

# Competitive Advantage and Culinary Business Performance: an Antecedent of Human Capital and Entrepreneur Competence

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# Competitive Advantage and Culinary Business Performance: an Antecedent of Human Capital and Entrepreneur Competence

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**Abstract:** *This study presents the effects of human capital and entrepreneur competence on culinary business performance in Manado city while also assessing competitive advantage as a mediating variable. Respondents in were 125 culinary businesses from 11 sub-districts in Manado city determined by proportional random sampling. Data were collected through questionnaires and analysed via path analysis to exam the suggested relationships. It is revealed that human capital and entrepreneur competence of culinary business in Manado city significantly impact on culinary business performance by the crucial roles of competitive advantage. The outcomes showed that human capital has a direct and indirect effect on culinary business performance, although its indirect influence through competitive advantage is not significant. However, entrepreneur competence significantly influences culinary business performance directly and indirectly through competitive advantage. The results also suggest that culinary business people in Manado city can integrate human capital, entrepreneur competence, and competitive advantage in their tactical*

**Index Terms:** *idea to improve their culinary business performance. Human Capital; Entrepreneur Competence; Competitive Advantage; Culinary Business Performance*

## I. INTRODUCTION

Business management tends to utilize intangible assets than tangible assets in the age of a knowledge-based economy. The success of a business organization actually lies in the competitive market because the role of intangible assets is not simply imitated because of its form, which is more likely not to be seen. The role of intangible assets in intellectual forms such as human capital, spiritual capital, customer capital, social capital and structural capital, are recognized by various researchers to have a strong influence on improving organizational performance (Hashim, Osman, & Alhabshi, 2015; Liu, 2017; Khaliq, Bontis, Bin Shaari, Yaacob, & Ngah, 2018) even as a source of organizational value creation (Hejazi et al., 2016). Human capital as one aspect of intellectual capital (Hashim et al., 2015; Ornek & Ayas, 2015; Mahmood & Azhar, 2015; Almasarweh, 2016; Hejazi et al., 2016) is recognized as having an encouraging

influence on improving organizational performance. In various findings, it also turned out that the contribution of human capital is not only felt at the micro-level in the business organizations, education and public, but also has macro implications for improving the economic community through economic growth (Pelinescu, 2015; Mayo, 2000).

Another antecedent variable which is studied to influence the success rate of business organizations is entrepreneurial competence. Entrepreneurs who have competence in managing businesses will be better in handling their business compared to entrepreneurs who do not have competencies. Entrepreneurship is an economic engine (Maassen van den Brink & Hartog, (2007). Therefore, an entrepreneur's competency determines business performance. Competent entrepreneurs tend to create organizations that have advantages so that the impact on business growth increases. Research findings on female entrepreneurs in Microenterprises in Kelantan, Malaysia proves that entrepreneurial competence has a important impact on business performance (N. Zainol, Al Mamun, Ahmad, & Simpong, 2018). The same outcomes also presented in the research at Pempek business in Palembang (Soejono, Mendari, & Rinamurti, 2015).

Business performance studies are becoming progressively interesting because it also exhibits that there are research findings which do not support performance improvement through intellectual influence (Aida & Rahmawati, 2015; Mumpuni Karlina & Raharja, 2013). Particularly human capital, it does not have a through effect on competitive benefit but has a significant impact indirectly through structural capital (Yaseen, Dajani, & Hasan, 2016). Competitive advantage is a connecting variable which can make business performance higher, such as doing through the influence of human capital, innovation, organizational culture and other antecedent variables in the field of management.

The positive effects of human capital for improving organizational performance more precisely for business have been recognized by previous researchers, however, utilising competitive advantage as an intervening variable which connects dependent variables to independent variables is still very rare especially in a culinary business as the objects. However, some researchers have conducted

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research whose results have an influence on human capital, competitive advantages and business performance (Duda Balje, 2018; Jumhur & Prabawati, 2019).

The culinary business is one of the developing creative economic businesses in Indonesia, which is facing the challenges of culinary product and service innovation. This business is more and more favoured by the community because of the presence of culinary tourism as part of tourism products. Forms of the business such as food stalls, restaurants, food and beverage stalls, cafes as well as sellers of food/beverage that move repeatedly. This business has the largest number of business units compared to the number of business units in the other subsectors and even contributes 56% to the total business units in the creative industry (National Culinary Development Plan, 2015), which also explains the contribution of culinary business in 2013 to 33% of the total GDP of the Creative Industry. From the dimension of employment, it contributes around 3.7 million workers or 31.48% of the total workforce in the creative industry. Meanwhile, if viewed from the growth rate, the average culinary labour growth (0.26%) is far below the growth rate of the creative industry (1.09%) and also national growth (0.79%). To make this business contributing more to both the dimensions of recruitment and growth of labour, the contribution to GDP requires the role of intangible assets in the form of human capital to develop a value for the association.

The development of a very fast business environment needs a business strategy based on competitive advantage. Competitive advantage results in superior profitability (Roberts, 1999) and superior performance is sustainable (Powell, 2001). With the results and emphasis of different variables and research objectives in different sectors also, culinary business performance research uses competitive advantage as a variable that connects the influence of human capital and entrepreneurial competence. Research conducted by Kamukama, Ntayi, & Ahiauzu, (2011) at the Uganda Microfinance Institution explained that the mediating effect of competitive advantage through intellectual capital improves performance. Likewise, with the research of Meutia and Ismail (2012) concluded that social competence of entrepreneurs has an encouraging and important influence on performance through competitive advantage.

The objective of this research is to analyse the direct and indirect effects of human capital on business performance through competitive advantage and analyse the direct and indirect effects of entrepreneurial capabilities on business performance through competitive advantage.

## II. LITERATURE REVIEW

### A. Human Capital and Performance

Each business is planned to produce a performance as its outcome. The output approach searches business performance from quantitative aspects such as measuring organizational performance from aspects of financial performance namely Return on assets (ROA) and Sales Growth Ratio (Majeed, 2011), others measure from Asset

Turnover and Profit Margin. (Sar, 2017), there are also measurements using sales growth (Richard et al., 2009), and others from marketing performance, namely market share (Bagorogoza & de Waal, 2010). Another view also uses the measurement of Balance Score Card (BSC) through financial, customer, process, and learning or growth aspects. (Kaplan, & Norton, 2001).

Human capital is one of the antecedents to business performance. It is a concept that is very common among academics about economic development, income, poverty reduction and business progress. Schultz in 1961, an economist showed that human capital investment by teaching and training in the was greater than investment in physical capital at the United States. Investment in human resources in the field of education and skills generate new ideas and techniques in the production process to improve performance (Becker, 2009). Human capital also contributes greatly to education institutions with elements, for example, training and skills, knowledge, experience, vision and origination (Zlate & Enache, 2015). Another view measures human capital from aspects of individual capability, individual motivation, leadership, the organizational climate, and work group effectiveness, leadership (Mayo, 2000). Human capital is essential in one's human resources in the shape of knowledge, skills, competence, and innovations that human resources have in the organization (Baron & Armstrong, 2007).

The role of human capital will be significantly perceived by the community at large through the care and support of the government in favour of the development of a human dimension economy, specifically the existence of government policies which are oriented towards economic knowledge and the value of the education economy (Maassen van den Brink & Hartog, 2007). That is the reason that human capital is one of the intangible assets that give added value to the company through knowledge and skills (Mohamed, Ragab, & Arisha, 2016) and adds value to growth (Mayo, 2000) and its role even affects the economic growth of the community through Gross Domestic Product (GDP) per capita (Becker, 2009) and sustainable development of a country (Pelinescu, 2015).

At the micro level, the role of human capital is focused on improving organizational performance (Hashim, Osman, & Alhabshi, 2015; Hejazi et al., 2016; Liu, 2017; Kogut, 2017; Samagaio & Rodrigues, 2016). The demand for a competitive business environment needs human resources that have human capital whose value can only be created by knowledge, skills, competence and even ideas which are relevant to what is to be done. Investment in the field of human capital is considered capable of driving growth, profitability and competitiveness (Sanjoy Bose and Kok - Boon Oh, 2003). Human capital is considered as a crucial part in improving organizational assets (Mohammad Pastan et al. 2016). Thus, it is able to be claimed that human capital is one of the antecedent variables for the success of organizations, including business organizations.

### B. Human Capital and Competitive Advantage

Competitive advantage's concept originates from an economic approach which touches a lot on the superiority of the organization in achieving competition. The resource-based view by Barney and Porter claims that the drivers of competitive advantage and superior performance are associated with the attributes of valuable resources and abilities (Dirisu, Iyiola, & Ibiidunni, 2013b). Technological advances, consumer tastes, business competition, are the factors causing customers to get lower prices, better services and more innovative products. Therefore a company strategy is needed to make consumers interested in the products sold or keep customers alive. Competitive advantage is a strategy to create value different from competitors. Something of a product or service has an advantage if it has value, awareness, imitability, and substitutability (Barney, J., 1991).

The competitive advantage consists of all activities in the company starting from designing, producing, marketing, and delivering (Porter, 2008) Porter claimed that there are four alternative competitive advantage strategies, namely management, differentiation, cost focus and differentiation focus. Cost leadership is a company's advantage in producing products at a least value than other competitors. Differentiation is a business strategy carried out by the company to produce products that have certain characteristics compared to other competitors. Competitive advantage is measured from two things, namely differential advantages and cost advantages (Lee, Kim, & Seo, 2015). When companies provide the same benefits, but with lower costs (cost advantages) or types of products that make benefits exceed competing for products (differentiation advantages) then the company has more value than its competitors, this is where the competitive advantage is owned by the company. Another view measures three indicators, namely superior efficiency, superior quality and responsive customer (Distanont & Khongmalai, 2018). Companies that have competitive advantages can be seen in product differentiation consisting of product invention, product design, product higher quality and unique product (Dirisu, Iyiola, & Ibiidunni, 2013), and another opinion like as superiority in price, quality and design, and customer responsiveness, (Hitt, Ireland, & Hoskisson, 2012)

Numerous studies acknowledged the importance of the effect of human capital on the competitive advantage of commercial organizations in Kosovo (Duda Balje, 2018). The same finding also applies to research conducted in the Small Batik Industry. The elements that effect the performance improvement of the Batik industry are human capital (Jumhur & Prabawati, 2019).

### C. Competitive Advantage and Performance

High and low business performance is determined by several factors, including competitive advantage. is the position of the company among its competitors so that the business, not easily imitated, is able even to control and

maintain the market (Kuncoro & Suriani, 2018).

Most businesses practically are not able to survive if they do not have a competitive business advantage that differentiates it from its competitors. Businesses that do not have predictable advantages will not be able to survive in market competition. Thus, customers will move to get better quality, more innovative products or better services to satisfy their needs (Hamenda, 2018). Competitive advantage is the key to winning the competition therefore various researchers make it a cause for retail industry sector performance improvement (Helms, Cappel, & Haynes, 1992) The same findings in the financial sector have been investigated by those analysing financial performance through the influence of competitive advantage in the form of excellence cost and product differentiation in oil and gas industry in Indians who recommend that differentiation excellence drives greater performance (Helms et al., 1992). Through competitive advantage, companies obtain superior performance over some time (Sar, 2017b; Pitts and Lei, 2003). With the significant influence of competitive advantage on company performance shows that with more competitive advantage, it tends to accomplish greater business performance than other.

### D. Influence of Human Capital on Performance through Competitive Advantage

Competitive advantage is the core of the company, which serves to turn on, regulate and drive all the company's resources. Companies that do not have competitive advantages in product differentiation or cost will not be able to survive the changing competitive business environment.

Multiple studies utilised competitive advantage as intervening variables to exhibit the influence between independent and variable dependent. The influence variables used on the connection among competitive advantages and business performance are innovation (Setyawati & Rosiana, 2015), corporate social responsibility (Jain, Vyas, & Roy, 2014), and intellectual capital (Kamukama et al., 2011). The research findings indicate that competitive advantage determines the effect of independent variables on dependent variables. Several studies were also conducted to explore the influence of human capital with competitive advantages on business performance (Duda Balje, 2018; Jumhur & Prabawati, 2019).

Handling business utilising good human capital is anticipated to improve business performance, and the performance will be even higher if intervened through competitive advantage. This assumption has been proven by the results of research that show that intangible resources such as human capital serve to increase business competitive position so that business performance rises (Jogaratnam, 2018). Thus, the competitive advantage becomes a determinant variable for the influence between human capital and business performance.

**E. Entrepreneur Competence and Performance**

High and low business performance is determined by competencies, that is the capacity of themselves and the characteristics of an entrepreneur to have a successful business. There are three individual competency indicators to measure the influence of competency on organizational strategy, namely innovation competency, adaptation competency and customer orientation competency (Díaz-Fernández, López-Cabrales, & Valle-Cabrera, 2014). Another view measures entrepreneurial competence in various components, namely commitment competence, conceptual competence, opportunity recognition competency, organizing competence, relationship competence and strategic competence (Abdullah Al Mamun, et al., 2018). A professional entrepreneur has the ability of an entrepreneur in terms of business launch, start-up development, business promotion, production, sales and marketing of goods and services, human resources, management, employee motivation, development, financial and investment management.

Every company is more likely to face business competitiveness; thus, it requires competitive competence (Rubin, Matvienko, & Lednev, 2016). Based on interviews with 1,500 Russian entrepreneurs, the results showed that 86% agreed on the importance of competitive competencies as entrepreneurial competencies. The competitive competencies consist of competitive components in positions and positioning, competitive actions on strategic, tactic and situational levels within local, national and global markets, strategy design and development, operation models and development, competitive analysis, antitrust law obedience and competitive in choice and management status.

Research which has been conducted on female entrepreneurs in Nigeria concluded that competence has a important effect on company performance (Mohammed Kabir et al., 2017), the same finding also affects the effect of competencies and characteristics of entrepreneurs on business performance (Soejono et al., 2015). This study found that there is a direct influence between entrepreneurial competence and business performance.

**F. Entrepreneur Competence and Competitive Advantage**

Businesses that have competitive advantages are influenced by several factors including innovation (Distanont & Khongmalai, 2018), human capital and relationship quality (Ismail, 2014) and entrepreneurial competencies (N. R. Zainol & Al Mamun, 2018). The importance of competence is progressively perceived by business organizations, government and services, so it is not shocking that competence is used as a recommendation to the Malaysia government to optimize entrepreneurial competencies as an approach to reduce economic vulnerability (Abdullah Al Mamun, et al. 2018). The outcomes of other studies showed that entrepreneurs who have competence can contribute to a woman entrepreneur in informal microenterprises in Kelantan, Malaysia (Suhaimi et al., 2018). This finding intended to explain that there is a

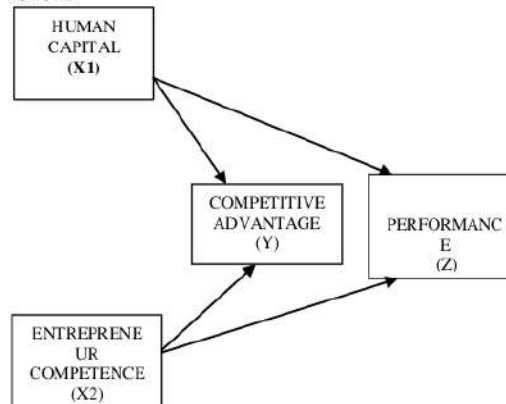
direct effect of entrepreneurial competence on competitive advantage.

**G. Entrepreneur Competence Influences Performance through Competitive Advantage**

Competitive advantage and business performance are greatly prejudiced by entrepreneur competence. It determines the level of success and business growth (Mitchelmore & Rowley, 2010), which means that the higher the level of entrepreneurial competence, the greater the business performance will be. On the contrary, business performance will be low if the competence of the entrepreneur is low. Therefore, entrepreneurs hold a key role in the competition area (Rubin, Matvienko, & Lednev, 2016). Companies that are capable of creating competitive advantage will be stayed to maintain their business sustainably, and all of this depends on the role of entrepreneur competence.

Research on the influence of entrepreneurial competence on competitive advantage through competitive advantage in MSMEs in South Sulawesi (Akmal, 2017) exhibits the conclusion that entrepreneurial competencies have a direct but not significant competitive advantage. However, writing about the business performance of entrepreneurial women in Kelantan, Malaysia concluded that entrepreneurial competence had a positive and important effect on competitive advantage along with a competitive advantage over business performance (Zainol & Al Mamun, 2018).

From those literature reviews, this research model is as follows:



**Fig 1. Research Model**

The model in figure 1 demonstrates the influence between variables, namely human capital and entrepreneurial competence on culinary business performance through competitive advantage. This model also relates to the formulation of the research hypothesis as follows:

1. Human capital has a direct effect on business performance
2. Human capital has a direct effect on competitive advantage
3. Human capital influences business performance through



- competitive advantage
- 4. Entrepreneurial competence has a direct influence on business performance
- 5. Entrepreneurial competence has a direct influence on competitive advantage
- 6. Competitive advantages influence business performance
- 7. Entrepreneurial competence influences business performance through competitive advantage.

**III. METHODOLOGY**

The technique utilized in this research is explanatory survey aimed at obtaining information and data on each variable and examining the effect of variable human capital, entrepreneurial competence, competitive advantage and culinary business performance and explaining the phenomena behind the relationships between these variables. The population in this study were the owners of culinary businesses in Manado City which were spread in 11 sub-districts and the sample is 125 owners of food stall, restaurants, cafes and non-permanent food/beverage sellers. The sampling technique used was taken by a proportional random sampling technique.

Data for each variable are collected using the main instrument in the form of a questionnaire collected directly from the respondent. Human capital variables, entrepreneurial competence and competitive advantage, are measured by a five-point Likert scale. The human capital variable is measured from 5 questions, namely the level of education, work experience, skills that have been followed related to culinary and skills that are suitable for work, and talent. Entrepreneurial competence is measured by nine indicators, namely innovative, ability to persuade, responsible, building networks, persevere, initiative, empower employees, ability to organize businesses and build trust. Competitive advantage variables are measured by four indicators, namely excellence in terms of product differentiation, quality of services provided, the comfort of the place of business, and price advantage. Meanwhile, business performance variable is measured by the average operating profit per month.

**IV. RESULTS AND FINDINGS**

Data collected are tested and analysed with path analysis techniques to prove the set of causal hypotheses such as the direct influence of human capital on business performance and indirect influence through competitive advantage, the direct influence of entrepreneurial competence on business performance and indirect influence through competitive advantage. The results are as follows:

**Table 1.** Regression Analysis Results (Model 1)

**Table 1.1** Model Summary (X<sub>1</sub>, X<sub>2</sub>) → Y

<b>Model Summary</b>
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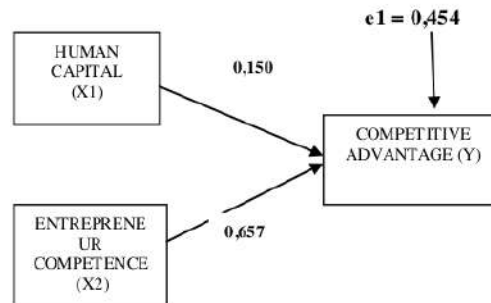
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739 <sup>a</sup>	<b>.546</b>	.538	.05944

a. Predictors: (Constant), X2, X1

**Table 1.2** Coefficients (X<sub>1</sub>, X<sub>2</sub>) → Y

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.800	.176		10.231	.000
	X1	.040	.019	<b>.150</b>	2.090	<b>.039</b>
	X2	.479	.052	<b>.657</b>	9.149	<b>.000</b>

a. Dependent Variable: Y



**Fig 2.** Output of Path Analysis Model 1

The results of Regression Model I in the coefficients table show the significance values of the human capital (X<sub>1</sub>) = 0.039 and entrepreneurial competency variables (X<sub>2</sub>) = 0.000, meaning that human capital influences the competitive advantage (Y) variable, because the significance coefficient is 0.039 < 0.05, as well as entrepreneurial competence. has an effect on Y because the significance coefficient is 0.000 < 0.05. In the summary model table 1.1, the R square value is 0.546, which means that human capital and entrepreneurial competence together influence the competitive advantage with 54.6% whereas the outstanding 45.4% was contributed by different variables which were not involved in this research. Meanwhile, the regression model 2 is as follows:

**Table 2.** Regression Analysis Results (Model 2)

**Table 2.1** Model Summary (X<sub>1</sub>, X<sub>2</sub>, Y) → Z

**Competitive Advantage and Culinary Business Performance: an Antecedent of Human Capital and Entrepreneur Competence**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780 <sup>a</sup>	.608	.598	.35580

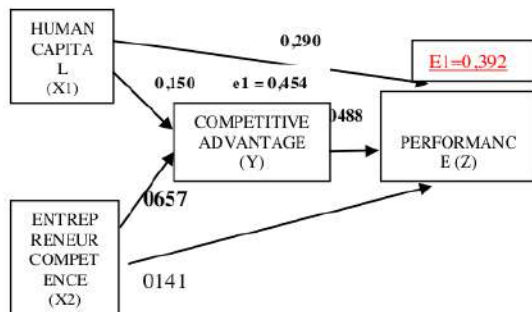
a. Predictors: (Constant), Y, X1, X2

**Table 2.2** Coefficients (X<sub>1</sub>, X<sub>2</sub>, Y) → Z

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-6.056	1.465		-4.135	.000
X1	.499	.117	<b>.290</b>	4.247	<b>.000</b>
X2	.658	.415	<b>.141</b>	1.588	<b>.115</b>
Y	3.132	.566	<b>.488</b>	5.538	<b>.000</b>

a. Dependent Variable: Z

Based on model 2 regression output in the coefficients table section, it is identified that the significance values of the three variables are human capital (X1) = 0.000, entrepreneurial competence (X2) = 0.115 and competitive advantage (Y) = 0.000. This shows that the significance value of human capital (X1) and competitive advantage (Y) is smaller than 0.05, meaning that human capital and competitive advantage have a significant effect on business performance while entrepreneurial competence (X2) has no significant effect because the significance value is greater than  $\alpha$  (0.115 > 0.05). The amount of the R Square 0.608 shows that the contribution of the influence of human capital (X1), entrepreneurial competence (X2) and competitive advantage (Y) on business performance (Z) is 60.8% while the remaining 39.2% was contributed through different variables not incorporated in this study. Pathway regression model 2 is as follows:



**Fig 3.** Output of Path Analysis Model 2

Based on the outcomes of the research it was found that the effect of human capital (X1) on culinary business performance (Z) obtained a importance value of 0,000 <0,05. It means that there is a direct and significant

influence among human capital and culinary business performance. Likewise, with the analysis of the effect of human capital (X1) on competitive advantages (Y) obtained a significance value of 0.0039 <0.05 meaning that there is a significant direct influence between human capital and competitive advantages.

The results of the analyses of the influence of entrepreneurial competence (X2) on culinary business performance (Z) obtained a significance value 0,115 > 0,05 This means that there is no direct and important effect between entrepreneurial competence and culinary business performance. The analysis of the influence of entrepreneurial competence (X2) on competitive advantage (Y) obtained a significance value of 0,000 < 0,05. This means that there is a significant direct influence between entrepreneurial competence and competitive advantage.

The results of the analysis of the effect of competitive advantage (Y) on culinary business performance (Z) from the analysis above obtained a significance value of 0,000 <0,05. This means that there is a significant direct influence between competitive advantages to culinary business performance.

The results of the analysis of the influence of human capital (X1) on culinary business performance (Z) indicate that the direct effect of human capital on business performance is 0.290, while the indirect effect of human capital on culinary performance through competitive advantage is the multiplication of beta human capital (X1) against competitive advantage (Y) and beta value of competitive advantage (Y) on culinary business performance (Z) which is  $0.150 \times 0.488 = 0.0732$ . Thus, the total effect given by human capital (X1) on culinary business performance (Z) is a direct effect coupled with indirect effects, namely:  $0.290 + 0.0732 = 0.3632$ . Based on the above calculation results, it is noted that the value of indirect influence is lower than the value of direct influence, which means that indirectly human capital (X1) through competitive advantage (Y) has no significant influence on performance (Z).

The analysis of the effect of entrepreneurial competence (X2) on culinary business performance (Z) display that the direct influence of entrepreneurial competence on culinary business performance is 0.141. However, the indirect influence of entrepreneurial competence on culinary business performance (Z) through competitive advantage (Y) is the multiplication of beta values of entrepreneurial competence (X2) to competitive advantage (Y) and beta value of competitive advantage (Y) to culinary business performance (Z) which is  $0.657 \times 0.488 = 0.3206$ . Thus, the total effect of entrepreneurial competence (X2) on culinary business performance (Z) is a direct effect coupled with indirect effects, namely:  $0.141 + 0.3206 = 0.4616$ . Based on the results of the calculation above it is revealed that the direct effect value is 0.141 and the indirect effect is 0.4616 that shows that the value of the indirect effect is larger than the value of the direct effect. It shows that indirectly, entrepreneurial competence

having a significant impact on business performance culinary through competitive advantages.

Overall, this research suggests that owners of culinary businesses in Manado City are able to focus on improving their culinary business performance by developing their human capital. It is the level of education, work experience, skills that have been followed related to culinary, and skills that are suitable for work and talent. From this research, owners of the culinary business in this city should also learn that they are capable of boosting their business performance in this culinary industry by developing their competence as entrepreneurs. It is the innovativeness of the entrepreneurs, their ability to persuade, their responsibility on the tasks, their ability to build networks, their persistence, entrepreneurs' initiative, their ability to empower employees, their ability to organize businesses and to build trust. It is also interesting to note for culinary business owners in Manado City that their entrepreneurs' competence can be strengthened to improve their business performance by the spirit of excellence in terms of conducting product differentiation, providing a better quality of services, producing a comfortable place of their business, and produce price advantage.

## V. CONCLUSION

This research has found that human capital significantly influences business performance directly. However, its indirect effect on business performance through competitive advantage is not significant. Interestingly, entrepreneurs' competence both influences significantly culinary business performance in Manado City directly and indirectly.

It can be resolved that human capital is able to improve culinary business performance through the increase of the level owners' education, work experience, skills which have been followed related to culinary, and skills which are suitable for work and talent. Likewise, entrepreneurs' competence also plays important roles in improving business performance with the improvement of their competence as an individual who is innovative, able to persuade, responsible, able to build networks, persevere, initiative, able to empower employees, able to organize businesses and to build trust. Interestingly, culinary business performance in Manado City is able to be improved in terms of its operating profit monthly by improving entrepreneurs' competence as well as strengthening its influence through the implementation of product differentiation, better services quality, the comfort of the place of business, and price advantage.

These results concluded that the research model has real support to improve culinary business performance in Manado City. These findings not only offer comprehension based on culinary entrepreneurs' view for improving business performance, but also the outcomes call attention to the proper implementation of every variable in the proposed model.

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