Creativity and Opportunity on Traditional Food Products: Business quality in competitive environment

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Abstract: Traditional food products have become an icon of a region. The uniqueness of the food product being offered to the visitors will give some uniqueness values and will consequently influence the business development of a region. This survey study was conducted among 247 entrepreneurs producing the traditional food products by distributing questionnaires employing proportional random sampling. The data was analyzed using SEM analysis via WarpPLS program. Based on the result of the study, it was found out that the entrepreneurship creativity in manufacturing new products significantly influenced the excellence of Riau traditional food products either directly or indirectly. In addition, this was also determined by the quality of the business operation. Besides, the local entrepreneurs’ ability in seeing opportunities significantly influenced the excellence of the food products either directly or indirectly.

Keywords: Creativity, Opportunities, Business Quality, and Competitive Advantage, Traditional Food Product

1. Introduction
Product uniqueness has become the excellence in building entrepreneurship, particularly for the society pursuing SME’s (Small and Medium Micro Enterprises). The regional government of Riau has been persistently developing their areas. The regional development in various sectors has given meaningful impacts towards the creative economy sector. In addition, the government has established a flagship program, namely, tourism sector development. This sector development has been well-received by the society and has given them new opportunities to introduce the peculiarity and excellence of their local products to the outsiders. The fact that Riau original food products are forgotten due to the existence of the modernized Riau traditional products have constantly been the problem in the development of UMKM (Small and Medium Micro Enterprises). This trend has something to do with the market and the market share. The entry of food products from various regions has made the local products receive less attention from the visitors. Besides, the business world in the existing UMKM (Small and Medium Micro Enterprises) has not been able to produce excellent, unique, and competitive products. Based on the data obtained from the Industry and Commerce Services (Disperindag) of Riau Province, Small and Medium Micro Enterprises decreased as much as 8% in 2012 and kept decreasing as much as 9.8% in 2014. [1]
The decrease in the number of these business units indicates the drawback of the business operation done by UMKM managers. Besides, some products were made using non-local ingredients. This has made these business units depend solely on non-local ingredients, which are, the ingredients originating from other regions. It also made the price determined on the products not equal to the market demand. As a result, the market interest in the products became low. Such condition illustrates that the local products owned by the Small and Medium Micro Enterprises (SME’s) are less competitive in the market. In addition, the competition among Riau food products, non-local products (any products originating from other regions), and international products (any products originating from other countries) were quite tough.

The excellence of local products has become a crucial problem which needed more attention. This problem occurred possibly because the business owners and managers were relatively new to running the business, meaning that they were lack of experience. According to the study conducted by Fatkhurahman (2018), 75% of the business owners and managers had managed the business in less than five years. Regarding this matter, the relatively low quality of the business owners and managers in innovating new products might be caused by their low entrepreneurship spirit in creative thinking and their low ability in building the market network. Consequently, their product marketing opportunity remained low [2].

This article limits the discussion on the excellence of the specialized local products branded as Riau traditional food products influenced by the business operation quality of their owners and managers. Such matter deserves attention. Furthermore, the business operation quality was associated with the variables of creativity and business opportunity. This was based on the previous studies indicating that regarding the excellence of products manufactured by Small and Medium Micro Enterprises (SME’s), the success and failure of which would depend on their superiority in competition. To succeed in a competitive business environment, a company personnel should possess excellent capabilities (the skills needed). The resources optimally utilized in showing good performance will result in a competency that will be able to build the company’s excellent competitiveness.

2. Theory

Ankrah (2015) states that the performance in the form of good business operation quality in operating a small business will determine the success in achieving the excellence of Small and Medium Micro Enterprises (SME’s). The business manager’s performance in achieving the accomplishments and the business excellence is essential [3]. According to Ardiani Ika Sulistyawati and Rejeki Ari Indrayani (2012), performance has a great and direct influence towards the business excellence in a market competition [4]. According to Intan Sherlin (2016), the influence of marketing performance towards the excellence in competitiveness is 19% and the rest 81% is influenced by the other factors. In addition [5]. The influence of product innovation and marketing performance towards the excellence in competitiveness is 32.4%. Jarunee Wonglimpiyarat (2015) states that innovation and efficient innovation management are capable of increasing the competitiveness of Small and Medium Enterprises (SME’s) [6].

The business owners and managers performance took as the concept of business quality is caused by creativity and ability to see business opportunities based on some studies. As stated by Bereket Mamo Buli (2017), entrepreneurship characteristics such as creativity and ability to see opportunities in African Small and Medium Micro Enterprises (SME’s) give a manager some basis in achieving success in a business [7]. Charles J. Mambula I (2010) states that the entrepreneurial spirit of the immigrants is more acknowledged. They are assumed to have the ability to succeed in running their business, to have courage in taking risks, and to think creatively in order to be able to survive in any condition [8].

According to Fatima S.M.A Hasan and Muneer Mohammed Saeed Almubarak (2016), a female entrepreneur has an ability to see business opportunities and to show good performance [9]. Georgios Theriou and Dimitrios Chatzoudes (2015) also explain that entrepreneurship characteristics
become determining factors of the company performance in achieving their expectation [10]. Michael Lewrick, Maktoba Omar, Robert Raeside, and Klaus Sailer (2011) state that entrepreneurship education is essential in giving the entrepreneurs ability to start a business and to have good performance [11]. Priadana and Moh Sidik (2010) also explain that the associative relation between entrepreneurship spirit and the development of the Joint Business Group [12].

According to Muhammad Shujaat Mubarak, Chandran Govindaraju, and Evelyn S. Devadason (2016), the development of human capital, which is the essential characteristic of entrepreneurship, supports the achievement in the business world [13]. Rita Abban, S.W.F. (Onno) Omta, John B.K. Aheto, V.E. Scholten (2013) state that the high achievement in the Medium and Small Enterprises (SME’s) is determined by the managers’ skills and experience in managing their business [14].

3. Research Methods

The research method used in this study surveys, that is, the study taking samples from a population using questionnaire and interview as the major instruments. This study used both primary and secondary data. The data collection techniques were a questionnaire to obtain data from the respondents. The questionnaire is a data collection technique through a list of written questions and statements which are arranged systematically and distributed to the company managers becoming the samples of the study.

Limiting the use of the independent variable of creativity is the business managers reinventing new products to look more effective and efficient so that they have additional values for the sake of creating the competitiveness in the products. The elements of competitiveness are creativity, innovation, and originality. The variables of business opportunities covered the managers of a small business capable of seeing opportunities, embracing new opportunities, and directing their business towards the existing opportunities. The elements of these variables were performance quality, the skills used, and the knowledge used in manufacturing the products. The variable of product excellence was any products which have not been manufactured in other regions. Even though they have been produced in the other regions, the products must have their own peculiarity and uniqueness. The elements of the variables were taste, packaging, ingredients, and production process.

The population in the study was the business managers and owners manufacturing processed food products namely Riau traditional food products consisting of 650 owners and managers. The size of the sample comprised 247 business owners and managers with the minimum sample size determined through Taro Yamane formula with the significance level of 5%. The sampling technique used cluster proportional random sampling, that is, the sample withdrawal technique giving the same opportunities to every member of the population where the number of the samples is determined by the number of the population in each region. Data analysis technique used in the study was the quantitative one. The variable effect testing hypothesized in the study used structural equation model (SEM) with WarpPLS.

4. Result and discussion

Based on the survey done in the field in regards to the influence of the variables of creativity and business opportunities towards business quality and their impact towards the excellence of Riau traditional food products, it was found out that creativity significantly influenced business quality; meaning that creativity has a direct and significant influence (p<.01). It was also found out that the influence of business opportunities also give significant influence towards the quality of the business run by the entrepreneurs in Riau Province. It also has the same value that is (p<.01). Both variables have given greater influence in terms of creativity compared to the existing business opportunities. This illustration can be seen from the model figure of the research results below:


The influence of business quality towards the product excellence with the value of (p<.01) indicated that business quality has the significant influence towards the product excellence. In other words, it also illustrates that the entrepreneurs' ability in running their business with good quality will make their manufactured products more excellent.

Creativity has the significant influence towards business quality since the entrepreneurs' creativity in running their business has always produced new innovation. Various ways of producing innovation from a creativity are by participating in traditional food contests. Such even was constantly conducted by the government for the sake of producing excellent products. Another way is by doing a comparative study to some other regions developing their traditional products. Such an event would motivate the entrepreneurs to think more creatively. This creativity encourages the entrepreneurs to constantly produce excellent product innovation. The products would give a new variation in the business by not copying the other products developed by the other business. This was relevant to Hadiya's point of view (2011) stating that creativity and innovation influence the entrepreneurship of a small business [15]. Eddy, P. (2005) states that creativity and teamwork influence the manager's performance in running the business [16]. According to Lestari, F. (2013), the spirit of entrepreneurship and creativity influences the business success of the industrial center of Binong Jati knitwork in Bandung [17].

Regarding the influence of business opportunities towards business quality, Riau Province was aware of the local business opportunities by developing the various promotion for its local tourist attractions. This case had an impact towards the tourist visit in the new tourist attractions developed by the government. The visitors would constantly ask about the traditional food products originating from the places they have visited. This fact has turned into opportunities which would motivate improvement efforts in running the business. As stated by Purnomo, H., Sulistyantara, B., & Gunawan, A. (2013), tourism promotion has given new business opportunities to the local society living around the tourist attractions [18].

Regarding the influence of business towards the product excellence, the business quality run by the Small and Medium Micro Enterprises (SME’s) would gradually give significant influence towards the product excellence. Through efforts in improving the creativity by observing the emerging opportunities, a business would be able to be competitive in facing some challenges. Therefore, a business would get better quality and would produce highly competitive products. This was in line with the opinion of Ardiani Ika Sulistyawati and Rejeki Ari Indrayani (2012) stating that performance has the direct and great influence towards the excellence in competition [19]. Pailis, E. A., & Suroto, B. (2016) the success of MSMEs is part of the hope for success. [20]

5. Conclusion
In conclusion, entrepreneurship creativity in manufacturing new products has the significant influence towards the excellence of Riau traditional food products. Also the local entrepreneurs’ ability in seeing opportunities has the significant influence towards the excellence of the food products either both directly and indirectly.
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