

FACTORS THAT CAN IMPROVE THE AGILITY OF LOCAL RESTAURANT PERFORMANCE IN THE NEW NORMAL ERA

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ABSTRACT. *Business actors in the culinary field have a role and contribution to the Indonesian economy. This is proven to contribute to Indonesia's Gross Domestic Product (GDP) of 41.69%. The purpose of this study is to analyze and provide an overview of the effect of Information Communication Technology (ICT) Capability, Awareness of Import Substitution, Value Co-Creation and Agility Operation Capability on Agility Firm Performance. Data collection was carried out through questionnaires which were distributed to 249 respondents consisting of local restaurant owners and managers. The research methodology used is the quantitative method, and the data were analyzed using multiple regression analysis with Smart PLS Software. The results of this study describe the direct effect of ICT Capability, Awareness of Import Substitution, Value Co-Creation and Agility Operation Capability on Agility Restaurant Performance. The combination of the four variables in this study distinguishes this research from other studies or as a research update. Overall, the test results or the relationship between the four variables show positive and significant and can increase the agility of restaurant performance in the new normal era.*

Keywords: ICT Capability, Awareness of Import Substitution, Value Co-Creation, Agility Operation Capability, Agility Firm Performance

1. Introduction. The large contribution of the food industry in Indonesia is attributable to the numerous business actors operating in this area who have been successful in creating a long-lasting competitive advantage. Craft, culinary, and fashion sub-sectors are just a few of the leading sub-sectors that the Creative Economy Agency in this case works with to serve, support, and facilitate creative economy actors in a timely, targeted, and cost-effective manner. These three subsectors comprise roughly 76% of the creative economy's Gross Domestic Product (GDP) [1]. Culinary business actors are able to innovate and expand abroad while incorporating aspects of the country's culture [2].

To be able to offer a dining experience to its patrons, a local restaurant must exist. This must be supported by excellent food preparation, presentation, and patron consumption [3]. Genuine regional cuisine will draw customers, including foreign tourists [4]. A country can promote its local products to support local farmers [5] and companies as business actors [6]. Local raw materials will reduce the length of the supply chain, enabling producers to prevent intermediaries from gaining control of the economy's higher profit share [7]. To better interpret and give a traditional impression attached to local restaurants, it is better for a local restaurant to be able to provide menus with flavours typical of the regions of a country, where each restaurant has a unique way of cooking according to each tradition and cultural decoration where consumers can feel the atmosphere of the

area and has its own culinary experience, besides that consumers can upload it to their Instagram.

Due to the lack of knowledge among business actors and the fact that local products are susceptible to price changes and product stability, the context of the company in this study is that the restaurant industry is still dependent on imported goods for the procurement of raw materials. These factors have an impact on the performance of the company [6,7]. Because it is still complicated to understand and requires knowledge to operate, restaurants still need to pay attention to the value creation process when customers visit, so that it hinders restaurants' ability to create shared value [8].

Companies need to be able to respond to the complexity of shifting environmental factors and adjust their strategies as necessary, especially in light of shifting competitive dynamics. Companies must strive to improve their work operations in terms of processes, systems, and technology in order to be competitive and flexible to meet the ongoing changes in the market if they want to survive in the current competitive environment [9]. As a result of the current economic crisis, dine-in business, physical menu books, and shared seating will all become obsolete, making it crucial for restaurants to be able to improve their operational efficiency. When dining in, customers demand a touchless experience. To increase restaurant performance, restaurants must be able to use and advance their technological capabilities [10,11].

The purpose of this study is to analyze the factors of Information Communication Technology Capabilities, Awareness of Import Substitution, Value Co-Creation and Agility Operation Capability on Agility Firm Performance in new normal conditions.

This research has a novelty, namely the elaboration of the variable Awareness of Import Substitution in the restaurant industry. Research that has been done before includes: international economics and development [13]; import substitution industrialization globally [14]; The Central Bureau of Statistics (BPS) in general conducts more research into the trade balance in Indonesia [15]; import substitution in the fashion and craft industry [16]. So the restaurant industry is a new review in itself.

2. Literature Studies.

2.1. ICT Capabilities (ICT) and Agility Firm Performance (AFP). To obtain information and business development, business actors must have the ability to run ICT. ICT is an important tool to support business organizations, at any scale, in their ability to adapt to various aspects of the technological revolution [17]. To adapt and get information, ICT can contribute to business value, specifically, adding new insights in increasing the Agility Firm Performance [18]. The ability to run ICT has a very important role in improving and developing companies and providing opportunities for business actors to be able to share information and knowledge in increasing competition [19]. The ability of ICT as a key differentiating value lies in how it is used in a company to compete [20]. This makes ICT a reliable solution to improve comprehensive business capabilities, and make resources for companies or business actors to survive in their business fields [21]. ICT is essential for achieving business agility [22]. So there is a strong correlation between ICT and Agility Firm Performance [23]. Information aligned with resources, operations and performance is used by the business. By using information and communication technology, businesses can become more productive [18].

As a result of the discussion above, the first hypothesis of this study is

H1: ICT Capabilities has a significant effect on Agility Firm Performance.

2.2. Awareness of Import Substitutions (AIS) and Agility Firm Performance. To carry out import substitution, companies can do it in stages. This is done to reduce dependence on imported products. By reducing imported products, companies can increase the use of local products for sales, so that they are more efficient in obtaining products and

this provides benefits for the company [19]. To reduce dependence on imported products, business actors carry out a learning process to gain knowledge that will be used in import substitution and run their business [20]. Knowledge is very important for someone to be able to run a business, so it does not depend on other parties or countries [21]. Because the application of import substitution cannot develop without a scientific basis (without the underlying knowledge) [22]. With the knowledge and experience possessed by business actors in running their business, this can increase the survival of the company [23]. According to research conducted by Brajesh Mishra, companies must have knowledge of how to run their business and work to improve performance. The element of import substitution in business development emerges from the knowledge gained. According to the findings, import substitution significantly increases the Agility Firm Performance over time [24].

As a result of the discussion above, the second hypothesis of this study is

H2: Awareness of Import Substitutions has a significant effect on Agility Firm Performance.

2.3. Value Co-Creations (VCC) and Agility Firm Performance. The term co-creation is used to refer to joint value creation with consumers, in the context of co-creation activities leading to new dynamics in the relationship between companies and consumers because consumers participate in the production and distribution process [25,26]. Then the term refers to activities where businesses and consumers share value creation [27]. In a dynamic business environment, involving consumers in co-creation, in this case the restaurant business, can increase a company's competitive advantage [28,29]. The value generated from co-creation activities can be in the form of company promotion, product quality improvement and company operational cost reduction. The active participation of companies and consumers is a key factor in the value creation process [30]. Engaged consumers become potential partners working with restaurants, where consumers are placed as value-added partners [31]. In this context, value created is not just a "product or service" created through collaborative effort, but also encompasses the experience and greater satisfaction of consumers when involved in a product or service transaction in a restaurant [28]. According to the findings, there is a significant relationship between the importance of co-creation and the Agility Firm Performance [32]. These findings indicate that Value Co-Creation has a positive impact on firm performance [33]. Interaction with customers can improve firm performance, competitive advantage and meet consumer needs [34].

As a result of the discussion above, the third hypothesis of this study is

H3: Value Co-Creation has a significant effect on Agility Firm Performance.

2.4. Agility Operation Capability (AOC) and Agility Firm Performance. Operational agility is 'the ability of a business actor to cope with change that can and cannot be predicted and is able to take advantage of change as an opportunity in running a business' or has 'the ability to achieve speed and flexibility by rearranging or studying resources to provide customer-oriented products or services in a rapidly changing market environment', it can also be said of an organization's ability to quickly detect environmental changes and be able to flexibly adjust accordingly [35]. Operational agility must focus on providing quick responses, accurate actions, and cost efficiency in carrying out company operations with the aim of providing services to customers [36]. Operational agility is the ability of business actors to integrate the necessary assets, knowledge, and relationships and to detect and identify competitive opportunities in the market [37]. To be able to compete in running the company's operations, it must be agile, and this can be done by fostering relationships with suppliers to be able to fulfil products for consumers [17]. This shows how operational agility has a positive impact on business performance agility as measured by productivity levels, sales growth, and market share [6].

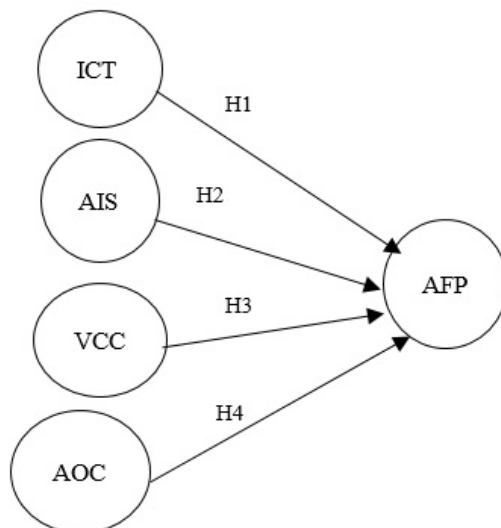


FIGURE 1. Research model

As a result of the discussion above, the fourth hypothesis of this study is

H4: Agility Operation Capability has a significant effect on Agility Firm Performance.

3. Research Methodology. The unit of analysis for this research is a local food-based restaurant business company in Jakarta. The data collection method used in this study consisted of a survey by distributing questionnaires to 249 respondents who own or manage restaurants in the Jakarta area with the sample calculation used according to Krejcie & Morgan [38]. Data were analyzed using multiple regression analysis, because the model is developed and predicts the relationship between variables with data processing software using SmartPLS. The research was conducted using the one shoot or cross-sectional method, which is a research method whose goal is to collect data related to finding answers to research questions. All construct variables were measured using a five-point Likert scale with scores ranging from 1 (strongly disagree) to 5 (strongly agree).

In this study, Factor Loading, Average Variance Extracted (AVE), Composite Reliability and Cronbach's Alpha were used to assess the psychometric properties of the measurement scale. On the factor loading, there was a 5% significance level and for a sample size of 249. All items in all variables obtained a value above 0.7 that proved the validity of items in all variables. In the reliability test, Composite Reliability, and Cronbach's Alpha all items are ≥ 0.70 and therefore all variables are reliable. Indicator reliability aims to assess whether latent variable measurement indicators are reliable or not. We do this by evaluating the results of the outer loading of each indicator. A loading value above 0.7 indicates that the construct can explain more than 50% of the indicator variance [39]. From the table of outer loading values above, it can be seen that all items or indicators have outer loading values of > 0.7 (values > 0.7 indicate valid) and indicators can be used to measure latent variables. And if the loading factor value is > 0.5 , then convergent validity is met; if the loading factor value is < 0.5 , then the construct must be dropped from the analysis [40]. Thus, the instrument in this study is worthy of further analysis. The results are shown as Table 1.

Based on the analysis, the Adjusted R Square result is 0.897 or equal to 89.7%. This interprets, ICT, AIS, VCC, AOC affected AFP by 89.7% and the remaining 10.3% is influenced by other variables outside this study. For hypothesis testing using statistic value then for P -values 5% (0.05) and the t table value used is 1.65. Based on Table 2, all variables have t result value $> t$ table value (1.65) and P -values is less than 0.05. This result clearly supports hypotheses H1-H4 that ICT, AIS, VCC, AOC have a significant effect on AFP.

TABLE 1. Validity and reliability test

Variable	Item	Factor Loading	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability
ICT Capability (ICT)	ICT01	0.887	0.691	0.952	0.958
	ICT02	0.825			
	ICT03	0.871			
	ICT04	0.813			
	ICT05	0.850			
	ICT06	0.844			
	ICT07	0.656			
	ICT08	0.873			
	ICT09	0.841			
Awareness of Import Substitution (AIS)	AIS01	0.801	0.757	0.935	0.949
	AIS02	0.911			
	AIS03	0.872			
	AIS04	0.875			
	AIS05	0.883			
	AIS06	0.874			
Value Co-Creation (VCC)	VCC01	0.836	0.701	0.939	0.949
	VCC02	0.839			
	VCC03	0.769			
	VCC04	0.874			
	VCC05	0.818			
	VCC06	0.877			
	VCC07	0.823			
	VCC08	0.857			
Agility Operation Capability (AOC)	AOC01	0.879	0.726	0.958	0.964
	AOC02	0.791			
	AOC03	0.870			
	AOC04	0.826			
	AOC05	0.868			
	AOC06	0.871			
	AOC07	0.816			
	AOC08	0.815			
	AOC09	0.895			
	AOC10	0.886			
Agility Firm Performance (AFP)	AFP01	0.874	0.691	0.943	0.952
	AFP02	0.827			
	AFP03	0.842			
	AFP04	0.862			
	AFP05	0.850			
	AFP06	0.846			
	AFP07	0.856			
	AFP08	0.807			
	AFP09	0.813			
	AFP10	0.764			

Source: Research Resources, 2022

TABLE 2. Multiple regression test

	Hypothesis	Path coeff.	<i>T</i> -stat.	<i>P</i> -values	Accept/reject
H1	ICT → AFP	0.202	2.248	0.025	Accepted
H2	AIS → AFP	0.199	2.841	0.005	Accepted
H3	VCC → AFP	0.369	4.733	0.000	Accepted
H4	AOC → AFP	0.214	2.516	0.012	Accepted

Source: Research Resources, 2022

Based on Table 2, the result of this study is as follows. ICT Capability has a significant effect of 20.2% on Agility Firm Performance. Awareness of Import Substitution has a significant effect of 19.9% on Agility Firm Performance. Value Co-Creation has a significant effect of 36.9% on Agility Firm Performance. Agility Operation Capability has a significant effect of 21.4% on Agility Firm Performance. The magnitude of the influence obtained by Awareness of Import Substitution is the smallest effect on firm performance compared to the influence of other variables, because business actors are still gradually seeking information and increasing knowledge of product raw materials to make import substitutions. Whereas Value Co-Creation provides the biggest influence, because collaboration between business actors and consumers will provide the ability to compete in providing products and services to consumers. The agility of the firm's performance shows how effectively the company runs its business, which is the key used to evaluate success and survival. Companies in maintaining and improving their performance during the COVID-19 pandemic crisis are supported by the four variables in this study. These four variables are important and business actors must be agile in order to survive in times of crisis. In addition, it is supported by business experience, motivation and attitude, influencing the development of the firm's performance.

4. Conclusion. This study offers some useful theoretical consequences for the progress of scientific studies and contributions, particularly in local restaurants in Indonesia. This research has proven successful as a constructive model, where the variable shows a positive and significant relationship to the Agility Firm Performance.

First, using five observational variables that have never been studied simultaneously in which these findings become recommendations for additional research to be further measured in the same context to strengthen the findings and in different contexts to compare findings in the context used in this study.

Second, this study measures firm performance variables with long-term aspects that are in line with the application of the modern business environment, namely the agility of firm performance in the restaurant industry in facing market and environmental changes. Because previous research has focused on aspects of firm performance in general (previous research has focused on using organizational agility or company performance variables, while this research combines both aspects in one variable), or the level of corporate agility in interacting with external stakeholders, the measurement of corporate performance agility is a different variable to be studied quantitatively, especially in strategic management (company performance) research. In this research, the author examines these two different aspects into one variable.

Third, this research was carried out jointly, namely the Awareness of Import Substitution which emphasizes the focus on the knowledge possessed by entrepreneurs to find local raw materials as import substitutes; Value Co-Creation where businesses and consumers collaborate in creating value to increase the company's competitive advantage in providing services and products to consumers; Agility Operations Capability, namely businesses perform operations with agility to reorganize their resources to provide customer-oriented products or services in a rapidly changing market environment; ICT Capability is an

important tool to support business organizations, of any scale, in their ability to adapt to various aspects of the technological revolution. The ability to run ICT has a very important role in improving and developing companies as well as providing opportunities for business actors to be able to share information and knowledge in increasingly fierce competition. The four variables in this study are dexterity factors owned by business actors that can improve company performance, especially in the restaurant sector in Indonesia.

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