samples was 5 times the number of indicators or as much as 5 x

35 = 175 respondents, and the maximum number of samples was  $10 \times 35 = 350$  respondents.

The analytical method used in this study was the Partial Least Squares (PLS) application program, which is a data analysis method that negates the assumptions of Ordinary Least Squares (OLS) regression that says the data must be normally distributed in a multivariate manner, and there must be no multicollinearity problem between variables (Imam & Latan, 2014). Testing steps in this study.

### **Outer Model Test**

The outer model explains how the relationship between variable indicators and their latent variables (Imam & Latan, 2014).

### **Convergent Validity Test**

To see the validity of an indicator, the value of the loading factor can be a reference. If the value of the loading factor is 0.5 – 0.6, it is considered sufficient with notes to read the sample (Imam & Latan, 2014).

### **Validity Test with Cross Loading**

To strengthen the validity test results with Convergent Validity, a validity test is carried out with Cross Loading. If the cross-loading value of the indicator is the largest compared to the same indicator from other variables in one row, it will result in the validity of one indicator from one variable (Hair, J. F., Ringle, C. M., & Sarstedt, 2011).

### **Reliability Test**

The reliability test serves to prove the accuracy of the instrument in measuring constructs (Imam & Latan, 2014). This reliability measurement is done by looking at the value of Cronbach's Alpha and Composite Reliability. The criteria for construct reliability assessment are Cronbach's Alpha, and Composite Reliability values must be greater than 0.7.

### **Inner Models**

The inner model is a structural model that describes the relationship between latent variables (Imam & Latan, 2014). Testing the inner model is divided into 3 parts, namely:

**Coefficient of determination (R-square)**

In the coefficient of determination test, it can be seen from the R-square value for each endogenous variable which shows the predictive power of the structural model (Imam & Latan, 2014). If the R-square value is 0.75, then the model is said to be strong. If the value shows 0.50, then the model is said to be moderate, whereas if the R-square value shows a value of 0.25, then the model is said to be weak.

**Goodness fit test (GOF)**

In testing the GOF value, it is calculated by looking at the AVE value and R2 value. The Goodness of Fit Index (GFI) is an index that describes the overall fitness level of the model, which is calculated from the squared residuals of the predicted model compared to the actual data. If the GFI value is getting closer to 1, then the model is getting better.

**Statistical Hypothesis and Testing**

Hypothesis testing is done to see how far the hypothesis presented can be accepted or not. Testing this hypothesis is done by testing the significant level of the research model. The T value can show how significant the model level is. The requirements for a model are stated to be significant if the T value is above 1.96 (Imam & Latan, 2014).

**4. Empirical Findings/Result****Descriptive Analysis**

Descriptive analysis to provide an overview of respondents using demographics which include gender, age, education, location of the place of business, and duration of business operations. The most dominant age was between the ages of 20-30 years, with as many as 96 people (48%), while the ages between 31-40 years amounted to 68 people (34%), for ages 40-50 years, there were 31 people (15.5%), and for those aged over 50 years as many as 5 people or (2.5%). Based on the characteristic profile of business owners based on age, the most dominant age category is between 20-30 years, totaling 96 people (48%). Thus it can be said that this age category shows or belongs to a relatively productive age. Dominant culinary entrepreneurs do business for 1-3 years with as many as 99 people with a percentage rate of 49.5%, and for 4-6 years with as many as 19 people with a percentage rate of 9.5%. For 7-10 years, as many as 12 people with a percentage rate of 6.0%; for less than 1 year, as many as 42 people with a percentage rate of 21.0%; for more than 10 years, as many as 28 people with a percentage rate of 14%.



### Structural Model Test Results (Inner Model)

To evaluate the structural model (inner model) or hypotheses in this study through the steps of evaluating the path coefficient value, evaluating the R2 value validating the overall structural model with the Goodness of Index (GoF).

### Determination Coefficient Test (R<sup>2</sup>)

This model is a specification of the relationship between latent variables, also known as inner relations. This test is a test of the type and magnitude of the influence of the independent latent variables on the latent variables. This test consists of 2 stages, namely the Determinant Coefficient R Square test (R<sup>2</sup>), which is a test that calculates how much the independent latent variable explains the variance of the latent dependent variable, and the hypothesis test, which is a test of the research model hypothesis. Evaluation of the inner model is done by looking at the coefficient of determination. The coefficient of determination aims to measure how far the model's ability to explain the variance of the dependent variable is. The value of the coefficient of determination is between 0 and 1. The value of R<sup>2</sup> explains how much the hypothesized independent variable in the equation is able to explain the dependent variable. According to (Ghozali, 2019), the value of R<sup>2</sup> is said to be strong if the value is 0.67, it is said to be moderate if the value is 0.33, and it is said to be weak if the value is 0.19. The following table shows the R Square value of the research model.

Table 1. R-Square Value (R<sup>2</sup>)

	R Square	R Square Adjusted
Financial Performance	0.599	0.591
Flexibility Strategy	0.396	0.393
Innovation Capability	0.504	0.502

Source : Data Processed (2023)

Based on the R-Square value above, it can be seen that the results of the R-Square value on the Financial Performance variable of 0.599 are included in the moderate category. This means that the variables Opportunity Exploitability, Entrepreneur Orientation, Flexibility Strategy, and Innovation Capability have an influence of 59.9% on Financial Performance, while the remaining 40.1% is influenced by other factors. Based on the R-Square value above, it can be seen that the R-Square value for the Flexibility Strategy variable of 0.396 is included in the moderate category. This means that the Opportunity Exploitability variable has an influence of 39.6% on the Flexibility Strategy, while the remaining 60.4% is influenced by other factors. Based on the R-Square value above, it can be seen that the R-Square value for the Innovation Capability variable of 0.504 is included in the moderate category. This means that the Entrepreneur Orientation variable has an influence of 50.4% on Innovation Capability, while the remaining 49.6% is influenced by other factors.

### Goodness of Fit Index (GoF)

The purpose of testing the Goodness of Fit Index (GoF) is to validate the combined performance of the measurement model (outer model) and the structural model (inner model), which is obtained through the following calculations:

$$\text{GoF} = \sqrt{AVE \times R^2}$$

$$\text{GoF} = \sqrt{0,607 \times 0,500}$$

$$\text{GoF} = 0,550$$

Information :

$$AVE = (0.568+0.636+0.577+0.588+0.665)/5 = 0.607$$

$$R \text{ square} = (0.599 + 0.396 + 0.504) / 3 = 0.500$$

The results of the calculation of the Goodness of Fit Index (GoF) show a value of 0.550. According to Tenenhaus (2004), the value of GoF small = 0.1, GoF medium = 0.25, and GoF large = 0.36. Based on these results, it can be concluded that the combined performance of the measurement model (outer model) and the structural model (inner model) as a whole is high because the Goodness of Fit Index (GoF) value is more than 0.36 (GoF large scale).

### Hypothesis Test

The results of hypothesis testing, namely the influence and significance of the effect, can be seen in the table.

Table 2. Test the Direct Effect Hypothesis

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Entrepreneur Orientation -> Financial Performance	0.196	0.192	0.074	2.640	0.009
Entrepreneur Orientation -> Innovation Capability	0.710	0.714	0.043	16.382	0.000
Flexibility Strategy -> Financial Performance	0.294	0.298	0.072	4.110	0.000
Innovation Capability - > Financial Performance	0.177	0.178	0.083	2.148	0.032
Opportunity Exploitability -> Financial Performance	0.215	0.219	0.085	2.540	0.011

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Opportunity Exploitability -> Flexibility Strategy	0.630	0.632	0.044	14.224	0.000

Source : Data Processed (2023)

Table 3. Indirect Effect Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Opportunity Exploitability -> Flexibility Strategy -> Financial Performance	0.185	0.188	0.047	3.923	0.000
Entrepreneur Orientation - > Innovation Capability -> Financial Performance	0.126	0.127	0.059	2.139	0.033

Source : Data Processed (2023)

Based on the analysis using PLS (Partial Least Square), the researcher will then conduct a discussion regarding the analysis that has been carried out. This research was conducted to examine the influence of Entrepreneur Orientation, Opportunity Exploitability on the Financial Performance of Culinary Entrepreneurs in Jabodetabek. With Innovation Capability and Flexibility Strategy as Mediation Variables. To find out the effect, hypothesis testing is carried out so that the effect of the variable on other variables can be known.

## 5. Discussion

Based on the table above, the results of the research hypothesis test can be summarized as follows:

### **H1: Opportunity Exploitability affects the Financial Performance of culinary entrepreneurs**

Opportunity exploitability has a positive and significant impact on financial performance. The positive influence can be seen from the value (O) of 0.215. Meanwhile, the significance of the effect can be seen from the p-values of 0.011 (less than 0.05). That is, the better the opportunity exploitability, the more it will have an influence on the financial performance of culinary entrepreneurs in Jabodetabek. The results of this study are strengthened by the existence of the Resource Based View (RBV) Theory, where performance is a function of a collection of various unique resources with capabilities that are owned and controlled by the company. Financial Performance is driven by personal factors that concern a person's personality,

including the potential for opportunity exploitation owned by someone (Buchari, 2013). Entrepreneur Orientation itself relates to a process, practice, and activities in decision-making for use by entrepreneurs which ends in company establishment (Lumpkin & Dess, 1996).

## **H2: Opportunity Exploitability affects the Flexibility Strategy of culinary entrepreneurs**

Opportunity Exploitability has a positive and significant influence on Flexibility Strategy. The positive influence can be seen from the value (O) of 0.630. Meanwhile, the significance of the effect can be seen from the p-values of 0.000 (less than 0.05). That is, the better the opportunity exploitability, the more it will have a positive influence on the Flexibility Strategy of culinary entrepreneurs in Jabodetabek. The results of this study are strengthened by the existence of the Resource Based View (RBV) Theory, where performance is a function of a collection of various unique resources with capabilities that are owned and controlled by the company. Micro-enterprises are small-scale businesses or independent businesses that are carried out by individuals or families, which are usually Opportunity Exploitability, in this case, utilizing simple technology in both the production process and product marketing for the Flexibility Strategy. The results of research by (Laura Hardilawati, 2020) recommend a Flexibility Strategy for MSMEs in the form of Opportunity Exploitability in the form of e-commerce trading, digital marketing, improving product quality and adding services, as well as establishing and optimizing customer marketing relationships. The results of this study are important for MSME players to understand and adopt and are expected to always be responsive and adapt to environmental changes in order to survive.

## **H3: Flexibility Strategy influences the Financial Performance of culinary entrepreneurs**

Flexibility Strategy has a positive and significant influence on Financial Performance. The positive influence can be seen from the value (O) of 0.294. Meanwhile, the significance of the effect can be seen from the p-values of 0.000 (less than 0.05). That is, the better the Flexibility Strategy, the more it will have a positive influence on the Financial Performance of culinary entrepreneurs in Jabodetabek. The results of this study are strengthened by the existence of the Resource Based View (RBV) Theory, where performance is a function of a collection of various unique resources with capabilities that are owned and controlled by the company. Elements in the Flexibility Strategy of culinary entrepreneurs in Jabodetabek are; Human resources, who are the center of ideas and initiatives with creativity create creative works as a result of expressions, ideas, ideas, and initiatives; Goods/services products are a form of creative work that is ready to be marketed, including the production process, material supply, manufacturing, and so on; Markets or all matters related to the flow of delivery of creative goods/services, including distribution channels, marketing, promotion, to

spaces for expression and appreciation, and so on; as well as Research & Development, in the form of feedback on creative goods/services, and all matters related to various efforts to create works and all their supporting elements, which are better or different from the previous ones to achieve Financial Performance for MSME actors (Hilmiyah et al., 2022).

#### **H4: Flexibility Strategy mediates the relationship between Opportunity Exploitability and Financial Performance of culinary entrepreneurs**

Flexibility Strategy mediates Opportunity Exploitability on Financial Performance. The positive mediating effect can be seen from the value (O) of 0.185. Meanwhile, the significance of the effect can be seen from the p-values of 0.000 (less than 0.05). That is, the better the Flexibility Strategy, the more Opportunity Exploitability will have a positive influence on the Financial Performance of culinary entrepreneurs in Jabodetabek. Strategic flexibility is a capability that is owned by the company in response to changes that occur in the market that affect Financial Performance. According to (Brozovic, 2018) explains Opportunity Exploitability is one of the implementations of strategic flexibility as a company's ability to respond to uncertainty by making adjustments to targets set by the company based on the capabilities and resources available by the company. The presentation explains that companies that have a Flexibility Strategy tend to be more dynamic in determining Financial Performance. The dynamic nature of a company with a Flexibility Strategy then does not make the company always respond to changes that occur in the external environment, especially the market. Companies with a good Flexibility Strategy take several approaches before finally deciding whether or not to make adjustments to changes in the external environment.

#### **H5: Entrepreneur Orientation influences the Financial Performance of culinary entrepreneurs**

Entrepreneur Orientation has a positive and significant influence on Financial Performance. The positive influence can be seen from the value (O) of 0.195. Meanwhile, the significance of the effect can be seen from the p-values of 0.009 (less than 0.05). That is, the better the Entrepreneur Orientation, the more positive influence Financial Performance will have on the Financial Performance of culinary entrepreneurs in Jabodetabek.

In a company, an entrepreneurial mindset will create an entrepreneurial orientation or entrepreneurial orientation. In short, entrepreneurial orientation is a corporate strategy that has a tendency to act innovatively, proactively and take risks. Entrepreneurial orientation initially involved the process of making strategies and representing the policies and practices that formed the basis for actions and decisions in entrepreneurship (Wijaya & Dharmayanti, 2016). According to (Rauch et al., 2009) states that the level applied by entrepreneurial orientation in business is often indicated by the extent to which entrepreneurs and managers are willing to take risks to support

change and innovation to ultimately achieve organizational goals related to profitability and sales, and market growth. Shares, as well as fulfillment of the general strategic goals of the company.

#### **H6: Entrepreneur Orientation influences the Innovation Capability of culinary entrepreneurs**

Entrepreneur Orientation has a positive and significant influence on Innovation Capability. The positive influence can be seen from the value (O) of 0.710. Meanwhile, the significance of the effect can be seen from the p-values of 0.000 (less than 0.05). That is, the better Entrepreneur Orientation, the better it will have a positive effect on Innovation Capability. Entrepreneur Orientation is demonstrated in action procedures, policy procedures, and methods of entrepreneurial decision-making strategy in SMEs; the literature has confirmed that Entrepreneur Orientation significantly affects Innovation Capability; Entrepreneur Orientation is very important for culinary entrepreneurs in Jabodetabek; this is for culinary entrepreneurs to try to survive in the culinary industry and facing competition from high-level entrepreneurs, therefore to be able to compete, SMEs must innovate and be proactive in implementing their strategic goals and practices in the results of his research (Fauziah et al., 2022) on the positive and significant direct effect between Entrepreneur Orientation and Innovation Capability.

#### **H7: Innovation Capability influences the Financial Performance of culinary entrepreneurs**

The capability has a significant positive effect on Financial Performance. The positive influence can be seen from the value (O) of 0.177. Meanwhile, the significance of the effect can be seen from the p-values of 0.032 (less than 0.05). That is, the better the Innovation Capability, the more positive influence Financial Performance will have on the Financial Performance of culinary entrepreneurs in Jabodetabek. Innovation activity must be managed and measured. This is a big and important challenge for MSME actors to determine whether their innovation efforts are justified and will result in achieving goals (Velazquez-Cazares et al., 2021). Given the importance of innovation today, there are a variety of approaches to its measurement, which have helped companies improve their innovation processes. However, these multiple views hinder the development of a consensus that allows for precise and accurate measures of innovation capability and its impact on firms. Measurement requires an understanding of what must be measured (Nuramdini & Gunawan, 2022).

#### **H8: Innovation Capability mediates the relationship between Entrepreneur Orientation and Financial Performance of culinary entrepreneurs**

Innovation Capability mediates Entrepreneur Orientation towards Financial Performance. The positive mediating effect can be seen from the value (O) of 0.126.

Meanwhile, the significance of the effect can be seen from the p-values of 0.033 (less than 0.05). That is, the better the Innovation Capability, the more positive influence Entrepreneur Orientation and Financial Performance will have on culinary entrepreneurs in Jabodetabek. Innovation activity must be managed and measured. Entrepreneurial orientation refers to the company's ability to continuously renew, innovate, and constructively take risks in the market and operating areas. This opinion is also supported by (Wiyono, 2020) that entrepreneurship channels creative innovation in businesses that have added value. Entrepreneurial orientation is considered a critical organizational process that contributes to company survival and financial performance. Innovation Capability will not be separated from Financial Performance which is a resource activity that has an impact on the company's achievement and performance. Good Financial Performance achievements require support from Innovation Capability, where Innovation Capability is a competitive advantage that is not an end goal but rather a tool to achieve organizational goals, namely organizational performance that generates relatively high profits (Fauziah et al., 2022).

## **6. Conclusions**

The influence of entrepreneur orientation and opportunity exploitability on the financial performance of culinary entrepreneurs in Jabodetabek with innovation capability and flexibility strategy as mediating variables. The results are as follows. The authors can draw the following conclusions:

1. Opportunity Exploitability has a positive and significant influence on Financial Performance.
2. Opportunity Exploitability has a positive and significant influence on Flexibility Strategy.
3. The Flexibility Strategy has a positive and significant influence on Financial Performance.
4. Flexibility Strategy mediates Opportunity Exploitability on Financial Performance.
5. Entrepreneur Orientation has a positive and significant influence on Financial Performance.
6. Entrepreneur Orientation has a positive and significant influence on Innovation Capability.
7. Innovation Capability has a significant positive influence on Financial Performance.
8. Innovation Capability mediates Entrepreneurial Orientation towards Financial Performance.

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