

## CHAPTER 5

### CONCLUSION AND RECOMMENDATION

In this chapter, the author of this research will further clarify and elaborate the result of the research through emphasis and investigation of the gathered data from 106 respondents. Managerial implications, limitation, and recommendation for the study in the SMEs perspective will also be discussed in this chapter by the author of this research. This chapter will begin with the research findings, managerial implications, limitations of the research and lastly, the recommendation for the future research.

#### **5.1 Research Findings**

##### **Research Question 1: Does funding has a positive correlation towards the competitiveness in the local coffee shop industry in Jakarta SME?**

According to Eniola and Ektebang (2014), to be able to be competitive in the industry, funding plays an integral role in determining the size of resources and advantage to increase the success of the business. The findings in the previous chapter shows that funding towards the competitiveness on SME is proven to have a correlation between the variables. In other words, funding does has a positive impact towards the competitiveness in the local coffee shop industry on a small or medium-sized enterprise, specifically in Jakarta. The statement is backed up by the hypothesis testing (H1) from the previous chapter. This result is aligned with the study of Yanah, Nakhwatunnisa, & Sukarno (2018) where they stated that funding has a positive and significant impact on the competitiveness in Indonesia. Most of the respondents also agreed that funding is needed in enhancing the products/services and technologies of

a SMEs. This is aligned with the past researchers in which it stated that funding are the sources to increase the goods and services of a company (Soini & Veseli, 2011). Internal funding and External funding are the types of funding sources that SMEs in Jakarta used in order to fund businesses to achieve the competitiveness level in their industry. Through this study, it shows that internal funding is well preferred than external funding, due to the high capital costs that must be incurred initially by the company (Goenawan and Wasistha, 2018). This statement is shown on figure 12 on the descriptive analysis where majority of the respondents stated that they used internal funding rather than external funding to fund their business. The findings in previous chapter also shown that funding is needed to improve the quality of product / services in a local coffee shop industry. To sum up, from the results shown, funding plays a vital role in influencing the competitiveness level of a small and medium-sized business in Jakarta. By this, SMEs need to have enough funding to operate effectively.

**Research Question 2 : Does product innovation has a positive correlation towards the competitiveness in the local coffee shop industry in Jakarta SME?**

According to Zulkepli, Hasnan & Mohtar (2015), to improve the competitiveness level of a company, innovation is required to built up the products and services. Innovation in SMEs is about making improvements and generating values for the company upon its industry. The findings in the previous chapter shown that innovation and competitiveness has a positive linear relationship. This indicates that product innovation does has a significant impact towards the competitiveness in the local coffee shop industry on a small and medium-sized enterprises, specifically in Jakarta. This statement is backed up by the hypotheses testing (H2) on the prior chapter. This outcome is align with the study of Abrham, Strielkowski, Vošta & Šlajs

(2015), where they found that one of the factors that influence the competitiveness in SME is the product innovation particularly in the food and beverage industry, with the current competitive situation. Innovation can also be seen as crucial in creating competitive advantage for a business. Based on the findings in the previous chapter, most of the respondents agreed that innovation plays an important role in an SME in order to compete with the other competitors. There are several types of innovation that an organization should apply which are the product innovation, process innovation, organizational innovation and business model innovation. Based on the findings of the research, majority of the respondents has stated that by focusing on the types of innovation could boost to innovate the products or services of a company and to be able to achieve the competitive advantage of the enterprise. Another explanation is that most respondents believe that creativity in the product will build a company's competitive advantage. Hence, it is important for a local coffee shop industry to have a unique product innovation such as the packaging, price, quality and the taste of the coffee product.

**Research Question 3 : Do both funding and innovation has a strong relationship towards the competitiveness in the local coffee shop industry in Jakarta SME?**

According to Syahputra and Nur (2016), competitiveness plays a significant role in maintaining a small and medium sized local coffee shop business in Indonesia. The argument validate the findings of the previous chapter in which most respondents agreed that competitiveness level is directly proportional to the business growth. Moreover, based on the result of this study, it determined that the variables "funding" and "innovation" have a positive and significant impact towards the competitiveness of the local coffee shop in Jakarta SME. This statement is supported by the hypotheses

testing (H3) that has been conducted in the previous chapter. By emphasizing on funding and innovation of a company, SME in Jakarta will experience the increase in competitiveness level on the local coffee shop industry. These 2 aspects are fundamental in gaining competitive advantage within other companies. The result of the findings also shown that funding and innovation have an equally strong relationship towards competitiveness. Therefore, to sum up, both funding and innovation are the two most important factors that influence the competitiveness of the local coffee shop industry in Jakarta SMEs.

To clarify the research findings, the results of this study is only valid for this particular sample which is the local coffee shop industry based only in Jakarta. This study does not valid across different sample which it is very limited in only a particular area where it is conducted based on the results gathered from the respondents that is based in Jakarta. Lastly, it is expected to have the same result if it is conducted in the same area repeatedly.

## **5.2 Managerial Implications**

This research has provided results which can provide perspectives and recommendations explicitly for SMEs in the local coffee shop industry. The related stakeholders in this research are managers and owners. There are some implications that should be taken into account for SMEs in order for them to understand the importance of funding and innovation that could influence the competitiveness in the F&B sectors specifically in the local coffee shop business in Jakarta SME.

Firstly, according to the findings in this research, funding has a positive impact on the competitiveness in the F&B industry. In this study, funding is proven to affect the competitiveness of the local coffee shop SMEs. An enterprise should have an adequate funds in order to increase the quality of products/services and to be able to sustain and increase the competitiveness level within the industry. According to Scott and Bruce (1987), competitiveness level in a company may increase with the initial cost of attractive prices to gain customer retention. This will be supported through the funding that a company received to be able to sustain the competitiveness level.

Second, product innovation should be unique in order to attract the customer as well as compete with the competitors. According to Muhammadiyah (2018), firms cannot rely anymore on price and quality of a certain outdated products, but needs to innovate and create new products that can be received well by the market. The main indicator of success in innovation of a company is determined by the quality of groundbreaking ideas that are promoted by the company (Amabile, Conti, Coon, Lazenby & Herron, 1996). Furthermore, a company should have a creative product innovation idea, process innovation, organizational innovation and business model innovation. According to the findings of the research, those four types of innovation are important to be consider by a company. Through this research, it is observed that respondents agreed on unique innovation will directly impact the achievement of local coffee shops.

### **5.3 Research Limitation**

This researches have some limitations that are faced by the author. There are 4 limitations which includes the variable of the research, respondents of the research, time limitation, and limited outcomes. The limitations can be improved better for a deeper and detailed research. The limitations listed below are:

First, the limited amount of independent variables accounted in this research. However, there might be other factors that influence the competitiveness which are not included in this study such as the ineffective business behavior, international trade and education system that can also affect the competitiveness of the local coffee shop business in a SME. By researching more variables, detailed findings will be discovered for analysis purposes.

Secondly, the limitation of the type of respondents that participated in this research. The type of respondents that are involved in this research are people that are based in Jakarta and owns or manage a local coffee shop. To further improve this research, more types of respondents from all over the nation can be collected to give a bigger picture of the competitiveness level in Indonesia. Therefore, the author recommended that additional potential work can be performed in other areas or regions in Indonesia.

Third, the researcher has a limited amount of time to gather data and analysis. Through this time limitation, the author managed to gather 106 respondents to represent the local coffee shop in Jakarta. If there is more time to conduct and gather

data, more respondents and data points can be collected to gain a deeper and detailed insights.

Lastly, the respondents were not given the privilege to respond with their own personal answers as the questionnaires are mostly close ended. This will lead the respondents to answer the most related and closed to their personal answers. However, it is not 100% accurate, therefore it is identified as limitation of the research.

#### **5.4 Recommendation for Future Research**

Throughout the research, there are some recommendations that can be considered to further improve the results of this study. In brief, recommendations for the first limitation is inclusion of other variables, second, increasing the number of respondents, third, increasing the amount of time spent to gain insights, and forth, more relevant and open ended questions would be preferred.

By including other related variables to the competitiveness of SMEs, the study would have more insights and knowledge regarding the factors that influence the competitiveness in business that a SME should focus on, which will also become more relevant and valuable, since there are a lot of factors that influence competitiveness. Other variables such as ineffective business behavior (Franco, & Haase, 2009), lack of education system (Darwish, 2014), international trade (Bonga, 2014) that have been proven to affect competitiveness. Moreover, by having more variables, it would mean that there are more areas to be researched and studied in order to gain a clear picture of the competitiveness level in local coffee shops industry.

Secondly, increasing the number of respondents would create more data points, to see the trends and validate the results even stronger. A variety of respondents would also create a diversity and a resourceful insights and results in this research. Therefore, to increase the reliability and the variety of this research, number of respondents are recommended to be increased to validate the findings.

Thirdly, time is an important aspect in this research, as there are many questionnaires and interviews need to be conducted to gain proper learnings and findings. The recommendation would be increasing the amount of time invested in researching and investigating, to be able to get a detailed results for the research. Report writing is also fundamental in recording this research, and as more data points can be collected, validation would be stronger and more validated by having more amount of time.

Lastly, to record clearly on the minds and thoughts of each respondents, the right questions should be asked in the questionnaire. Questions that would trigger the respondents' way of thinking would be essential. Therefore, to gain this, more open ended questions will be preferred as respondents can express their thoughts and dive deeper towards their options. In comparison to having close ended questions, where they are 'boxed' into thinking of the choices that have been given. Furthermore, it is recommended to have more open ended questions that asked relevant information in this research.