

## Effect of Creativity and Innovation on Entrepreneurial Behaviour and its impact on Business Continuity Services Food and Beverages in Makassar

Chahyono<sup>1</sup>, Siti Haerani<sup>2</sup>, Anwar Ramli<sup>3</sup>

<sup>1,2,3</sup>Economics Department, Universitas Negeri Makassar, Indonesia

Corresponding Author: Chahyono

---

**Abstract :** This study aims at analyzing the sustainability of food and beverage business in Makassar. This research was an explanatory research belonging to the associative research. Based on ex post facto method, this research is classified as a research survey. The population of this study is food and beverage business unit of the restaurants in Makassar totaling 341 business units. The number of samples is determined by using the Slovin formula that is  $n = N / (1 + N.e^2)$ , where  $e = 0.05$  or 5%. The data were analyzed using Structural Equation Modeling (SEM). The result showed that creativity (X 1), innovation (X 2) and entrepreneurial behavior (Y) have simultaneous effect on the business sustainability (Z). In addition, the variables of creativity, innovation, and entrepreneurial behavior have a significant effect on business sustainability. Furthermore, all of the independent variables are greater than t table. Based on the results of this analysis, it can be stated that the variables of creativity, innovation, and entrepreneurial behavior affects the business sustainability partially. Thus, it can be argued that  $H_0$  is accepted, in which the variables of creativity, innovation, and entrepreneurial behavior have affected business sustainability either simultaneously or partially.

**Keywords -** creativity, innovation, entrepreneurial behavior, food and Drink, business sustainability

---

Date of Submission: 16-03-2018

Date of acceptance: 31 -03-2018

---

### I. Introduction

Food and beverage industry becomes a strategic industry in the economy because these two products are the commodity which is quite important, and it is always to be excellent in the trade as its market share never ends. Therefore, the continuity of this business needs to be cultivated. It is in line with the wishes of the government through the Ministry of Trade in Indonesia (2009: 24) which argues that there are six reasons why the creative economy needs to be developed. First, the creative economy contributes to gross domestic product (GDP), employment, and increased exports. Second, it has a social impact which can improve the quality of life and increase social tolerance. Third, it encourages innovation and creativity, which can stimulate ideas and concepts, as well as create value. Fourth, by the creative economy, there will be renewable resources, which are based on knowledge, creativity, and green community. Fifth, creative economy can create a business climate. It is because businesses can create jobs, impact on other sectors, and may expand the marketing network. Sixth, the creative economy can enhance the image and cultural identity by promoting tourism, developing a national icon, building a culture, cultural heritage, maintaining and improving the local values.

Furthermore, the creative economy is a manifestation of searching for sustainable forms of development through creativity and searching for renewable resources. In Indonesia, the role of the creative industries contributes significantly to the GDP in which the average in 2002-2006 is 6.3%, equivalent to 104.6 trillion rupiahs (constant value) and 152.5 trillion rupiahs (nominal value). The industry has been able to absorb the labour force in which the average in 2002-2006 is 5.4 million with a participation rate is 5.8% (Ministry of Trade in Indonesia, 2009).

Then, Bayu (2010) asserts that through the development of the creative economy in each sector, there are some benefits to be gained. The first, local raw materials are empowered so that there is no need to import. Second, there will be a renewable resource. Third, it encourages creative climate for each sector. Fourth, it creates equity, income and business opportunities. Five, it ensures the continuity of effort. Sixth, it creates jobs and business field so that Indonesian workers do not need to look for a job abroad.

The implications of the above description show that food and beverage industry becomes a strategic industry where its market share is never ending, so the continuity of business must be considered. The concern of governments and experts to keep the business sustainability of food and beverage industry is through the development of a creative economy. The creative economy is defined as a manifestation of sustainable development through creativity, in which sustainable development is a competitive economic climate and has reserves of renewable resources (Ministry of Trade in Indonesia, 2009). From this definition, there is a close

link between the creative economy and the level of creativity in a variety of individuals, groups, and organizations in maintaining business sustainability.

Food and beverage industry in Makassar which is one of the strategic sectors in the economy becomes a commodity that is quite important, and it is always to be excellent in the trade as its market share never ends. The sustainability of business phenomenon can be seen from the perspective of business development in which the number of food and beverage industry in 2011-2014 was increasing. It indicates that this business is accompanied by efforts to improve the competitive advantage. Instead, in 2015 the number of food and beverage industry tends to decrease quite dramatically.

The decreased ability of the industry to maintain the continuity of business is due to the limited entrepreneurial intelligence owned by the entrepreneur. Entrepreneurial intelligence is the ability to recognize and manage themselves as well as the opportunities and resources of the surrounding creatively to create added value for them in a sustainable manner. The entrepreneur does build not only a business but also changes the mind-set and course of action that produces creativity and innovation (Bayu, 2010).

To improve the business sustainability of food and beverage industry, innovation is required to gain competitive advantage. The competitive advantage becomes the last keyword to see the final performance of business (Man et al., 2008). In addition, Zangwill (1993) states that without innovation, companies will die. Companies that create innovation continuously will be able to dominate the market, and it is difficult for a competitor to be replicated. However, many innovative products fail in the market, and the problem is simple that is because consumers do not want the product. The innovation can be achieved by a company when applying values in creating a market orientation of its products to consumers (Harmancioglu et al., 2010). Indeed, according to Zhou et al. (2009), market orientation is the facility to break the stagnation in innovation, but it must remain to be oriented to consumers and competitors. In addition, in the organization there are coordination inter-functions.

Alternatives that it is possible to have a competitive advantage are seeking advantage through the resource. Competence is the concept offered to address these challenges. Reniati (2013: 60) reveals that entrepreneurial capability is the unity of dynamic knowledge, skills, and ability exhibited by an entrepreneur or organization that emitted from behaviour to achieve success in his business continuously.

It is in line with the results of research conducted by Sucherly (2005: 25) in West Java. Based on multiple observations on small industries in West Java, he found that many small businesses are not able to continue their efforts. In addition, the existence of small businesses grew erratic. This condition often shows that the survival of small businesses has helplessness and alarming, and the proportion to the rescue effort as well as the long-term survival is even lower. On the one hand, the number of small businesses every year is increasing significantly; on the other hand, the increase is not followed by a high resistance to maintain their life so that many of them went bankrupt. The above results indicate that businesses sustainability in West Java is erratic and very alarming that eventually will be bankrupt. The erratic business sustainability is because the business is not followed by the strong resistance to survive continuously. The strong resistance is entrepreneurial behaviour conducted by employers such as behaviour that leads to the achievement of goals, takes advantage of opportunities effectively, and manages resources effectively and efficiently.

The implications of business sustainability on the above conditions mean that creative mind-set is essential to survive in the future. An organization or company should have the ability to organize ideas and also the ability to solve problems in unusual ways. Therefore, entrepreneurs who have created organizations are required so that they can conduct business innovation and have a sustainable competitive advantage. The entrepreneurial behaviour primarily determines business continuity, and the creativity and innovation largely determine entrepreneurial behaviour. It means that the higher creativity and innovation which is accompanied by the higher entrepreneurial behaviour, the higher the sustainability of business and vice versa. Reniati (2013: 59) argues that entrepreneurship is not enough without innovation. Creativity and innovation are the heart of entrepreneurship. However, they have not yet made a major agenda in a small industry to improve the competitive position. This is because creativity and innovation are still the property of individual entrepreneur and it is not a property of all members of the organization.

To maintain business sustainability to remain firm, entrepreneurship is required. Entrepreneurship is the application of creativity and innovation to solve the problem and attempt to exploit opportunities facing every day. Creativity is the ability to develop ideas and find new ways of solving problems and opportunities. Meanwhile, innovation is the ability to apply creativity to solve the problems and opportunities to improve or enrich the people life (Zimmerer, Scarborough, & Wilson, 2008). Entrepreneurship is a creative and innovative capability which is used as the base, tips, and resources to find opportunities for success. The essence of entrepreneurship is the ability to create something new and different through creative thinking and innovative action to create opportunities (Bayu, 2010). In addition, entrepreneurship is the process of creating something new (new creation) and make a difference from the existing (innovation), the aim is to achieve well-being of individuals and the value added to the community (Ropke, 2004).

Implications of applying the concept of entrepreneurship above in business organizations stated that, if the employers want to succeed in facing open competition in the global era right now, they have to have an entrepreneurial spirit that is creative and innovative, especially the current condition, entrepreneurial modern or entrepreneurial creative, more insight, thinking far ahead, always follow the development, open to new concepts and ideas are required. By having this spirit, the success in carrying out its business activities can be achieved. However, the application of those things is still an obstacle for entrepreneurs in achieving success in their business. One of the factors which determine the success is the entrepreneurial competence in this matter as a determinant of creativity and innovation that is a hallmark of entrepreneurship.

This study is attempting to look some indicators of creativity and innovation that shape entrepreneurial behaviour and in turn will determine business sustainability. The objective of the research to be achieved is acquiring the findings and models of the influence among variables after they are re-conceptualized, which includes creativity, innovation and entrepreneurial behaviour and their impact on business sustainability in food and beverage business. The results of this research are expected could give contribution to the development of economic theory and management, especially regarding the development of conceptual which strengthens theories about creativity, innovation, entrepreneurial behaviour and business sustainability. They are in turn expected to give stimulus and reference comparison for the future researcher.

The results of this research are also expected to be information is useful for the entrepreneurs to increase self-potential, so that they could manage efforts to expand their business. Similarly, some related agencies are expected to be used as the material for policy-makers to determine the appropriate strategy in supporting the success of businessman small about entrepreneurial behaviour that is creative and innovative in the business environment that is more competitive.

## **II. Research methods**

The method used to obtain information was a survey method. The survey method is a method used to obtain the facts and symptoms and to seek factual information. By using the survey method, the researchers can dissect, discuss, and get to know the problems, as well as the justification of the circumstances and practices that is ongoing. In addition, by using survey method, the things which people do in dealing with similar situations or problems can be evaluated and compared, and the results can be used in making plans and decisions in the future. In survey research methods, data were collected from a sample of overpopulation by using questionnaires as the main data collection tool.

SEM was used to analyse the relationship between indicator variables and latent variables known as the measurement equation, and the relationship between a latent variable and other latent variables known as the structural equation in which they involve errors of measurement. In addition, the structural equation model can analyse a two-way (reciprocal). SEM method was used in this study because by using this method the relationship between the indicator variables and the latent variable known as measurement equation can be seen. In addition, the relationship between one latent variable and other latent variables are known as structural equation (structural equation) that involves the measurement error (Jöreskog & Sörbom, 1996)

## **III. Results and discussion**

The objective of the research is to analyse the business sustainability of food and beverage services in Makassar. This type of research was explanatory research belonging to the associative research. Based on ex-post facto this research method is classified as a research survey. The population of this study includes SME business units, especially food and beverage restaurant in Makassar totalling 341 units. The number of samples is determined by the formula Slovin as follows:

$$n = N / (1 + N.e^2), \text{ where } e = 0.05 \text{ or } 5\%.$$

From the total business population of food and beverage services in Makassar as many as 341 members, the samples which were selected were 184 business owners using the above formula Slovin. Then, the data were analysed by structural equation modelling (SEM) by using the program package of lisrel 8.50 and SPSS software version 22.

Based on the research results, the creativity of food and beverage business in Makassar has supported the creation of the creative environment. However, organizational culture which is owned apparently is not capable of backing up the growth of creative businesses. In addition, the innovation of food and beverage business in Makassar has supported the creation of the innovative environment. However, the organizational culture which is owned apparently not capable of backing up the growth of the innovation effort. Moreover, food and beverage business enterprises in Makassar have supported the creation of entrepreneurial behaviour. However, the competence of the opportunities and the competence of commitment are not yet capable of backing up the growth of entrepreneurial behaviour in the food and beverage enterprises in Makassar. Furthermore, food and beverage business in Makassar has supported the creation of business sustainability, but

the values of the products owned apparently are not capable of backing up the sustainability of food and beverage business in Makassar.

The result showed that creativity (X 1), innovation (X 2) and entrepreneurial behaviour (Y) have a simultaneous effect on the business sustainability (Z) that is 41 percent. The significance level of the variables is  $[(0.4059 / 2) / ((1-0.4059) / (184-3-1))]$  or F count equal to 61.49. In addition, the value of F table at  $\alpha = 0.05$  and degrees of freedom (db1) = 3 and (db2) is (nk-1: 180) and it is obtained that the value F table is (FINV (0.05, 3,180)) = 2.6548. Based on the calculation results it is found that the value of F count is greater than the value of F table. Therefore, it can be stated that the variables of creativity, innovation, and entrepreneurial behaviour have a significant effect on business sustainability. Then, partially it shows that the value of t count for the variable of creativity towards business sustainability is 2.8598 and the value of t count for the variable of innovation on business sustainability is 3.8915. Furthermore, the entrepreneurial behaviour on business sustainability is 2.0495. Meanwhile, t critical values are 1.96 at  $\alpha = 0.05$ , so it can be stated that the all of the independent variables are greater than t table. Based on the results of this analysis, it can be stated that the variables of creativity, innovation, and entrepreneurial behaviour has a partial effect on the business sustainability. Thus, it can be argued that Ho is accepted, in which the variables of creativity, innovation, and entrepreneurial behaviour have affected business sustainability either simultaneously or partially.

#### IV. Conclusion

Based on the data analysis and discussion that has been described above, the outcomes are as follows:

1. Creativity and innovation simultaneously or partially have a direct effect on the entrepreneurial behavior in the food and beverage enterprises in Makassar. It means that the food and beverage business which is increasingly creative and innovative is an important aspect of the creation of a reliable entrepreneurial behavior. The variable of creativity is a major contributor in creating entrepreneurial behavior.
2. Creativity and innovation simultaneously or partially have direct effect on the sustainability of food and beverage business in the city of Makassar. The variable of Innovation has the greatest influence in creating business sustainability.
3. The entrepreneurial behavior has a positive and significant effect on the continuity of food and beverage business in Makassar. It means that the implementation of entrepreneurial behavior can create and improve business sustainability through the utilization of resources for developing the organization. It also can direct the duties and responsibilities effectively, and maintain operational effectiveness.
4. Creativity, innovation, and entrepreneurial behavior simultaneously or partially have a direct influence on the sustainability of food and beverage business in the city of Makassar. It means that creativity and innovation will have implications for the sustainability of business through entrepreneurial behavior. The variable of innovation has the greatest influence in creating business sustainability.

#### References

- [1] Bayu, I. (2010). Kewirausahaan: Pendekatan karakteristik wirausahawan sukses.
- [2] Harmancioglu, N., Grinstein, A., & Goldman, A. (2010). Innovation and performance outcomes of market information collection efforts: The role of top management team involvement. *International Journal of Research in Marketing*, 27(1), 33–43.
- [3] Jöreskog, K. G., & Sörbom, D. (1996). LISREL 8: User's reference guide. Scientific Software International.
- [4] Man, T. W., Lau, T., & Snape, E. (2008). Entrepreneurial competencies and the performance of small and medium enterprises: An investigation through a framework of competitiveness. *Journal of Small Business & Entrepreneurship*, 21(3), 257–276.
- [5] Ministry of Trade in Indonesia, 2009. Pengembangan Ekonomi Kreatif Indonesia 2025. Rencana Pengembangan Ekonomi Kreatif Indonesia 2009-2015.
- [6] Reniati, 2013. Kreativitas Organisasi dan Inovasi Bisnis. Cetakan (2), Bandung: Alpa Beta.
- [7] Ropke, J. (2004). On Creating Entrepreneurial Energy in the Ekonomi Rakyat the case of Indonesian Cooperatives.(ISEI, Bandung). *Jurnal Ekonomi Kewirausahaan*, 3(2), 43–61.
- [8] Sucherly, 2005. Pola Pembinaan dan Pengembangan Industri Kecil dan Menengah (IKM) Jawa Barat; Pemetaan Pengusaha Andalan dan Usaha Unggulan Kerjasama Dinas Perindustrian dan Perdagangan. Bandung: P3B Universitas Padjajaran.
- [9] Zangwill, W. I. (1993). Lightning strategies for innovation. Maxwell Macmillan International.
- [10] Zhou, K. Z., Brown, J. R., & Dev, C. S. (2009). Market orientation, competitive advantage, and performance: A demand-based perspective. *Journal of Business Research*, 62(11), 1063–1070.
- [11] Zimmerer, T. W., Scarborough, N. M., & Wilson, D. (2008). Kewirausahaan dan manajemen usaha kecil. Terjemahan. Deni Arnos Kwary. Jakarta: PT Indeks.

Chahyono "Effect of Creativity and Innovation on Entrepreneurial Behaviour and its impact on Business Continuity Services Food and Beverages in Makassar" *IOSR Journal of Business and Management (IOSR-JBM)* 20.3 (2018): 01-04