

## **Government Role and Product Innovation to Culinary Tourism Center Performance**



**Dewi Urip Wahyuni<sup>1</sup>, Eka Yuliati<sup>2</sup>, Dini Widayati<sup>3</sup>**

<sup>1,2,3</sup>Indonesia School of Economics (STIESIA) Surabaya, Indonesia

**ABSTRACT:** The impact of covid 19 makes a person struggle to fulfill his life needs, namely through entrepreneurship. The results of the study The role of the government has an effect on business motivation, Product innovation has a positive and significant effect on business motivation, Entrepreneurial orientation has an effect on business motivation, The role of the government has no effect on the performance culinary tourism center, Product innovation has an effect on the performance culinary tourism center, Entrepreneurial orientation has an effect on the performance culinary tourism center. The higher the entrepreneurial orientation, the higher the performance culinary tourism center in East Surabaya, Business motivation effects the performance culinary tourism center in East Surabaya, Business motivation mediates the influence of the Government's role on the performance culinary tourism center in East Surabaya, Business motivation mediates the effect of product innovation on performance culinary tourism center in East Surabaya, Business motivation mediates the effect of product orientation on the performance of culinary tourism center in East Surabaya.

**KEYWORDS:** government role, product innovation, performance of SWK

### **INTRODUCTION**

In the current era due to the impact of covid 19, limited employment opportunities and unstable economic life. This also affects the insistence of the necessities of life that is not endless. Many people start life by doing entrepreneurship in order to overcome problems and see the opportunities that exist, because basically entrepreneurship is the character or characteristic of a person in developing their will to realize their ideas through innovation to develop their business through new ideas they have. Ondang, *et.al* (2019) Local governments must make a real contribution to MSMEs in maintaining existing products at a time when many imported products enter the domestic market. Hidayanti (2012) in Febriansyah and Muhajirin (2020) Creativity is thinking of something new. Creativity is the ability to develop new ideas and to find new ways of solving problems in the face of opportunities. Hills (2008) in hadiyati, E (2011) defines innovation as an idea, practice or object that is perceived as new by an individual or other user unit. Entrepreneurial orientation tends people to carry out activities or actions to support the success of their business (Wiklund & Shepherd, 2005 dalam Felix (2021). Motivation is one of the factors that influence business success because the main motivation of a person to become *entrepreneur be their own bosses* (Hutagalung, *et.al.* 2010 : 89). In an era of increasingly fierce competition, and environmental changes, including information technology, of course, it is very necessary to have good quality human resources in order to adapt to these changes. Suryantini, *et. al.*, (2020), Dhamayantie, *et. al.*, (2017), Purwaningsih, *et. al.*, (2015). Culinary tourism center in east surabaya is still not able to accommodate all SME players in their respective areas so that they are still many who carry out activities in all places that do not have the potential to carry out their business activities so they open stalls in public places such as on the roadside, in front of the shop so that it often interferes with public roads. Ondang, *et.al* (2019) empowerment has not been reached by all business actors, so there are business actors who have not received empowerment from the Cooperatives and SMEs Office.

This study, especially for culinary tourism centers, must have an entrepreneurial spirit so that they can create product innovations and can create their own jobs and the role of the Government is needed to develop the potential of culinary tourism centers in East Surabaya.

### **2. LITERATURE REVIEW**

The COVID-19 pandemic had an impact on culinary tourism center. They are unable to continue their business. It makes the Government intervene to provide guidance it so that they can survive, so it need strategies and policies are needed, namely through digitalization because digital technology has changed the way of doing business and interacting with consumers so that they need to adapt. Minister of the Coordinating Ministry for the Economy (2021) The government continues to make a

## Government Role and Product Innovation to Culinary Tourism Center Performance

commitment to support MSMEs so that they can survive, develop and grow amidst the challenges of the pandemic and carry out transformation through the National Economic Recovery program. The government continues to commit to supporting MSMEs so that they can survive, develop and grow and carry out transformation through the National Economic Recovery. Gede Diva (2009 :15-18) dalam Nirwana, *et.al* (2017) In the development of MSMEs, the effective and optimal role of the government is realized as: Facilitator, the role of the government as a facilitator is to create conditions conducive to the implementation of development to develop community aspirations so that it can attract both foreign and local investors to encourage the regional economy,

Regulators, make policies to facilitate the development of SMEs. SMEs in developing their business. The government also supports the business success of MSMEs the existence of MSMEs based on the rules the roles, No. 20, 2008, Catalysators, give motivation to increase the amount of production or quality of production to develop entrepreneurship by using innovative product approaches so that they can have a positive impact on society, especially the lower economic, the role of the government in guiding culinary professionals in culinary tourism centers.

Entrepreneurial orientation is a process in making decisions about the development and creation of an innovative new product. An entrepreneur who has an entrepreneurial orientation when she has building a strategy to develop his company will give customer satisfaction, and will also always monitor whether the product in accordance with their hope or customer expectations.(Sumiati, 2015). (Matsuno et. al., 2002; Miller, 1983 in Hardiyono, *et.al* ( 2019) Entrepreneurial orientation can be measured by 3 dimensions namely : Entrepreneurial orientation can be measured with 3 dimensions, namely: Innovation is a desire or seriousness to create curiosity and explore self-potential to be able to create new ideas in starting a business, Proactivity is a very important attitude in doing business because it is expected to be able to capture existing opportunities. with a clear vision for the future, taking risks is an action in starting a new business, especially in daring to lose, dare to take decisions, dare to face problems, and dare to go bankrupt.

Product innovation is an improvement or change to an existing product. In order to compete, it is expected to create new ideas and produce innovative products. This is done in order to meet market demand so it can fulfill the consumers hope. So that they can survive in the face of competition Arief, M., & Rosiawan (2018). Indicators of product innovation according to Bao, *et. al*, 2017: The company introduces product innovations with completely new attributes to the market, new products are very innovative in meeting customer needs, The new product is expected to meet the customer in order to be fulfilled and the customer will be more and more, Companies often adopt new ideas in the development of odor products, business owners always create new ideas to develop their products. Companies often adopt new ideas so that their products can be of interest to many people, Companies introduce new products quickly to the market, the company introduces new products quickly to the market, especially during the COVID-19 pandemic, which is not sure how long it will stop.

Business motivation is an impulse or self-stimulation to take an action. Each individual has different motivation depending on how the individual reacts to it. Now, the MSME business is still surviving. This is an extraordinary motivational impact in surviving so that the MSME business does not stagnate, besides it is necessary to provide assistance and training to stay enthusiastic in doing it. Yusniar (2017) Motivation is an impulse that arises from a person, whether it comes from himself or from others in doing something. Sugiarto (2015) Factors that influence interest in entrepreneurship include; Internal factors, namely factors that come from within an entrepreneur. For example personal traits, attitudes, willingness, and individual skills, External factors, namely factors that come from outside an entrepreneur. As well as elements that come from the surrounding environment, family environment, socio-economic, and others

The performance of SWK is marked by the ability of each entrepreneur to create sales volume while still taking into account the production price issued. The SWK performance criteria are based on the perceptions of each entrepreneur who is part of the SWK. Huntasuhunt in Ningsih and Pujiati (2019) an entrepreneur must have an entrepreneurial character that contributes to the development of a business that is run through an independent attitude, dare to take risks, knowledge of products. Munizu (2010) in Kore and Septarini (2018) Sales growth rate / increased sales turnover: Revenue achievement measured in a certain period of time so that if sales are high it can increase revenue and business performance will also increase, Increased capital / financial growth rate: Capital has an important role in running a business, High labor growth rate : The workforce is people who work for business owners (SWK), Extensive market growth rate : Take effective market opportunities in other SWKs or open branches because of their success, Continuously increasing profit/profit growth rate : Return on working capital is balanced with operational costs.

# Government Role and Product Innovation to Culinary Tourism Center Performance

## CONCEPTUAL FRAMEWORK

The following conceptual framework as follows:

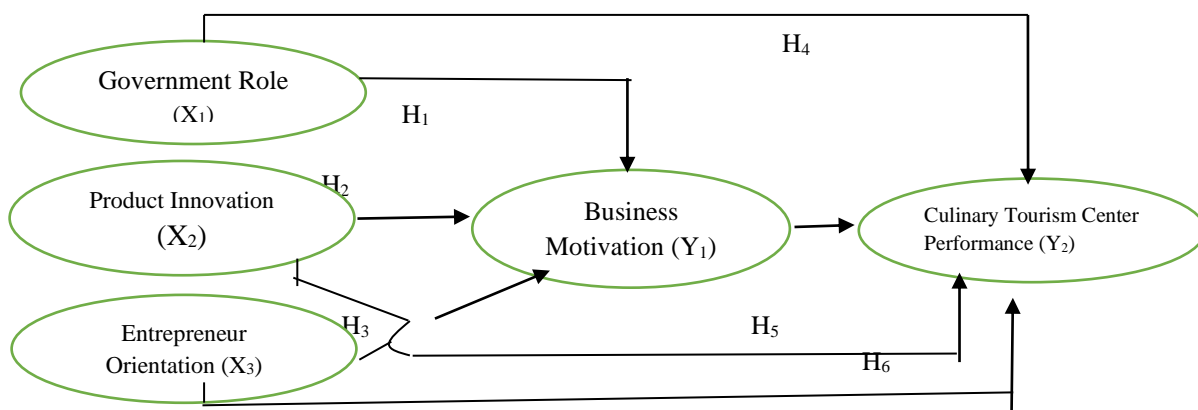


Figure 1. Conceptual framework

Hypotheses are :

1. Government Role effects to business motivation in culinary tourism center in East Surabaya
2. Product Innovation effect to business motivation in culinary tourism center in East Surabaya
3. Entrepreneurship Orientation effect to business motivation in culinary tourism center in East Surabaya
4. Government Role effect to culinary tourism center performance in East Surabaya
5. Product Innovation effects to culinary tourism center performance in East Surabaya
6. Entrepreneur Orientation effects to culinary tourism center performance in East Surabaya
7. Business Motivation effects to culinary tourism center performance in East Surabaya
8. Business Motivation mediate influence government role to culinary tourism center in East Surabaya
9. Business Motivation mediate influence product innovation to culinary tourism center in East Surabaya
10. Business Motivation mediate influence entrepreneur orientation to culinary tourism center in East Surabaya

## RESEARCH METHODOLOGY

This research uses quantitative research. The population in this study is a culinary tourism center in East Surabaya with a total number of 353 with 10 culinary tourism center in East Surabaya. The sample used in this study are culinary tourism center in East Surabaya. Sampling using the maholtra formula. Hair, *et al* in Ferdinand (2002:48) The size of the sample plays an important role in the estimation and interpretation of SEM results, for SEM analysis is 100 – 200. The sample size depends on the number of indicators used in all latent variables and the number of samples to be analyzed by SEM requires 5 to 10 observations for each parameter estimate. Determine the number of samples in each region, namely the number of culinary tourism centers in each area of East Surabaya multiplied by the number of indicators. This research uses 17 indicators multiplied by nine with a total of 153 samples of culinary tourism centers in east Surabaya. The sampling technique in this research is cluster proportional sampling. Sugiyono ( 2012 :126) cluster proportional sampling is take sample by region.

Descriptives the results of the characteristics respondents as follows:

Table 1. Data Responden

| Respondents' profile | Description          | Frequency | Percent |
|----------------------|----------------------|-----------|---------|
| Age                  | 18 – 20 years        | 53        | 34.7    |
|                      | 21 – 40 years        | 81        | 52.9    |
|                      | 41 – 50 years        | 11        | 7.2     |
|                      | More than 50 years   | 8         | 5.2     |
| Gender               | Male                 | 103       | 67.3    |
|                      | Female               | 50        | 32.7    |
| Education            | SMP atau sederajat   | 27        | 17.7    |
|                      | SMA atau sederajat   | 95        | 62.0    |
|                      | Diploma              | 10        | 6.5     |
|                      | Sarjana (S1)         | 21        | 13.8    |
|                      | Pascasarjana (S2/S3) | -         | -       |
| Marital Status       | Not married yet      | 18        | 11.8    |
|                      | married              | 109       | 71.2    |

## Government Role and Product Innovation to Culinary Tourism Center Performance

| Respondents' profile        | Description            | Frequency | Percent |
|-----------------------------|------------------------|-----------|---------|
|                             | divorce                | 26        | 17.0    |
| Length of Work in Bussiness | Less than 1 years      | 85        | 55.6    |
|                             | 1 – 5 years            | 66        | 43.1    |
|                             | 6 – 10 years           | 2         | 1.3     |
|                             | 11 – 15 years          | -         | -       |
|                             | More than 15 years     | -         | -       |
| Turnover per Month          | Less than Rp.500       | 86        | 56.2    |
|                             | Rp.600 – Rp.1 million  | 60        | 39.2    |
|                             | Rp.2 – Rp.3 million    | 7         | 4.6     |
|                             | More than Rp.3 million | -         | -       |

Table 1 that who sell are dominated by the age of 21-40 years. That are 81 people or 52.9%. While the least are traders with the age of more than 50 years, there are 8 traders or 5.2%. Gender characteristics are dominated by men as much as 89 traders or 58%. The rest are female, it is about 64 traders or 42%. The educated are dominated by senior high school, it is 95 traders or 62.0%. Then, the last educated is diploma 10 traders or 6.5%.

### THE RESULT OF THIS RESEARCH

Describe the results of the analysis based on questionnaires. The results of respondents' responses to each indicator are categorized using the class interval formula as follows (Nazir, 2009:379):

$$\text{Class interval} = \frac{\text{Range}}{\text{Jumlah interval kelas}} = \frac{\text{high score} - \text{lowest score}}{\text{the amount of class interval}} = \frac{5 - 1}{5} = 0,80$$

The result of interval class about 0,80. This mark will be used as category as follows :

- 1,00 < mean ≤ 1,80 : strongly disagree,
- 1,80 < mean ≤ 2,60 : disagree
- 2,60 < mean ≤ 3,40 : neutral
- 3,40 < mean ≤ 4,20 : agree
- 4,20 < mean ≤ 5,00 : strongly agree

**Table 2. Descriptive statistics of the indicators**

| Variable  | Indicators |  | Mean | SD   | Level Persetujuan |
|---|------------|--|------|------|-------------------|
|   | Label      | Descriptions   |      |      |                   |
| <i>Government Role (X<sub>1</sub>)</i>              | X1.1       | The government always provides culinary places at culinary tourism centers according to the type of business   | 4.15 | 0.79 | agree             |
|   | X1.2       | The government always provides protection for the continuity of the culinary tourism center business           | 4.02 | 0.86 | agree             |
|   | X1.3       | The government is always ready to facilitate funding for culinary tourism centers through small business loans | 4.26 | 0.62 | Strong agree      |
|   | X1.4       | The government provides guidance to culinary people in culinary tourism centers                                | 4.05 | 0.55 | agree             |
| <i>Product Innovation (X<sub>2</sub>)</i>           | X2.1       | The Sellers create new variants  | 4.03 | 0.82 | agree             |
|   | X2.2       | The Sellers create products according to consumer tastes   | 3.55 | 1.03 | agree             |
|   | X2.3       | The sellers always doing promotion to attract consumers  | 3.93 | 0.51 | agree             |
|   | X2.4       | The sellers are trying to maintain the existing market segmentation  | 4.05 | 0.56 | agree             |
| <i>Entrepreneurship Orientation (X<sub>3</sub>)</i> | X3.1       | Culinary tourism center always doing innovate their products that have been produced                           | 3.82 | 0.82 | agree             |
|   | X3.2       | Culinary tourism center always pick up consumers according to the products sold                                | 4.56 | 0.50 | Strong agree      |
|   | X3.3       | Culinary tourism center always consider profit and loss in doing their business                                | 4.13 | 0.69 | agree             |
| <i>Business Motivation (Y<sub>1</sub>)</i>          | Y1.1       | The sellers always enthusiastic in running their business  | 3.69 | 0.90 | agree             |
|   | Y1.2       | The sellers try to always want to be above the competitors   | 3.71 | 0.95 | agree             |
| <i>Culinary Tourism Center Performance</i>          | Y2.1       | The sellers trying to maintain sales volume  | 3.65 | 0.92 | agree             |
|   | Y2.2       | The sellers always calculate the profit better than before   | 4.05 | 0.62 | agree             |
|   | Y2.3       | The sellers try to recruit employees according to their abilities  | 4.05 | 0.66 | agree             |

## Government Role and Product Innovation to Culinary Tourism Center Performance

| Variable          | Indicators |  | Mean | SD   | Level Persetujuan |
|-------------------|------------|--|------|------|-------------------|
|                   | Label      | Descriptions                                       |      |      |                   |
| (Y <sub>2</sub> ) | Y2.4       | The sellers promote products through social media  | 3.61 | 0.84 | agree             |
|                   | Y2.5       | The sellers maintain the ability to achieve profit | 4.13 | 0.72 | agree             |

### CONSTRUCT VALIDITY

*Construct validity* shows a test to find out the extent to which indicators measure the construct. In SEM, construct validity test is done through convergent validity, with rule of thumb is the construct fullfill convergent validity if the indicator in the construct has a value of standardized regression weight (factor loading) above 0,50.

**Table 3. Construct validity**

| Variabel   | Indikator        | Factor Loading (FL) | Keputusan |
|--|------------------|---------------------|-----------|
| <i>Government Role (X<sub>1</sub>)</i>                     | X <sub>1.1</sub> | 0.756               | Valid     |
|  | X <sub>1.2</sub> | 0.800               | Valid     |
|  | X <sub>1.3</sub> | 0.754               | Valid     |
|  | X <sub>1.4</sub> | 0.706               | Valid     |
| <i>Product Innovation (X<sub>2</sub>)</i>                  | X <sub>2.1</sub> | 0.719               | Valid     |
|  | X <sub>2.2</sub> | 0.760               | Valid     |
|  | X <sub>2.3</sub> | 0.615               | Valid     |
|  | X <sub>2.4</sub> | 0.516               | Valid     |
| <i>Entrepreneurship Orientation (X<sub>3</sub>)</i>        | X <sub>3.1</sub> | 0.799               | Valid     |
|  | X <sub>3.2</sub> | 0.709               | Valid     |
|  | X <sub>3.3</sub> | 0.831               | Valid     |
| <i>Business Motivation (Y<sub>1</sub>)</i>                 | Y <sub>1.1</sub> | 0.758               | Valid     |
|  | Y <sub>1.2</sub> | 0.811               | Valid     |
|  | Y <sub>2.1</sub> | 0.822               | Valid     |
|  | Y <sub>2.2</sub> | 0.746               | Valid     |
| <i>Culinary Tourism Center Performance (Y<sub>2</sub>)</i> | Y <sub>2.3</sub> | 0.716               | Valid     |
|  | Y <sub>2.4</sub> | 0.717               | Valid     |
|  | Y <sub>2.5</sub> | 0.773               | Valid     |

Table 3 show on the measurement model for each indicator and each construct consisting of *government role*, *product innovation*, *entrepreneurship orientation*, *business motivation*, and *culinary tourism center performance* are all of them have factor loading more than 0.50. It means that all of indicators are valid in shaping construct and can be used to make models.

### CONSTRUCT RELIABILITY

A construct is said to be reliable if the value of *construct reliability* more than 0,70 (Solimun, 2017:78). The following construct reliability:

**Table 4. Construct reliability**

| Variable   | Construct Reliability | Decision |
|--|-----------------------|----------|
| <i>Government Role (X<sub>1</sub>)</i>                     | 0.841                 | Reliable |
| <i>Product Innovation (X<sub>2</sub>)</i>                  | 0.751                 | Reliable |
| <i>Entrepreneurship Orientation (X<sub>3</sub>)</i>        | 0.824                 | Reliable |
| <i>Business Motivation (Y<sub>1</sub>)</i>                 | 0.762                 | Reliable |
| <i>Culinary Tourism Center Performance (Y<sub>2</sub>)</i> | 0.869                 | Reliable |

Table 4 above tell that all of the *construct reliability* are more than 0,70.

### ANALISIS STRUCTURAL MODEL

#### Structural model fit

Structural model fit (*goodness of fit*) have a function to make sure that model is in accordance with the data (*fit*). The estimation results of the structural model are presented in Figure 2 below:

## Government Role and Product Innovation to Culinary Tourism Center Performance

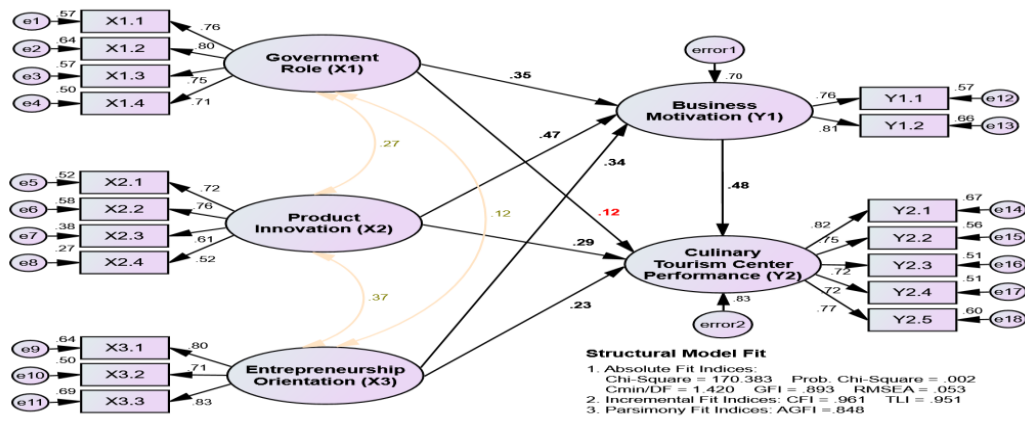


Figure 2. Assessing the structural model

The results of the calculation of the index value-*goodness of fit* has a result structural model is as follows:

Table 5. Fit measure for the structural model

| Fit Measure             |             | Critical Value | Structural Model |              |
|-------------------------|-------------|----------------|------------------|--------------|
|                         |             |                | Index value      | Decision     |
| Absolute Fit Indices    | Probability | > 0.05         | 0.002            | Poor fit     |
|                         | Cmin/DF     | ≤ 2.00         | 1.420            | Good fit     |
|                         | GFI         | ≥ 0.90         | 0.893            | Marginal fit |
|                         | RMSEA       | ≤ 0.08         | 0.053            | Good fit     |
| Incremental Fit Indices | CFI         | ≥ 0.95         | 0.961            | Good fit     |
|                         | TLI         | ≥ 0.95         | 0.951            | Good fit     |
| Parsimony Fit Indices   | AGFI        | ≥ 0.90         | 0.848            | Marginal fit |

From the table above, show that *absolute fit indices*, *incremental fit indices*, dan *parsimony fit indices* have qualified (*marginal fit* and *good fit*), it can be concluded that structural model have accepted, and then tested the significance of the influence between variables, both direct and indirect effects. Probability criteria statistik *chi-square* which poor fit is not problem because according to Hair *et al.* (2014:578) *chi-square* statistic have weaknesses, so that it is not used for *goodness of fit*, so we have to use GFI in order to reduce the bias of the number of samples and the complexity of the model (Hair *et al.*, 2014:580).

### ANALYSIS OF THE DIRECT EFFECT

Hypothesis testing to test the significance of the effect between variables, using the *critical ratio (CR)* and probability (*p-value*). Whether or not the influence between variables is significant using the provisions if the value  $CR \geq 1,96$  or  $p\text{-value} \leq 5\%$ , then it is decided that there is a significant effect between these variables. The result of *testing structural relationships* based on output SEM as the following:

Table 6. Summary of the direct effect testing

| Hip.           | Direct effect relationship   | Std. Estimate | C.R.  | P value              |
|----------------|--|---------------|-------|----------------------|
| H <sub>1</sub> | Government Role (X <sub>1</sub> ) → Business Motivation (Y <sub>1</sub> )              | 0.353         | 4.021 | 0.000*               |
| H <sub>2</sub> | Product Innovation (X <sub>2</sub> ) → Business Motivation (Y <sub>1</sub> )           | 0.473         | 4.539 | 0.000*               |
| H <sub>3</sub> | Entrepreneurship Orientation (X <sub>3</sub> ) → Business Motivation (Y <sub>1</sub> ) | 0.339         | 3.633 | 0.000*               |
| H <sub>4</sub> | Government Role (X <sub>1</sub> ) → Performance (Y <sub>2</sub> )                      | 0.118         | 1.377 | 0.168 <sup>n.s</sup> |
| H <sub>5</sub> | Product Innovation (X <sub>2</sub> ) → Performance (Y <sub>2</sub> )                   | 0.287         | 2.529 | 0.011*               |
| H <sub>6</sub> | Entrepreneurship Orientation (X <sub>3</sub> ) → Performance (Y <sub>2</sub> )         | 0.234         | 2.670 | 0.008*               |
| H <sub>7</sub> | Business Motivation (Y <sub>1</sub> ) → Performance (Y <sub>2</sub> )                  | 0.480         | 2.873 | 0.004*               |

\*. Significant at the 0.05 level                      n.s. Not significant

From the table above:

a. the result of effect parameter estimation the influence of *government role* to *business motivation* show that the effect of significant CR about 4.021 (more than 1,96) and probability value (*p-value*) about 0.000 (less than 5%). The resulting coefficient of influence is 0.353 (positif), it means the better the government's role in providing facilities, regulations, and funding support to

## Government Role and Product Innovation to Culinary Tourism Center Performance

MSME in culinary tourism centers, the higher the business motivation of the MSME. Thus, the first hypothesis which states that the government role affects business motivation at the culinary tourism center in East Surabaya, can be accepted ( $H_1$  is accepted).

b. the result of effect parameter estimation the influence of *product innovation* to *business motivation* shows that the effect of significant *CR* about 4.539 (more than 1,96) and probability value (*p-value*) about 0.000 (less than 5%). The resulting coefficient of influence is 0.473 (positif), it means that the higher the product innovation carried out by MSME in the culinary tourism center, the higher the motivation for their business. Thus, the second hypothesis which states that product innovation has an effect on business motivation at culinary tourism centers in East Surabaya is also acceptable ( $H_2$  is accepted).

c. the result of effect parameter estimation the influence of *entrepreneurship orientation* to *business motivation* shows that the effect of significant *CR* about 3.633 (more than 1,96) and probability value (*p-value*) about 0.000 (less than 5%). The resulting coefficient of influence is 0.339 (positif), it means the higher the entrepreneurial orientation of MSME actors in culinary tourism centers, the higher the motivation for their business. Thus, the third hypothesis which states that entrepreneurship orientation has an effect on business motivation at culinary tourism centers in East Surabaya is also acceptable ( $H_3$  is accepted).

d. the result of effect parameter estimation the influence of *government role* to *culinary tourism center performance* shows that the coefficient is not significant *CR* about 1.377 (less than 1,96) and probability value (*p-value*) about 0.168 (more than 5%). The resulting coefficient is about 0.118, it means The better the role of the government in providing facilities, regulations, and funding support to MSME actors in culinary tourism centers, has not been able to have a real impact on improving the business performance of these MSME. Thus, the fourth hypothesis which states that the government role affects culinary tourism center performance at culinary tourism centers in East Surabaya, cannot be accepted ( $H_4$  is rejected).

e. the result of effect parameter estimation the influence of *product innovation* to *culinary tourism center performance* shows that the effect of significant *CR* 2.529 (more than 1,96) and probability value (*p-value*) about 0.011 (less than 5%). The result of coefficient about 0.287 (positif), it means the higher the product innovation carried out by MSME in the culinary tourism center, the higher the business performance. Thus, the fifth hypothesis which states that product innovation has an effect on culinary tourism center performance at culinary tourism centers in East Surabaya, can be accepted ( $H_5$  is accepted).

f. the result of effect parameter estimation the influence of *entrepreneurship orientation* to *culinary tourism center performance* shows the effect of significant *CR* about 2.670 (more than 1,96) and probability value (*p-value*) about 0.008 (less than 5%). The resulting coefficient of influence is only 0.234 (positif), it means The higher the entrepreneurial orientation of MSME in culinary tourism centers, the higher their business performance. Thus, the sixth hypothesis which states that entrepreneurship orientation affects culinary tourism center performance at culinary tourism centers in East Surabaya is also acceptable ( $H_6$  is accepted).

g. the result of effect parameter estimation the influence of *business motivation* to *culinary tourism center performance* is also show significant effect on the value of *CR* about 2.873 (more than 1,96) and probability value (*p-value*) 0.004 (less than 5%). The resulting coefficient of influence is only 0.480 (positif), it means The higher the business motivation of MSME in culinary tourism centers, the higher their business performance. Thus, the seventh hypothesis which states that business motivation affects culinary tourism center performance at culinary tourism centers in East Surabaya is also acceptable ( $H_7$  is accepted).

### Analysis of the indirect effect

The next Analysis is *testing structural relationships indirect effect*. *Hypothesis testing to test the significance of the indirect effect is carried out in the same way, namely using the value of critical ratio (CR) and probability value (p-value)*. If  $CR \geq 1,96$  or  $p\text{-value} \leq 5\%$ , then it was decided that there was a significant mediating effect. After testing the significance of the effect of mediation, the next step is to find out the nature of the mediation. Ghazali (2015:248) explained, detecting the nature of mediation can be seen from the effect of mediation, if the direct effect of exogenous variables on endogenous variables is significant, and the indirect effect through intervening variables is also through a significant path, then it is said *partially mediation*. *Otherwise, if the direct effect of the exogenous variable on the endogenous variable is not significant, while the indirect effect is through the intervening variable through a significant path, then it is said fully mediation or perfect mediation*. The following are the results of *testing structural relationships in the context of testing the indirect effect based on SEM output* :

**Table 7. Summary of the indirect effect testing**

| Indirect effect relationship   | Std. Estimate        | P-value | Type of mediator    |
|--|----------------------|---------|---------------------|
| <i>Government Role (X<sub>1</sub>) → Business Motivation (Y<sub>1</sub>) → Culinary Tourism Center Performance (Y<sub>2</sub>)</i>                   | 0.169                | 0.018*  | Fully mediation     |
| <i>Product Innovation (X<sub>2</sub>) → Business Motivation (Y<sub>1</sub>) → Culinary Tourism Center Performance (Y<sub>2</sub>)</i>                | 0.227                | 0.044*  | Partially mediation |
| <i>Entrepreneurship Orientation (X<sub>3</sub>) → Business Motivation (Y<sub>1</sub>) → Culinary Tourism Center Performance (Y<sub>2</sub>)</i>      | 0.163                | 0.013*  | Partially mediation |
| *. Significant at the 0.05 level   | n.s. Not significant |         |                     |
| Significance test <i>indirect effect</i> using approach <i>bias corrected percentile method</i> , which is a modification <i>sobel test</i> which is |                      |         |                     |

## Government Role and Product Innovation to Culinary Tourism Center Performance

| Indirect effect relationship | Std. Estimate | P-value | Type of mediator |
|------------------------------|---------------|---------|------------------|
| adapted to the SEM context.  |               |         |                  |

Table 7 above, it can be explained that the results of the indirect path significance test  $X_1 \rightarrow Y_1 \rightarrow Y_2$  shows a significant effect with the value of probability value (*p-value*) about 0.018 (less than 5%). Thus, business motivation significantly mediates the influence of the government's role on the performance of culinary tourism centers. The properties of the known mediators are *fully mediation*, meaning that the performance of culinary tourism centers in East Surabaya can only be improved by the role of the government that is able to create business motivation. Support facilities, regulations, and catalysts designed by the city government, must accommodate the expectations of business actors, so that they are able to grow their business motivation, which in the end will increase their business performance in culinary centers.

The result of Indirect path  $X_2 \rightarrow Y_1 \rightarrow Y_2$  also shows a significant effect with the significance value (*p-value*) about 0.044 (less than 5%). Thus, business motivation also significantly mediates the effect of product innovation on the performance of culinary tourism centers. The mediators are *partially mediation*, it means that improving the performance of culinary tourism centers in East Surabaya can only be done by increasing product innovation, but if it is also supported by increasing business motivation, then the performance of SMEs in culinary tourism centers can be further increased.

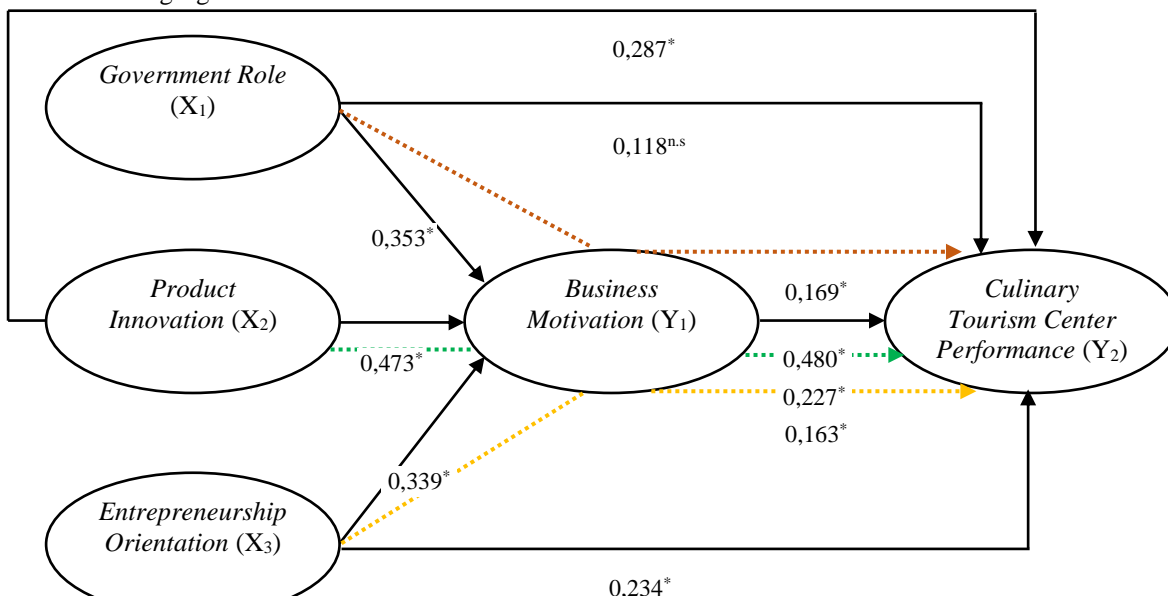
The result of Indirect path  $X_3 \rightarrow Y_1 \rightarrow Y_2$  also shows a significant effect with the significance value (*p-value*) about 0.013 (less than 5%). Thus, business motivation also significantly mediates the effect of entrepreneurial orientation on the performance of culinary tourism centers. The properties of the known mediators are *partially mediation*, it means that improving the performance of culinary tourism centers in East Surabaya can only be done by increasing entrepreneurial orientation, but if it is also supported by increasing business motivation, then the performance of SWK in culinary tourism centers can be even more improved.

### Analysis of the total effect

The *total effect* for each variable on the performance of culinary tourism centers is the sum of its direct and indirect effects. The *total effect* does not need to be calculated manually, but has been calculated automatically by the Amos software. The total effect can be compared with the value of the variable mean. Total effect shows the total effect of the predictor variables in increasing the response (in this case the performance of culinary tourism centers), while the mean shows the average value of the tendency to be centered on each variable. The results of Comparative analysis is *variable mean* dan *total effect* conclude that In order to improve the performance of culinary tourism centers in East Surabaya, the first priority is X2 (innovation product), then Y1 (business motivation), X3 (entrepreneurial orientation), and the last X1 (Government Role). Product innovation is the main concern because the total effect is greatest on the performance of culinary tourism centers, meaning that if business actors have good product innovations, it will have a major impact on improving their business performance, either directly or indirectly through mediation of business motivation.

### The result of estimation model

After estimating the model, both testing the significance of the direct and indirect effects, the estimation results can be combined in the following figure:



Note: \*. Significant at the 0.05 level n.s. Not significant - - - -: indirect effect

Figure 3. The result of estimation model SEM



### DISCUSSION

#### **The role of government affects business motivation at the culinary tourism center in East Surabaya**

The results showed that the government's role had an effect on business motivation. This proves that the higher the role of the government in paying attention to the SWKs, the higher the motivation for their business in running their business. This shows that the government's role is very important to support the development of culinary tourism centers in running their business. The government as a facilitator is by providing a special place for street vendors to sell in that place, the government is also a regulator that is providing protection for the continuity of the business continuity of culinary tourism centers, the government is also a catalyst that is ready to provide loans through small business loans and also the government as a coach, to provide coaching and debriefing so that the spirit in running their business. The government built a SWK in the eastern Surabaya area so that street vendors can be organized again so that all street vendors are placed in SWK. Ondang, C *et.al* (2019) the implementation of empowerment in Minahasa Regency, the Cooperatives and SMEs Office is only limited to providing motivation and entrepreneurship counseling for business actors.

#### **Product innovation affects business motivation at culinary tourism centers in East Surabaya**

The results showed that product innovation had an effect on business motivation. This shows that product innovation in food must continue to be considered so that buyers are happy because there is something new and will come back again to buy. The traders in the culinary tourism center of East Surabaya try to make food variances that previously existed and then make them more interesting by giving various kinds of food names so that they can attract buyers to buy and try them, such as: tofu krezz, tofu go, tofu hashtag, meatball boxes, fried rice with many kinds of flavours, tofu egg, crystal guava salad etc. These names are the creativity of the traders so that their sales can be accepted by the public and remember their names.

#### **Entrepreneurship orientation affects business motivation at culinary tourism centers in East Surabaya**

The results of the study show that entrepreneurial orientation in SWK culinary influences business motivation. Entrepreneurial orientation is urgently needed by SWK traders because it can encourage and provide enthusiasm in developing their business. SWK traders always innovate their products by providing a wide variety of flavors, shapes, models for the food products they sell and are always proactive in running their business, not forgetting to always pay attention to loss and profit in making decisions.

#### **The role of the government does not affect the performance of culinary tourism centers in East Surabaya**

The government has prepared land and places to sell street vendors in the hope that all street vendors can be accommodated so that they are named culinary tourism centers. The reality is that the places that have been prepared by the government are still inadequate and still crowded, so there are still many traders who have not been accommodated. In addition, there are also many traders who prefer to sell by traveling because according to him picking up the ball is better. This is due to the lack of interest of buyers to come to the central location which according to him is not feasible, too crowded and there are some buyers who do not want to leave the house because they are inefficient and prefer to wait for the seller to come. The government is still not optimal in providing guidance to traders so there is still a lack of awareness to become one in culinary tourism centers, especially in the eastern Surabaya area. The location is a special center for sellers who have Surabaya ID cards, while in Surabaya there are still many sellers who come from villages to cities and still have ID cards in the village.

#### **Product innovation affect to the performance of culinary tourism centers in East Surabaya**

The results of product innovation research affect the performance of culinary tourism centers. SWK traders always innovate their products so that their products are liked by visitors, one of which is making various types of food and drinks from traditional to modern ones. Types of drinks are boba drinks, juice drinks from pop ice to fruit, modern snacks such as burnt sausages, potatoes, bread. Rahanatha in Hasna (2021) product innovation is able to improve the performance of SMEs, on the contrary Ardyan (2016) entrepreneurial competence, product innovation on business performance with positive results but not significant

#### **Entrepreneurship orientation affect to the performance of culinary tourism centers in East Surabaya**

The results of the study show that entrepreneurial orientation is very influential in improving the entrepreneurial performance of culinary tourism centers in East Surabaya. This shows that the better the entrepreneurial orientation, the better SWK performance. With a strong entrepreneurial orientation, it will encourage you to create new ideas for the long term. The Merchants at SWK are always creative and innovative to sell their the products. Nadhar, M. *et. al* ( 2017 ) entrepreneurial orientation had a positive and significant effect on business performance. Otherwise, Purwanto, H and M. Trihudyatmanto (2018) Entrepreneurial orientation has no positive and significant effect on business performance. Alfulailah, F and T. D. Soehari (2020) there is a positive and significant of entrepreneurial orientation on business performance

#### **Business motivation affect to the performance of culinary tourism centers in East Surabaya**

The results of the study show that business motivation influences performance at SWK. This is because each trader in SWK has a strong desire and drive to advance his business so that it is successful and successful. This is proven by selling various kinds of food and drinks, from the types of food from the past to the present, which are more popular with young men and women, such as:

## Government Role and Product Innovation to Culinary Tourism Center Performance

Korean-style food such as corndog, topoki, mie ramiun, etc, food from jepang like sushi etc, and also there are still many East Java-style foods that are sold.

### **Business Motivation mediates the effect of the government's role on the performance of culinary tourism centers in East Surabaya.**

The role of the government is very much expected to help the traders in SWK in order to improve their performance through providing motivation so that they are enthusiastic in selling. The government has built culinary tourism centers that are quite good and suitable for selling so that sellers can focus on their merchandise.

### **Business Motivation mediates the effect innovation product on the performance of culinary tourism centers in East Surabaya.**

Product innovation is needed to develop its business even though the product is already known, one of which is by making various variants and flavors. This is inseparable from his existing motivation to always develop his product in order to compete with other products. One of the product innovations that has been done is to make contemporary types of food by giving names to the food they make.

### **Business Motivation mediates the effect of entrepreneurial orientation on the performance of culinary tourism centers in East Surabaya**

Entrepreneurial orientation is for success through creativity in developing existing businesses at SWK. This is inseparable from the motivation that each seller must have. In this culinary tourism center, they have orientated their business to sell, namely food and drinks by doing their creativity to attract buyers. Purwanto, H and M. Trihudiyatmanto. (2018) there is a significant and positive effect of entrepreneurial orientation on business performance variables with business motivation as an intervening variable

## CONCLUSION

The government's role influences business motivation, as well as product innovation has a positive and significant effect on business motivation at culinary tourism centers in East Surabaya, meaning that the more innovative products are made, the more business motivation increases because the current innovation products will be of great interest to many person. The higher the entrepreneurial orientation, the higher the performance of culinary tourism centers in East Surabaya. otherwise, if the entrepreneurial orientation is low, then the performance of culinary tourism centers will also decrease. The better the entrepreneurial orientation possessed by SWK traders, such as innovative behavior, proactive behavior and risk taking, the better the achievement of SWK performance.

## REFERENCES

- 1) Alfulailah, F., & Soehari, T. D. (2020). The Influence of Innovation, Information Technology, and Entrepreneurial Orientation on Business Performance. *Akademika*, 9(2).
- 2) Ardyan, E., & Putri, O. T. (2016). The positive impact of an entrepreneur who has entrepreneurial competence on the success of product innovation and business performance. *Jurnal Kewirausahaan dan Usaha Kecil Menengah*, 1(1), 11-19.
- 3) Arief, M., & Rosiawan, R. W. (2018). Marketing Performance Based on Market Orientation Through Product Innovation in Manufacturing MSMEs in Bangkalan Regency. *Jurnal Ekonomi Modernisasi*, 14(3), 129-141.
- 4) Bao, Y., Li, Y., Pang, C., Bao, Y., & Yi, X. (2017). Do resource differences between manufacturers and suppliers help or hinder product innovation of manufacturers? The moderating role of trust and contracts. *Industrial Marketing Management*, 64, 79-90.
- 5) Dhamayantie, E., & Fauzan, R. (2017). Strengthening Entrepreneurial Characteristics and Competences to improve MSME performance. *Jurnal Manajemen, Strategi Bisnis Dan Kewirausahaan*, 11(1), 80-91.
- 6) Ferdinand, A. (2002). Structural Equation Modelling (SEM) in Manajemen Research. *Published UNDIP, Semarang*, 246.
- 7) Felix, F. (2021). Entrepreneurial Orientation and Innovative Capability on MSME Performance. *Jurnal Manajemen Bisnis dan Kewirausahaan*, 5(3), 267-272.
- 8) Ghozali, I dan Latan, H. 2015. Partial Least Squares Konsep, Teknik dan aplikasi menggunakan Program Smart PLS 3.0 untuk penelitian Empiris. Semarang : Universitas Diponegoro
- 9) Hadiyati, E. (2011). Creativity and innovation affect small business entrepreneurship. *Jurnal Manajemen dan kewirausahaan*, 13(1), 8-16.
- 10) Hair, F. Joseph, Anderson, E.R., Tatham, L. R., & Grablowck, J.B (1998). *Multivariate Data Analysis* (fifth edit). Prentice-Hall. International, Inc
- 11) Hardiyono, H., Hamid, N., & Yusuf, R. (2017, October). The Effect Of Work Environment And Organizational Culture On Employees' Performance Through Job Satisfaction As Intervening Variable At State Electricity Company (Pln) Of

## Government Role and Product Innovation to Cullinary Tourism Center Performance

- South Makassar Area. In *2nd International Conference on Accounting, Management, and Economics 2017 (ICAME 2017)* (pp. 86-96). Atlantis Press.
- 12) Hutagalung, R. Bongsu, S. H. Situmorang, dan F. Ramadini. 2010. *Entrepreneurship*. Medan: USU Pers
  - 13) Kore, E. L. R., & Septarini, D. F. (2018). PERFORMANCE ANALYSIS OF MICRO, SMALL AND MEDIUM ENTERPRISES (CASE STUDY ON MSMEs in the Formal Small Industry Sector in Merauke Regency). *Jurnal Ilmu Ekonomi & Sosial*, 9(1), 22-37.
  - 14) Nadhar, M., Tawe, A., & Parawansa, D. A. (2017). The effect of work motivation and entrepreneurship orientation on business performance through entrepreneurial commitments of coffee shops in Makassar. *International Review of Management and Marketing*, 7(1), 470-474.
  - 15) Ningsih, D. R., & Pujiati, A. (2019). Determinants of Small and Medium Industry (IKM) Ikat Weaving Business Performance in Jepara Regency. *Economic Education Analysis Journal*, 8(1), 225-241.
  - 16) Nirwana, D. C., Muhammadiyah, M., & Hasanuddin, M. (2017). The role of government in fostering small and medium enterprises in Enrekang Regency. *Kolaborasi: Jurnal Administrasi Publik*, 3(1), 01-14.
  - 17) Ondang, C., Singkoh, F., & Kumayas, N. (2019). The Role of Local Government in Empowering Micro, Small and Medium Enterprises (MSMEs) in Minahasa Regency (A Study at the Office of Cooperatives and SMEs). *Jurnal Eksekutif*, 3(3).
  - 18) Purwaningsih, R., & Kusuma, P. D. (2015). Analysis of the Factors Affecting the Performance of Small and Medium Enterprises (SMEs) Using the Structural Equation Modeling Method (Case Study of SMEs based on Creative Industries in Semarang City). *Prosiding SNST Fakultas Teknik*, 1(1).
  - 19) Purwanto, H., & Trihudyatmanto, M. (2018). The Effect of Entrepreneurial Intention, Entrepreneurial Orientation on Business Performance with Motivation as an Intervening Variable at the Carica MSME Center in Wonosobo. *Journal of Economic, Management, Accounting and Technology*, 1(1), 42-52.
  - 20) Sugiarto, J., Wismanto, Y. B., & Utami, C. T. (2015). The effectiveness of entrepreneurship skill training to increase interest in becoming an entrepreneur. *Prediksi*, 4(1), 51.
  - 21) Sugiyono. (2012). *Quantitative Research Methods, Qualitative, and R&D*. Bandung : Alfabeta CV
  - 22) Sumiati, S. (2015). The Effect of Entrepreneurial Orientation Strategy and Market Orientation on the Performance of MSME Companies in the City of Surabaya. *JMM17: Jurnal Ilmu ekonomi dan manajemen*, 2(01).
  - 23) Suriyanti, L. H., & Binangkit, I. D. (2019). The Role of Government Policy in Moderating the Effect of Business Strategy on Business Performance. *Jurnal Akuntansi Dan Ekonomika*, 9(1), 119-128.
  - 24) Yusniar, Y. (2017). The Effect of Business Motivation and Capability on Increasing the Success of Small Brick Industry Businesses in Muara Batu and Dewantara Districts, North Aceh District. *Jurnal Visioner & Strategis*, 6(2).



There is an Open Access article, distributed under the term of the Creative Commons Attribution–Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.