

CHAPTER I

INTRODUCTION

1.1 Overview of Research Objects

1.1.1 Profile Company

Aura Foods is a small-medium business that sells various kinds of frozen processed food products and various household cooking spices with sales made online through online platforms and offline stores located in Bantar Gebang Setu Mustikajaya District Bekasi City.

Aura Foods started its business in the early stages of pioneering with the desire of the owner and the opportunity to set up a business in the food sector because he felt that the need for everyone to consume food was very high, especially food, and started selling frozen processed food or frozen food at home. Those who do not have a freezer at home only rely on the refrigerator. More and more people who order can finally buy small freezers to until now they can have many large freezers, until this achievement, aura foods can move from home to store which is the background in starting Until now, this business, Aura Foods, already has 37 official branches spread across the island of Java.

1.1.2 Company Logo and Place



Figure 1. 1
Aura Foods Logo

Source: Aura foods Website,2022.

The picture above is the company logo of Aura Foods Frozen Food which is taken from the name of the daughter of the Aura Foods owner.



Figure 1. 2
Central of Aura Foods

Source: *Taken by the author* (2022)

The picture above is central of Aura Foods Frozen food place ini Bantar gebang, Bekasi City.



Figure 1. 3
Aura Foods Frozen Food Branch Retail

Source: *Taken by the author* (2022)

The picture above is one of the Aura Foods Frozen food branches in the Pondok Melati sub-district in Bekasi city.

1.1.3 Product in Aura Foods

The products available at Aura Foods range from more than 100 products from frozen foods and processed products such as Chicken Nuggets, Sausages, Baso, Saikoro Meat, Seasoned Fish, and Frozen Fruits to Seasonings and other dry foods

available at Aura Foods The prices of these products range from between Rp. 13,000 – Rp. 62,000 depending on the brand and type of product, and for various seasonings sold for around Rp. 7.500 – Rp. 10,000



Figure 1. 4

The Examples of Aura Foods Frozen Food Sales Products

1.2 Background

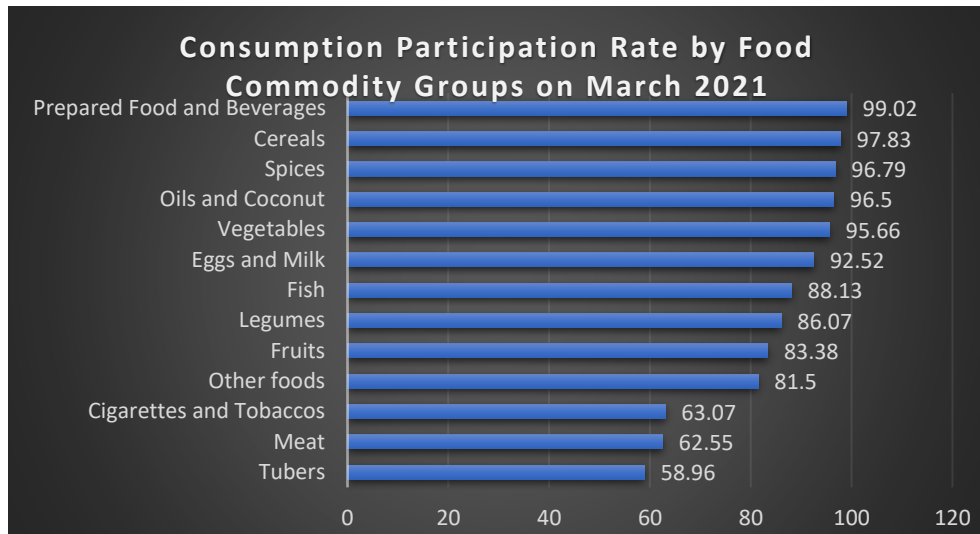
In recent years the development of the business world has been very swift. It makes the parties involved work hard so that their customers still recognize its existence. As an illustration, when customers used to need something for their food, they would be able to get it quickly. It happens because the existing frozen food is intended for everyone (all market segments). We need instant food, especially frozen

food, such as nuggets, fried fries, and sausages. In that case, there will be many choices of brands, including So good, Daily fresh, Kanzler, Cede, and so on, and this will create difficulties for customers to choose. The more diverse types and types of frozen food (and other products) illustrates the increasingly fierce competition in the business world. They were facing changing times and lifestyles with changes in people's lifestyles that are starting to switch from conventional to modern. Indonesians are beginning to adapt to consumption patterns in developed countries, consuming frozen food or processed products. It is also accompanied by an increase in various types of business during the pandemic. The lifestyle of modern society with changing consumption patterns, especially the Indonesian people today, demands that everything goes fast, economical, practical, and delicious so that human needs for food and drinks must also be quick.

This opportunity can become one of the food and beverage industries, namely the frozen food business, which has the potential to become a means of equity in increasing people's income due to the growing middle-class population and the tendency of current public consumption patterns that lead to the consumption of processed food products or frozen products (frozen food). Alternatively, those ready to be eaten directly in a fast way are commonly referred to as "Ready to eat." Freezing makes food presentation easier and stays delicious, so no significant physical change and nutrients are lost, so freezing is the safest way to preserve food.

According to MMI in Pamungkas (2021), "Ready to serve food" refers to food that has been cooked, whether using preservatives or not. Which can be cooked and preserved by various means of preservation, such as frozen processed food or food commonly called Frozen food, which anyone from all walks of life can eat or at any age can eat this prepared dish.

Figure 1. 5
Consumption Participation Rate



Source: Bps.go.id (Re-Processed by Author (2022))

Central Bureau of Statistics (BPS) (2021), data on the results of the March 2021 Susenas inhibits households throughout Indonesia from consuming based on Prepared Food and Beverages. It is indicated that ready-to-eat foods and beverages have the highest participation rate of 99.02 percent, which explains that the Indonesian people are currently in the pattern of food consumption and will change from time to time. The food consumption patterns of each region can also be different. These changes, both between regions and over time, will determine changes in the amount of food.

The lasted almost a year has changed people's consumption patterns. Changes in consumption patterns also require the industrial and innovation sectors to be more active in innovations, such as processed food technology and product development for frozen food and beverage packaging. That makes the product last longer, and ready-to-eat products can only be shipped and processed at home.

Being an entrepreneur in making a weakness into an opportunity for them is easy, especially in increasing their income. Entrepreneurship can be regarded as one of the drivers of the country's economy. In other words, entrepreneurship plays a vital role in a nation's economy.

Compared to other Southeast Asian nations, the level of entrepreneurship in Indonesia is relatively low. According to the Ministry of Cooperatives and SMEs

(Kemenkop UKM) in Liputan6.com newspaper (2022), only about 3.47 percent of the Indonesian population consists of independent businesses. The Indonesian populace believes being an entrepreneur is challenging and fears taking chances. At a time, being an entrepreneur required significant capital, but this is changing. Numerous firms that do not require considerable or no capital are created through technology.

Today's business environment is increasingly competitive. Every company activity must evolve to address every opportunity and risk arising from the competition between businesses. In order to meet this competition, a business activity must have the appropriate strategy, contribute to the business's survival, and have an advantage over competing businesses. In recent years, particularly during a pandemic such as the current one, many new enterprises with a high level of creativity and innovation have emerged against the backdrop of technology advancements and the mentality of every company's management.

The variety of brands and products shows that companies cannot just stand still in doing their business. They have to start thinking about beating their competitors. Only powerful companies will win the competition.

Many factors influence a person to start entrepreneurship, one of which is that market-oriented entrepreneurs have better performance than an entrepreneur who does not have a market orientation. Likewise, entrepreneurial orientation means that when carrying out business activities, an entrepreneur has to consider whether these activities are relevant to their goals, dare to take profitable risks, and provide new ideas to be integrated into activities. In addition to requiring entrepreneurial and market orientation, entrepreneurs must have their measure of achieving their business quality targets, in other words, performance. Business performance measures not only have short-term goals but are also future-oriented with stable growth from year to year and able to face new competitors. Moreover, the business performance focuses not only on financial and non-financial improvements that must be a concern.

As research conducted by Hamel & Wijaya (2020) States that the entrepreneurial orientation variable positively affects business performance, it is acceptable. In addition to being entrepreneurially minded to win a company competition, an entrepreneur must also enhance marketing performance by identifying the marketing methods typically employed by businesses or businesses, called market

orientation. (Kurniawan, 2019). In general, market orientation on aspects of customer orientation, inter-functional orientation, and response orientation aims to achieve successful business performance (Felisia et al., 2020). Research conducted by GS & Soemantri (2020) indicates that the orientation of entrepreneurial and the market has a significant and significant effect on business performance.

The level of an entrepreneur and the existence of a business can be measured by performance. Performance is the level of ability of a business owned by the business owner in carrying out every aspect of the business to achieve business goals or targets. The performance of a business can be measured through financial and non-financial performance, which consists of sales returns and employee increases. The author does this research measures business performance by using increased sales, increased number of employees, and market share (Kurniawan, 2019).

Becoming part of an official branch or partnering with Aura food is an option for entrepreneurs who want to open a frozen food business, both at home and those who have their own shop because Aura food is already quite well known and is one of the largest frozen food distributors in Indonesia, branch owners can compete with other frozen food agents.

Aura Foods only provides an opportunity to open a sub-district branch. It can be a good opportunity for entrepreneurs to sell Frozen food products from Aura Foods. Before the Aura Foods Branch, which currently has 37 branches with at least one owner in each branch, they have different attitudes and ways of selling their products and the market, affecting business performance.

Based on pre-survey interviews conducted by the author with Aura Foods and its official branches. The demand for ready-to-eat food or frozen food is increasing because frozen food creates a new culture for the community with easy storage and practical and straightforward processing, making frozen food one of the most popular. Furthermore, one of the food ingredients that must be stored is a reserve of food ingredients that are always available in the kitchen, so that when cooking activities are too heavy or tiring, it can be a savior when feeling hungry and make frozen food a mainstay when we feel bored.

Information was collected that the number of Aura Foods branches is quite large. Thus, requiring every business owner to create different business concepts and strategies compared to other branches and frozen food agents in the surrounding area can impact the business's continuity of existence, like what was done by one branch that used an unused home terrace as a place for them to sell by adding several freezers, thus saving their expenses in renting a place. The author conducted a pre-survey interview with the owner and acquired that there were problems in the competition between Aura Foods' frozen food business and frozen food agents in their environment. It found that the official Aura Foods branch rarely created innovations and creations to sell frozen food products. One of the problems branch owners face in creating new food and beverage-selling products are the lack of research on new food or beverage products in circulation, especially homemade products. So this indicates that the innovation ability of Aura Food Frozen Food branch owners tends to be low, which is one of the assessments of the level of entrepreneurial orientation.

Information also was collected that most Aura foods' owner branches do not have a strategy to develop their business through online platforms such as the Tokopedia marketplace, Shopee, and other e-commerce platforms. Hence, they only focus on their offline stores so that consumers can only buy frozen products by visiting the store directly. For example, it was found that they thought growing their business through the online business was just a waste of time because they would focus on online customers, not offline customers that they already have a lot as regular customers. In addition, on the other hand, customers feel inefficient, especially because they have to go to the store to buy their needs, and it is quite a waste of time because of the distance. Lamb et al. (2011) defined *Market orientation* as a philosophy in marketing strategy which assumes that product sales do not depend on sales strategies but on consumer decisions to buy products. It means that Aura Foods Branches owners did not adopt and implement the marketing concept in a market-oriented. Therefore, it requires proper attention to market orientation in order to provide the needs and wants of consumers by providing the best value because if Aura Foods Frozen Foods had been a market-oriented business, They may have better understood the changes that were taking place, saw competitive threats, and devised strategies to counter them. It indicates that the ability to create superior value for

buyers and performance in competition in the market tends to be low, so it is one of the assessments of the level of Market Orientation.

Information was collected from the owner of Aura Food also several branch owners. Some of the performance of its branches experienced increased profits and had to increase their workforce. Because they already have their regular customers while several other branches did not experience the same thing. It is reflected in the activities of the Aura Foods Frozen Food branch, where each branch has a different profit. If each branch goes back to shopping for branch needs at the center, they must have purchased with a minimum average payment of 3 million rupiahs each month. So if all branches have a sales turnover of approximately 3 million, it can be seen that there are 3 million x 37 branches of approximately 111 million rupiahs of income owned by Aura Foods Frozen Food every month. However, in reality, the revenue earned by Central Aura Foods delivered by the owner of Aura Foods center is less than 100 million, where the branches still have not reached the expected target together, which makes the Aura Foods business performance still low. It means that there is no equality in obtaining profit from the results of each performance carried out by each branch, whether it is a long-standing partner or not.

Requires the right strategy so that the process is entrepreneurial and market-oriented, can run optimally, and provide maximum benefits to business actors, especially the owners of the Aura Foods Frozen Food branch. Information was collected that the owners are still not market-oriented and entrepreneurial in carrying out their business activities. So, it can be acquired that the ability to entrepreneurial and market orientation is important and must be owned by business owners to improve their business performance. It is reflected in the researchers' findings in the Aura Foods branch.

Nowadays, much research on MSMEs has been carried out. However, assessments of business performance which are influenced by market orientation and entrepreneurial orientation in the context of frozen food retail, especially agent or branch owners, are rarely conducted. For this reason, this research will only take the object of research only on the owners of the Aura Foods Frozen food branch. Therefore, this study aims to examine the contribution of entrepreneurial orientation and market

orientation to business performance in the Aura Foods Frozen food branch of business performance.

So, it can be obtained information that the ability of entrepreneurial and market orientation is essential and must be owned by business owners to improve business or business performance; based on this background, the researchers formulated the title **"The Effect of Entrepreneurial Orientation and Market Orientation on Business Performance (Study on Aura Foods Frozen Food Bekasi City)."**

1.3 Problem Formulation

Based on the above background, the researchers formulated the problem as follows:

1. How does Entrepreneurial Orientation on Aura Foods?
2. How does Market Orientation on Aura Foods?
3. How does Business Performance on Aura Foods?
4. How much does Entrepreneurial Orientation affect Business Performance for Aura Foods?
5. How much does Market Orientation affect Business Performance for Aura Foods?
6. How much does the simultaneous effect of Entrepreneurial Orientation and Market Orientation on the Business Performance of Aura Foods?

1.4 Research purpose

Based on the formulation of the problem above, this research aims as follows:

1. To determine how does Entrepreneurial Orientation on Business Performance at Aura Foods.
2. To determine how does Market Orientation on Business Performance of Aura Foods.
3. To determine how does Business Performance on Aura Foods.
4. To determine how much the effect of Entrepreneurial Orientation on Business Performance for Aura Foods.
5. To determine how much the effect of Market Orientation on Business Performance for Aura Foods.
6. How much the simultaneous effect of Entrepreneurial Orientation and Market Orientation on Business Performance for Aura Foods.

1.5 Research Used

The results of this study are expected to provide direct or indirect benefits for the author, the owners of the Aura Foods Frozen food branch, to develop their business and the Academic side. In addition, some of the findings revealed in this study are expected to be used as references for future research.

1.5.1 Theoretical Use

The results of this research are expected to increase knowledge and broaden horizons for future readers, or researchers, especially those conducting research on entrepreneurial orientation and market orientation on business performance and can develop information for economic practitioners.

1.5.2 Practical Use

These results are expected to enrich and complement the scientific treasures in entrepreneurship, especially those related to entrepreneurial orientation and market orientation to business performance. In addition, some of the findings revealed in the research can be used as a reference for further research.

1.6 Research Time and Period

Time and Period of Research This time is from November 2021 until March 2022.

1.7 Systematics of Final Project Writing

To make it easier to provide direction and description of the material contained in the writing of this thesis, the authors arrange the systematics as follows:

CHAPTER I INTRODUCTION

The Introduction contains an overview of the research object, research background, problem formulation, research objectives, research benefits, research scope, and writing systematics.

CHAPTER II LITERATURE REVIEW

The literature review and research scope contain a review of the research literature, including relevant theories to support research, previous research, research frameworks, and hypotheses.

CHAPTER III. RESEARCH METHODOLOGY

This chapter confers a type of research, operational variable, research stages, population and sampling techniques, data gathering and type of data, data analysis technique, and hypothesis testing.

CHAPTER IV RESULTS AND DISCUSSION

This chapter describes the results and discussion of the research that has been carried out.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

This chapter describes the conclusions from the research results and suggestions that the research object can implement.