

Business Success Factors of Halal Food and Beverage Entrepreneurs in Surakarta

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Abstract. This paper aims to identify key variables for the success factors of halal food and beverage entrepreneurs di Surakarta. There are 20 factors that are derived from trait-based, social psychological-based, and behavioral-based approaches. MICMAC analysis is used in this study. There are 15 key persons from Academic, business, government, and community (ABGC) in Surakarta. The key factors affecting the success of halal food and beverage entrepreneurs are analyzed, and 20 important factors are discussed. This paper prioritizes the important factors and develops the success factors of halal food and beverage entrepreneurs in Surakarta. For the government, the rules and regulations must be created to support and facilitate halal food and beverage entrepreneurs and to conduct programs to enhance the sustainability of their business. While for the next researchers, they could see an increasing interest in halal food and beverage entrepreneurs in business. The list of key success factors can be compared with other businesses.

Keywords: Halal, Food and Beverage Entrepreneur, Success factor

1 Introduction

Surakarta has the potential not only as a market share for the consumption of halal food and beverages but also as a producer of halal food and beverages with the wealth of natural and cultural resources it has. Surakarta has food and beverage businesses as much as 72.18% of the total small and medium enterprises (SMEs) in Surakarta with various types of products. Various policies to break the chain of covid-19 spread have caused a decline in sales of food and beverage businesses by approximately 75 percent so many of them have closed their businesses [1]. In addition, Surakarta is an icon of a food and beverage center that has the potential to be optimized as a culinary tourism destination. The halal food and beverage business is very appropriate to be developed in Surakarta to encourage the improvement of the regional economy.

SMEs in Indonesia are the largest business actors in the value chain of the halal food and beverage industry [2; 3; 4] and are also the industry that has experienced the most severe impact of the Covid-19 pandemic [5]. Many of them suffered losses, and many even closed their businesses. The high level of risk of the COVID-19 pandemic for the halal food and beverage business shows that there are economic problems that must be solved, namely the existence of inefficiencies in the management of the business and industry [6].

The halal tourism industry has strong interdependence characteristics with food and beverage businesses [7]. This industry has a high multiplier effect in accelerating economic growth, creating jobs, and reducing the number of poor people. This potential is not fully proportional to the sustainability of each business unit in this industry. The vulnerability of food and beverage entrepreneurs has an impact on the number of business units in Surakarta City which are experiencing a high risk of the COVID-19 pandemic [5; 6]. It is important to analyze the factors affecting the success of halal food and beverage entrepreneurs in supporting the halal tourism industry. This study aims to analyze the key variables for the success of halal food and beverage entrepreneurs in the era of the covid-19 pandemic in Surakarta City.

2 Literature review

a. Resource Based Theory

Resource based theory explains how business units achieve competitive advantage by developing their own resources [8]. Business units excel in the competition and get good performance by owning, controlling, and utilizing important strategic assets. The resources owned by a business unit affect their performance. Business unit resources that can generate competitive advantage are not only organizational culture, but include all business unit assets, capabilities, organizational processes, business unit characteristics, knowledge, organizational culture and so on. Each business unit has different performance because it has different resources. Sustainability of the food and beverage businesses is sourced from the resources owned.

b. Key variables that affect entrepreneurial success.

Several variables affect the performance of SMEs such as institutional, and external organizational environment [9, 10], and resources [11]. It is important to define the key success variables for business, where entrepreneurs pay attention to opportunities for success, and a country depends on the level of business success to maintain a stable economy.

The personal characteristics of entrepreneurs are the key variables that determine the success of SME businesses [12]. This characteristic consists of 17 variables, which consist of (1) the need for achievement, (2) the courage to take risks, (3) the desire for responsibility, (4) future orientation, (5) tolerance for ambiguity, (6) knowledge, (7) experience, (8) organizational skills, (9) reputation, (10) tenacity, (11) trust, (12) credibility, (13) leadership, (14) self-confidence, (15) able to maintain efforts intense, (16) personal values and (17) accountable.

On the other hand, the key variables of business success can be seen from 3 approaches, namely trait-based, socio-psychological, and behavioral approaches [13]. Currently, the trait-based approach dominates and continues to be applied in positioning the individual personality as a determinant of the success of SME entrepreneurs. The socio-psychological approach emphasizes the importance of external factors that act as potential stimulants for the entrepreneurial success of SMEs. The behavioral approach focuses on understanding attitudes, behaviors, management skills and knowledge, and past experiences combined in determining the entrepreneurial success of SMEs.

3 Research Design And Method

This research was conducted in Surakarta City, Central Java, Indonesia. Surakarta is a trading center in Central Java, Indonesia, has a leading sector in the creative economy (culinary, fashion, and crafts). This type of approach involves an academic, business, government, and community (ABGC) to analyse a comprehensive understanding of factors affecting the success of halal food and beverage entrepreneurs in Surakarta.

This study begins by undertaking a literature search to identify critical factors leading to the success of halal food and beverage entrepreneurs. The questionnaire included 20 items of success factor entrepreneurs. The respondents were asked to rank the factors of affecting the success of halal food and beverage entrepreneurs. This study used MICMAC Analysis. MICMAC is an analytical tool used to analyze the influence and dependence power of factors [14]. It is done to identify the key factors of affecting the success of halal food and beverage entrepreneurs [15]. Based on their influence and dependence, the key variables success of halal entrepreneurs, have been classified into four categories which are autonomous factors, linkage factors, and dependent and independent factors [16]. The results of the analysis show the various factors affecting the success of halal food and beverage entrepreneurs.

4 Result And Discusion

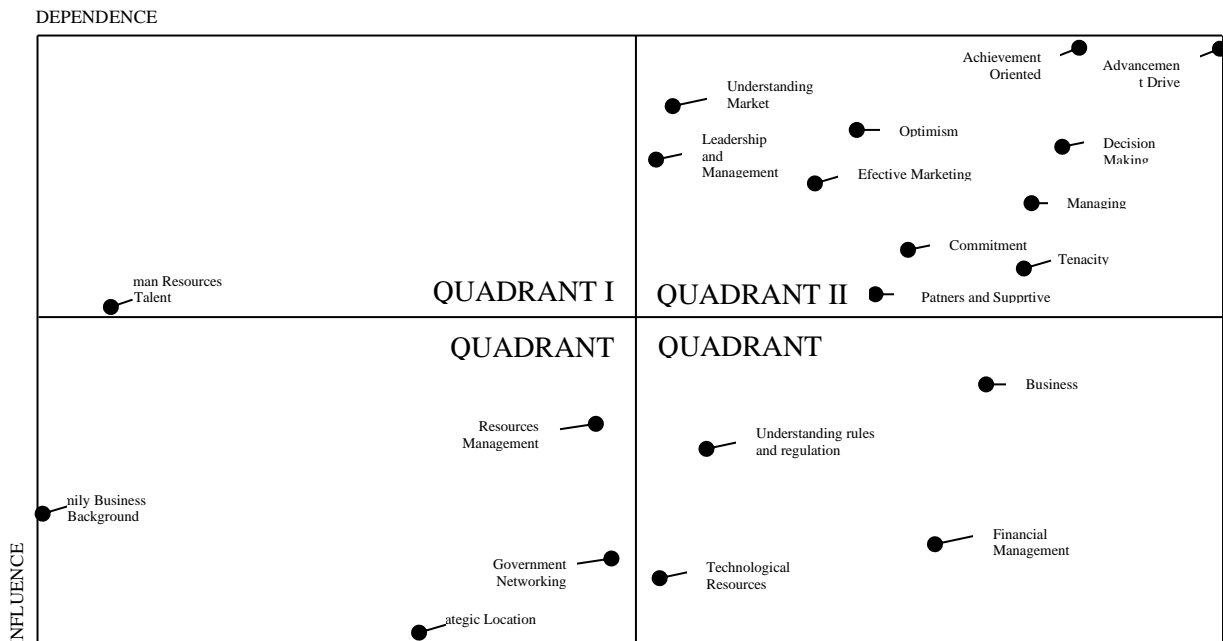
Surakarta has various types of halal food and beverage. The Mastercard Crescent Rating Halal Food Lifestyle Indonesia 2021 Report said 4 of 5 food and beverage most consumed are regional food and beverage. The halal food and beverage industry has immense opportunities to expand on offerings given the ever-growing inter-connectivity between countries. This can be achieved through creating halal versions of regional food and beverage which is where consumer preference seems to be shifting towards.

The development of the Halal food and beverage industry requires a key factors of business success. This article describes the views of academic, business, government, and community (ABGC) on the factors affecting the success of halal food and beverage entrepreneurs analyzed by MICMAC. MICMAC is an analytical tool that is used to analyze the driver power and dependency power of various entrepreneurs success factor.

The results of the MICMAC analysis show various opinions as the key to success in conducting a halal food and beverage business in the city of Surakarta. MICMAC analysis resulted in keywords that were classified into 4 quadrants as follows.

1. Quadrant I is an independent factor: strong influence and weak dependent. The factor success business of this quadrant are factors that have a strong influence and weak dependence. This factor is an important factor in efforts to maintain business sustainability.
2. Quadrant II is linkage factors: strong influence and strongly dependent. The factor success business of this quadrant are factors that have a strong influence and dependence. This factors that must be studied carefully because the relationship between factors is not stable.
3. Quadrant III is the dependent factors.. The factor success business of this quadrant are factors that have a weak influence and strong dependence. Factors success in this quadrant are factors that are not free.
4. Quadrant IV is an autonomous factor. Key success in this quadrant are factors that has weak influence and dependence. This factors are not closely related to the key to the success of the food and beverage business

and may have little to do with it so that it can not be prioritized for stakeholders in maintaining business sustainability.



Source: The results of MIC-MAC Analysis (2022)

Fig 1. Influence and Dependence of Business Success Factors of Halal Food and Beverage Entrepreneurs

Figure 1 shows that the factors success halal food and beverage entrepreneurs in Surakarta that located in the upper left quadrant have a high influence and low dependence on other variables in an effort to succeed in business in the halal food and beverage business. This factor has a big influence on business success in the halal food and beverage business. This factor is the main factor that will determine the success of the business in the halal food and beverage business. This factor is Human Resources Talent. Human Resources Talent is a key factor in winning business competition. Business units can find and improve the talents and skills of the workforce as one of the main means to keep them competitive. The ultimate challenge is finding, attracting, building and maintaining that talent.

The second most important quadrant is the right-upper quadrant, where factors success are important for business sustainability in the halal food and beverage business. There are 10 factors included in this quadrant, namely (1) understanding market, (2) Leadership and Management Skill, (3) Optimism, (4) Effective Marketing, (5) Decision Making, (6) Advancement Drive, (7) Achievement Oriented, (8) Managing Risk, (9) Commitment, (10) Tenacity, (11) Partners and Supportive Business.

The lower-right quadrant is the dependent factors. Factors that fall into this quadrant are those that have weak driving forces and strong dependencies. Elements in this quadrant are non-free elements. There are 4 factors included in this quadrant, namely (1) Understanding rules and regulations, (2) Business Networking, (3) Financial Management, and (4) Technological Resources.

The lower left quadrant is the autonomous factors (weak influence – weak dependent). Key success factors that enter this quadrant are factors that have weak influence and dependence. This factors success is not closely related to the key to the success of the food and beverage business and may have little to do with it so that it can not be prioritized for stakeholders in maintaining business sustainability. The key success factors are (1) Family Business Background, (2) Strategic Location, (3) Government Networking, and (4) Resources Management.

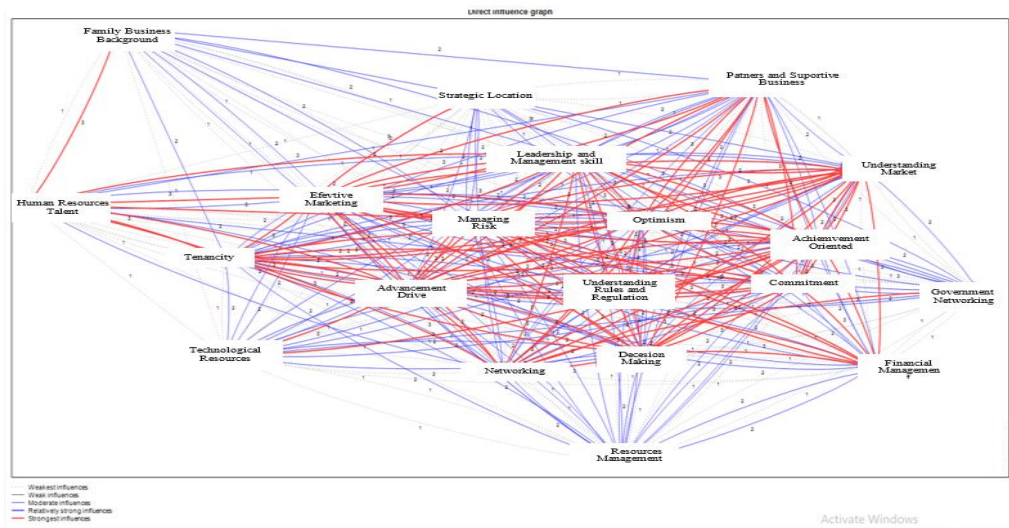


Fig. 2. convergent of Business Success Factors of Halal Food and Beverage Entrepreneurs

Figure 2 shows the factors that strongly influence other factors are achievement oriented, effective marketing, optimism, understanding market and managing risk. These factors have the ability to influence other factors. This is confirmed by the research of Rafiki and Nasution (2010) which show that each entrepreneurs have different factor success.

5 Conclusion

Based on the literature and previous studies, halal food and beverage entrepreneurs have the potential and opportunities to build and sustain their businesses. Halal food and beverage entrepreneurs should know how to better manage the organization. The key variables for entrepreneurial success have been identified and analyzed in this study.

This research describes 20 important factors that must be owned by halal food and beverage entrepreneurs in achieving business success and sustainability. Achievement oriented, effective marketing, optimism, understanding market and managing risk are 5 factors that have a major influence on the success of halal food and beverage entrepreneurs. The use of this framework needs to be complemented by the efforts of stakeholders, namely academia, business, government, and society (ABGC). Other factors related to the success of halal food and beverage entrepreneurs can be identified and added. The results of research using different analytical tools will also get different results.

Many Muslim youths are increasingly attracted to entrepreneurship, so academia, business, government, and society (ABGC) need to support the role of Muslim entrepreneurs by building capacity and upgrading their skills. The findings of this study add new information for policymakers, prospective entrepreneurs, and entrepreneurs to maintain business continuity.

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