

BUSINESS PERFORMANCE MODEL BASED ON PRODUCT DIFFERENCE AND MANAGERIAL ABILITIES IN COFFEE SHOP BUSINESSES

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ABSTRACT

This research aims to determine a business performance model that is influenced by product differentiation and managerial capabilities. The research method used was a quantitative approach, from 44 respondents using correlation analysis and coefficient of determination. The results of this research show that the business performance model is strongly influenced by product differentiation and managerial ability.

Keywords : Product Differentiation, Managerial Ability and Business Performance

INTRODUCTION

Performance assessment is very important in all fields and activities, especially in economic activities. Performance is an issue that deserves to be studied more sharply. Business performance is influenced by many factors, and different economic actors interpret the concept of business performance differently to suit their expectations. Business performance must use resources, and its efficiency shows how effective those resources are [1]. Business performance has a close relationship with many factors. Business performance is strongly influenced by organizational commitment and business operational variables [2].

Product differentiation is one of the most important variables to remain competitive, not only because companies face an increasingly competitive landscape. Product differentiation must be able to provide added value to similar products to excel over competitors. Differentiation product is a strategy that companies use to achieve market power, done by producing that has a different positive identity in the minds of consumers [3]. Companies are of course asked to always differentiate their products from others. Uniqueness allows companies to gain greater profits [4]. Product differentiation, is the activity of designing a set of meaningful uniqueness to distinguish what is offered by the company from what is offered by competitors [5].

Managerial abilities in the business environment require the availability of skills and attributes to manage companies due to changes in globalization. Managers must improve their administrative skills and retain their talents with a clear end goal in mind, to be able to lead their respective groups effectively [6]. Four types of skills constituting managerial competency: generic skills, transferable across activities and organizations; movement or sector-related skills, organization-specific skills; and industry related skills [7].

Competition in the business world is becoming increasingly fierce, and entrepreneurs strive hard to stay ahead in the competition. Therefore, entrepreneurs need to enhance the performance of their respective businesses. One business facing significant competition today is the coffee shop business. Coffee shops, as places that offer various types of coffee drinks and other variations, have become the center of attention for many, especially the younger generation. The growing number of young people choosing coffee shops as places to gather, socialize, or work on

assignments has made coffee shops one of the most sought-after business destinations today. Bandung City is one of the cities with many coffee shops. Product differentiation must be able to provide added value to similar products to excel over competitors. With the rapid development of the coffee shop industry, business players often produce similar products to other coffee shop competitors. With the rapid development of the coffee shop industry, business players often produce similar products to other coffee shop competitors. This phenomenon increasingly reminds business players not to seek innovative breakthroughs to capture market share. The key to competitive survival lies in the ability of business players to obtain competitive advantages over competitors and improve their performance through product differentiation. Additionally, supporting business performance in tight competition certainly requires good managerial skills. Managerial capability is the ability to mobilize resources to achieve goals accurately, consisting of technical skills, human skills, and conceptual skills [8].

Based on the above problem explanation to determine the simultaneous effect of Product Differentiation and Managerial Capability on Business Performance in Coffee Shop Entrepreneurs. The method used in this research is a quantitative approach in size sample used is 44 coffee shops in Bandung. This research show that the business performance model is strongly influenced by product differentiation and managerial ability in Coffee Shop Entrepreneurs.

RESEARCH METHOD

This research applies a descriptive, quantitative, and verificative approach. The data sources utilized include primary and secondary data. Primary data are obtained through observation processes, direct interaction in interviews, and questionnaire completion, while secondary data are obtained from various scientific literature sources and previous studies. The sampling method applied is Saturated Sampling, where the entire population becomes the sample under investigation. The sample in this study is the Coffee Shops in Bandung City, totaling 44 Business Actors. The analytical methods applied include multiple correlation and determination coefficient calculation using SPSS software version 25.

RESULTS AND DISCUSSION

The constant value of 7.180 indicates that when the independent variable (X) has a value of zero (0) and if there is no change, then it will have the same value or equal to 7.180. Variable Product Differentiation, has a regression coefficient value of 0.162. Variable Managerial Ability, has a regression coefficient value of 0.032 in table 1.

Table 1. Multiple Linear Regression
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.180	2.032		3.534	0.001
Product differentiation	0.162	0.085	0.286	2.110	0.063
Managerial abilities	0.032	0.146	0.033	.217	0.829

a. Dependent Variable: KinerjaUsaha

Based on the regression analysis above, it can be concluded that there is an influence of Product Differentiation and Managerial Ability on Coffee Shops in Bandung City. In this case, business owners can implement each indicator of Product Differentiation and Managerial Ability, allowing the coffee shop to grow rapidly

From the table 2 above, it can be concluded that the significance value (Sig.) in the table is 0.200. This result means that the value is 0.200, which is greater than 0.05. Therefore, the data can be considered to have a normal distribution, and the normality assumption generated from the data can be fulfilled.

Table 2. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		44
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.42182954
Most Extreme Differences	Absolute	.085
	Positive	.063
	Negative	-.085
Test Statistic		.085
Asymp. Sig. (2-tailed)		.200 ^{c,d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Table 3 show that it can be observed that the Variance Inflation Factor (VIF) values for the Product Differentiation and Managerial Ability variables are 1.007, which is less than 10, and the Tolerance Value is 0.993, which is greater than 0.1. Therefore, the multicollinearity assumption of the data is fulfilled.

Table 3 . Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Diferensiasi Produk	.993	1.007
Kemampuan Manajerial	.993	1.007

The output of the data processing using SPSS 25 software reveals that Product Differentiation and Business Performance have a low level of correlation. This can be observed from the correlation result of 0.289 in table 4 which falls within the criteria classified as Low (0.20 – 0.399).

Table 4. Partial Correlation Coefficients of Product Differentiation on Business Performance

Correlations		Diferensiasi Produk	KinerjaUsaha
DiferensiasiProduk	Pearson Correlation	1	.289
	Sig. (2-tailed)		.057
	N	44	44
KinerjaUsaha	Pearson Correlation	.289	1
	Sig. (2-tailed)	.057	
	N	44	44

The correlation value indicates a positive relationship, suggesting a direct correlation between the two variables. If Product Differentiation increases, it can be expected that Business Performance will also improve.

Table 5 . Partial Correlation Test of Managerial Ability on Business Performance

		Kinerja Usaha	Kemampuan Manajerial
Business Performance	Pearson Correlation	1	.057
	Sig. (2-tailed)		.712
	N	44	44
Managerial Ability	Pearson Correlation	.057	1
	Sig. (2-tailed)	.712	
	N	44	44

Based on the table 5 above, the coefficient value of Business Performance is 0.057. According to the interpretation of correlation within the range of 0.00 - 0.199, this means that the level of relationship between Managerial Ability and Business Performance falls into the category of very low correlation.

Simultaneous Correlation Results in table 6 show that From the provided output, it can be concluded that the correlation value between Product Differentiation and Managerial Ability on Business Performance is 0.291. Based on the interpretation of correlation coefficients, this value falls into the category of low relationship because it lies within the interval range (0.20 - 3.99).

Table 6 . Simultaneous Correlation Coefficients of Product Differentiation and Managerial Ability on Business Performance

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.291 ^a	.085	.040	1.456

Based on the table 7 show about the R-square value is 0.085. This value indicates that the R-square value ranges between 0 and 1, where a value approaching 1 indicates that the formulated model can effectively explain the variance in Business Performance.

Table 7 . Coefficients of Simultaneous Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.291 ^a	.085	.040	1.456

a. Predictors: (Constant), Managerial Ability, Product Differentiation

b. Dependent Variable: Business Performance

The table indicates that the combined influence of Product Differentiation and Managerial Ability on Business Performance in Coffee Shops in Bandung City, is 8.5%. The remaining percentage, obtained by subtracting 8.5% from 100%, is 91.5%.

CONCLUSION

This study concludes that there is a significant influence both overall and partially between the variables of Product Differentiation and Managerial Ability on Business Performance. This is supported by the significant positive influence of Product Differentiation and Managerial Ability on Business Performance in Coffee Shops in Bandung City.

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