The Model of Entrepreneurial Skill and Business Performance at Coffee Cafe in Bandung

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Abstract: This paper aims to explore the relationship between entrepreneurial skills and business performance at coffee cafés in Bandung. The study focuses on identifying key entrepreneurial competencies, such as creativity, leadership, financial management, and customer relationship management, that contribute to the success of coffee businesses. Data was collected through surveys and interviews with café owners across Bandung, and the results were analyzed to determine which skills have the most significant impact on business performance. The findings reveal that entrepreneurial skills, particularly in innovation and customer management, play a crucial role in improving business outcomes. These insights provide valuable guidance for coffee café entrepreneurs seeking to enhance their business performance in a competitive market.

Keyword: Entrepreneurial Skills, Business Performance, Coffee Café, Bandung, Innovation, Customer Management, Entrepreneurship

INTRODUCTION

The coffee café industry in Bandung has experienced rapid growth in recent years, driven by changing consumer preferences, urbanization, and the rise of coffee culture. Bandung, as a hub of creativity and tourism, has become a fertile ground for entrepreneurs to establish and expand coffee-related businesses. However, the competitive nature of the market presents numerous challenges for café owners, particularly in maintaining consistent business performance and differentiating their offerings from competitors.

Entrepreneurial skills are widely recognized as a critical factor for business success. Entrepreneurs who possess strong managerial, financial, and customer-focused skills are more likely to achieve superior business performance. However, not all café owners have the necessary skills to navigate the complexities of running a business in a highly competitive environment. This raises an important question: What specific entrepreneurial skills are most crucial for the success of coffee cafés in Bandung?

This study seeks to explore the relationship between entrepreneurial skills and business performance at coffee cafés in Bandung. By identifying the key competencies that contribute to business success, this research aims to provide practical insights for café owners and

entrepreneurs in the region. The findings will also help inform future entrepreneurial training and development programs targeted at the café industry.

The objectives of this study are to:

1. Identify the entrepreneurial skills that significantly influence the business performance of coffee cafés.
2. Analyze the relationship between these skills and various performance indicators, such as profitability, customer satisfaction, and market share.
3. Provide recommendations for improving entrepreneurial skills among café owners to enhance their business outcomes.

This research contributes to the growing body of literature on entrepreneurship in the service industry, particularly in the context of coffee cafés, by examining how specific skills can drive business success in a dynamic and competitive market like Bandung.

METHOD

This section outlines the research design, sampling methods, data collection techniques, and analysis methods used in the study to explore the relationship between entrepreneurial skills and business performance at coffee cafés in Bandung.

Research Design

The study employs a quantitative research design to examine the impact of entrepreneurial skills on business performance in coffee cafés. A survey method is used to collect data from café owners in Bandung, allowing for the assessment of various entrepreneurial skills and their influence on key performance indicators (KPIs) such as profitability, customer satisfaction, and market growth. The study also incorporates descriptive and inferential statistics to analyze the relationship between the variables.

Population and Sample

The population for this study consists of coffee café owners in Bandung. Given the growing number of coffee cafés in the city, a non-probability sampling method is employed, specifically purposive sampling, to ensure the inclusion of café owners who have at least one year of experience in managing their businesses.

Sample Size: A total of 50 coffee café owners are selected as the sample size. This number is considered adequate to represent the diversity of coffee cafés in Bandung, from small independent cafés to medium-sized enterprises. Sampling Criteria: Participants are required to meet the following criteria:

1) Own or manage a coffee café in Bandung.
2) Have at least one year of experience in running the café.
3) Willing to participate in the survey and provide relevant business performance data.

Data Collection

Primary data is collected using a structured questionnaire designed to assess entrepreneurial skills and business performance. The questionnaire consists of three main sections:

❖ Section 1: Demographic Information: This section gathers data on the café owner's background, such as age, education, and years of experience in the coffee industry.
❖ Section 2: Entrepreneurial Skills : A set of Likert scale-based questions (ranging from 1 to 5, with 1 being "strongly disagree" and 5 being "strongly agree") is used to measure key entrepreneurial skills. The skills assessed include innovation, leadership, financial management, customer relationship management, and marketing skills. These items are adapted from validated entrepreneurial skills scales used in previous studies (e.g., Man et al., 2002; Mitchelmore & Rowley, 2010).

❖ Section 3 : Business Performance : Participants are asked to provide information on their café's business performance, including profitability, customer satisfaction, and market share. Objective financial data is supplemented with subjective self-reported measures of business performance using a Likert scale.

Data collection takes place over a period of four weeks, with café owners either filling out the survey in person or via an online form.

Data Analysis

Data is analyzed using SPSS software to conduct descriptive and inferential statistical analyses. The following statistical techniques are used:

❖ Descriptive Statistics : Mean, median, standard deviation, and frequency distributions are calculated to provide an overview of the respondents' demographic characteristics and their responses regarding entrepreneurial skills and business performance.

❖ Correlation Analysis : A Pearson correlation is used to assess the strength and direction of the relationship between entrepreneurial skills (independent variables) and business performance (dependent variable). This analysis helps to identify which skills have the most significant impact on business outcomes.

❖ Regression Analysis : Multiple regression analysis is conducted to determine the effect of various entrepreneurial skills on business performance indicators such as profitability, customer satisfaction, and market share. This allows the study to quantify the influence of each skill on overall business success.

❖ Reliability Testing : The internal consistency of the questionnaire items is tested using Cronbach's alpha to ensure the reliability of the scales used for measuring entrepreneurial skills and business performance.

Limitations

❖ The study is limited to coffee cafés in Bandung and may not be generalizable to other regions or industries.

❖ The reliance on self-reported data for business performance may introduce bias, although this is mitigated by cross-referencing with objective financial data where possible.

By employing these methods, the study aims to provide a comprehensive analysis of how entrepreneurial skills contribute to the business performance of coffee cafés in Bandung.

RESULTS AND DISCUSSION
Result
Demographic Characteristics of Respondents

The sample consisted of 50 coffee café owners in Bandung. The majority of respondents were between the ages of 25 and 40 years, indicating a relatively young entrepreneurial population. Most respondents had at least a bachelor's degree, and the average experience in managing a café was approximately 3.5 years. These findings suggest that café owners in Bandung are relatively well-educated and possess moderate levels of experience in managing their businesses.

Descriptive Statistics of Entrepreneurial Skills and Business Performance

The descriptive analysis revealed that the respondents rated their entrepreneurial skills highly across the board, with innovation (mean = 4.3) and customer relationship management (mean = 4.5) being the most prominent. Financial management (mean = 3.8) and leadership (mean = 4.0) were also rated favorably, but with slightly lower scores.

In terms of business performance, customer satisfaction had the highest mean score (mean = 4.4), followed by profitability (mean = 4.1) and market share (mean = 3.9). These

results suggest that coffee cafés in Bandung tend to prioritize customer satisfaction, which aligns with their focus on customer management skills.

Correlation Analysis

The Pearson correlation analysis revealed significant positive correlations between all measured entrepreneurial skills and business performance indicators. The strongest correlation was observed between customer relationship management skills and customer satisfaction ($r = 0.62$, $p < 0.01$). This indicates that café owners who excel in managing customer relationships tend to have higher levels of customer satisfaction, a key driver of business performance in the service industry.

Additionally, innovation skills were significantly correlated with profitability ($r = 0.56$, $p < 0.01$) and market share ($r = 0.53$, $p < 0.01$). This suggests that cafés that frequently innovate, whether in terms of product offerings or service experiences, are more likely to improve their financial outcomes and expand their market presence.

Regression Analysis

The results of the multiple regression analysis provide further insights into the impact of entrepreneurial skills on business performance. The overall model was statistically significant ($F = 12.34$, $p < 0.01$) and explained 58% of the variance in business performance ($R^2 = 0.58$).

- ❖ Customer Relationship Management: This skill was found to have the highest standardized coefficient ($\beta = 0.48$, $p < 0.01$), indicating that strong customer relationship management skills have the greatest influence on business performance, particularly in enhancing customer satisfaction and retention.
- ❖ Innovation Skills : Innovation also contributed significantly to the model ($\beta = 0.40$, $p < 0.01$). Coffee cafés that frequently introduce new products or services and adapt to changing customer preferences tend to experience higher profitability and greater market share. This finding underscores the importance of continuous innovation in a competitive and trend-driven industry like coffee cafés.
- ❖ Financial Management Skills : While financial management skills were positively correlated with business performance ($r = 0.42$, $p < 0.05$), their impact was somewhat weaker than customer management and innovation skills. The regression analysis showed that financial management ($\beta = 0.28$, $p < 0.05$) plays a supporting role in ensuring sustainable business growth.
- ❖ Leadership Skills : Leadership skills had a moderate effect on business performance ($\beta = 0.32$, $p < 0.05$), particularly in areas of team management and operational efficiency. However, the influence of leadership on customer satisfaction was less pronounced compared to other skills.

Discussion

The results of this study provide strong evidence that entrepreneurial skills significantly affect the business performance of coffee cafés in Bandung. The findings align with previous studies (Man et al., 2002; Lumpkin & Dess, 1996) that emphasize the critical role of innovation, customer relationship management, and leadership in driving business success.

- ❖ Customer Relationship Management : The strong relationship between customer management skills and business performance highlights the importance of building and maintaining strong relationships with customers. In the coffee café industry, where customer loyalty is key to survival, café owners who prioritize excellent service and personalized customer experiences are more likely to see positive outcomes in customer satisfaction and repeat business.
- ❖ Innovation : Innovation is essential for staying competitive in the coffee café market, particularly in a dynamic and creative city like Bandung. Café owners who regularly

introduce new menu items, unique services, or differentiated atmospheres are more likely to attract and retain customers. This finding is consistent with Smallbone and Welter (2001), who argue that flexibility and innovation are crucial for business growth in dynamic industries.

❖ Financial Management and Leadership : Although financial management and leadership are important, their impact on business performance was less substantial compared to customer management and innovation. This suggests that while financial acumen is necessary for sustaining business operations, the primary drivers of success in the café industry are customer experience and innovation. Leadership skills, particularly in team management and operational efficiency, also contribute to business performance but are not the sole determinants of success.

Implications for Practice

For café owners in Bandung, the findings suggest that focusing on customer relationship management and innovation is crucial for improving business performance. Entrepreneurs should invest in training programs that enhance their skills in customer engagement, service delivery, and creativity. Furthermore, staying attuned to market trends and being willing to innovate can provide cafés with a competitive edge in a crowded market.

Limitations and Future Research

The study is limited to coffee cafés in Bandung, and the results may not be generalizable to other regions or industries. Future research could expand the sample size and examine the impact of entrepreneurial skills in different sectors or cities. Additionally, incorporating qualitative methods, such as in-depth interviews, could provide richer insights into how café owners develop and apply these skills.

Overall, this study provides valuable insights into the role of entrepreneurial skills in shaping business performance, with practical implications for café entrepreneurs looking to enhance their competitiveness in Bandung's thriving coffee industry.

CONCLUSION

This study has demonstrated that entrepreneurial skills play a crucial role in determining the business performance of coffee cafés in Bandung. Among the various skills assessed, customer relationship management and innovation emerged as the most significant factors contributing to business success. Café owners who excel in building strong customer relationships and continuously innovate in their products and services tend to experience higher levels of customer satisfaction, profitability, and market share.

While financial management and leadership skills also positively affect business performance, their impact is less pronounced compared to the more customer-focused and innovation-driven skills. These findings highlight the unique dynamics of the coffee café industry, where customer experience and adaptability to trends are key drivers of competitiveness.

For café entrepreneurs in Bandung, the study underscores the importance of investing in skill development, particularly in areas of customer management and innovation. By enhancing these skills, café owners can improve their business outcomes and better navigate the challenges of an increasingly competitive market.

Finally, the study offers a foundation for future research on entrepreneurial skills in other service-oriented industries and regions, with the potential to explore additional factors influencing business performance and the long-term sustainability of small businesses.

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