

# Organizational Performance: A Survey on the Culinary Sector Business During the Economic Recovery Period

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JSM  
Volume 4  
Number 2  
July 2022

Received on 21 Mar 2022

Revised on 11 Apr 2022

Accepted on 19 Jun 2022

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DOI: 10.37479

## ABSTRACT

**Purpose:** This study aims to measure the extent to which the company's performance during the post-covid recovery period. This study involved business owners in the food and beverage sector in Gorontalo as respondents, because this sector was quite affected by the social restriction policy in order to break the chain of virus spread.

**Design/Methodology/Approach:** The research method used is a quantitative method. The research data was collected using a questionnaire containing 30 questions about the condition of the company when the restriction policy was implemented and about the condition of the company after the recovery.

**Findings:** The results showed that as long as the restrictions were applied, the company had difficulty serving customers. Due to limited operational time and decreased number of visits. Respondents admitted that at the beginning of the implementation of the restrictions, the company's revenue had experienced a contraction. However, entering the recovery period, the company's condition began to improve. Statistical analysis also proves that the company's performance is influenced by the implementation of social restriction policies. The results of the study concluded that the implementation of the PSBB policy had a significant effect on business performance in the food and beverage sector in Gorontalo. The effect given by the implementation of PSBB on company performance is 39.1%.

**Keywords:** PSBB; Organizational Performance; Covid-19

## INTRODUCTION

Company performance is always measured from aspects of financial and non-financial information (Lau & Roopnarain, 2014). Financial information is obtained from financial reports, while non-financial information is measured by customer satisfaction with the services provided by the company, however, most of the company's performance is measured by financial ratios within a certain period (Priya & Palaniyammal, 2015). Currently, many companies are experiencing adversity due to the outbreak of the corona virus. The

spread of this virus is very fast and has reached several countries in the world. This virus has become a global pandemic, which will greatly affect the stability of the economy, one of which is having an impact on customer satisfaction which has an impact on the company's performance which is very deteriorating (Hu & Zhang, 2021).

One sector that is seriously affected is the culinary industry. Many culinary businesses in the world have been forced to close their businesses temporarily or even go bankrupt. Lutfi et al (2020) stated that the food and beverage (F&B) industry was the industry most affected by the corona virus. Followed by the service industry and retail. Of the 17 cities observed, 13 cities experienced a significant decrease in daily income due to Covid-19. Meanwhile, Burhan (2020) stated that the culinary sector experienced a 37% decline in daily income, the fashion retail sector fell 35%, while the beauty service fell 43%. The decline in the performance of the culinary industry is thought to be the impact of the implementation of large-scale social restrictions. The government issued this policy in order to break the chain of the spread of the corona virus. Several culinary businesses were forced to close their businesses due to the declining number of visitors.

Entering 2021, the Government is slowly starting to pursue economic recovery by providing stimulus for affected communities to boost consumer purchasing power. The implementation of social restrictions has begun to be relaxed a little but still with strict implementation of health protocols. Responding to this, the culinary business people in Gorontalo also began to fix their marketing strategies so that they could rise. One of them is by maximizing the existence of an online business. The existence of online buying and selling platforms has become a trend during this time. The existence of technology support, helps culinary business actors in improving their business performance. This is evidenced by the increase in gross regional domestic income in the food and beverage sector which was recorded at 3.98% in 2021, after previously falling to -1.08% in 2020 (Statistics, 2021b).

Based on the description above, it was found that there were differences in the performance of the food and beverage sector companies during the pandemic and after the recovery. This is presumably due to the lifting of the social restriction rules. This study was conducted to describe the performance of companies in the food and beverage sector during the economic recovery period, as well as to examine the impact of social restriction policies on company performance.

## **METHODS**

This study uses a quantitative method with a survey approach. The survey technique is carried out so that researchers can obtain information from respondents about past or present characteristics or behaviors (Neuman W. Lawrence, 2003). Each respondent received the same questions as many as 30 questions. The data obtained through the survey is also a comparison with secondary data obtained through the Central Statistics Agency. There are 106 respondents involved in the study who are owners of culinary businesses located in Gorontalo. This number refers to data on the number of restaurant/restaurant units in Gorontalo for the last five years, which is 106 units (Statistics, 2021). Data analysis techniques used include descriptive analysis to describe the condition of the company's performance from the perspective of the owner and regression analysis to examine the relationship between social restriction policies and company performance.

## RESULTS

### Instrument Test Results

The instrument test was carried out in order to test the feasibility of the questionnaire as a data collection instrument. The validity of the instrument is measured by referring to the Pearson correlation value, while the reliability of the instrument is based on the Cronbach alpha value. The following are the results of testing the validity and reliability of the instrument.

**Table 1. Pearson Correlation's Score**

<b>Variable X</b>	<b>Pearson Correlation</b>	<b>Variable Y</b>	<b>Pearson Correlation</b>
Service difficulties	0,334	Efforts to meet consumer needs online	0,425
Reduced number of visitors	0,698	Fulfilling all consumer needs	0,527
Decrease in turnover	0,627	Utilization of technology in service	0,586
Difficulty in supplying raw materials	0,726	Online service effectiveness	0,723
Increase in raw material prices	0,651	Product information can be accessed through online media	0,584
Temporarily closed business	0,747	The level of customer satisfaction with online services	0,701
Policy dissemination by the government	0,865	Regularly accept orders via online	0,675
Business owner compliance level	0,411	There is a promo for those who place an order online	0,664

Lockdown	0,698	Promotion intensity	0,588
Long policy duration	0,627	Product packaging for delivery orders is always maintained	0,586
Keep your business open with online services	0,726	Facilities according to process for offline customers	0,723
Policy control by task force	0,651	Process-appropriate service system for offline customers	0,584
Businessmen's response to PSBB	0,747	Availability of hand washing facilities	0,701
Involvement of all elements of the company in complying with PSBB	0,865	Distance setting	0,675
Consumer compliance with PSBB policy	0,411	There is information/socialization about the process in the restaurant	0,664

Source: Data Processed (2021)

From the test results, each question item from both the X variable and Y variable obtained a value above 0.3, so it can be concluded that the questionnaire used in this study is valid.

**Table 2. Alpha's Cronbach Score**

<i>Alpha's Cronbach (X)</i>	<i>Alpha's Cronbach (Y)</i>
0,905	0,885

Source: Data Processed (2021)

From the test results, each variable X and variable Y obtained a value above 0.6. so it can be concluded that the questionnaire used in this study is reliable and can be relied upon as a data collection tool.

### Descriptive Analysis

In this section, an analysis of the descriptions of respondents' answers is carried out to complete the information obtained from secondary data about the condition of the company's performance and how the company responds to the social restriction policy. Analysis of respondents' answers is also a basis for assessing the company's performance from non-financial aspects. Based on data compiled from Statistics (2021), it was noted that the performance of culinary sector companies decreased by -1.08% in 2020 and strengthened again to reach 3.98% in 2021. Respondents were given 30 questions with answer options ranging from very no agree, disagree, moderately agree, agree, and strongly agree. The following table presents the results of the analysis of respondents' answers regarding social restriction policies and company performance.

**Table 3. Frequency of Respondents' Answers Regarding Social Restrictions**

Questions	Scale					Mean	F(%)	Criteria
	SD	D	NAD	A	SA			
Service difficulties	0	0	0	41	59	4,59	91,8	Strong
Reduced number of visitors	0	0	4	48	48	4,44	88,8	Strong
Decrease in turnover	0	0	1	55	44	4,43	88,6	Strong
Difficulty in supplying raw materials	0	2	3	34	61	4,54	90,8	Strong
Increase in raw material prices	0	2	0	27	71	4,67	93,4	Strong
Temporarily closed business	0	2	3	24	71	4,64	92,8	Strong
Policy dissemination by the government	0	0	3	35	62	4,59	91,8	Strong
Business owner compliance level	0	0	7	52	41	4,34	86,8	Strong
Lockdown	0	0	6	48	46	4,40	88	Strong
Long policy duration	0	0	6	39	55	4,49	89,8	Strong
Keep your business open with online services	0	0	6	38	56	4,50	90	Strong
Policy control by task force	0	4	6	52	38	4,24	84,8	Strong
Businessmen's response to PSBB	0	5	13	19	63	4,40	88	Strong
Involvement of all elements of the company in complying with PSBB	0	0	8	31	61	4,53	90,6	Strong
Consumer compliance with PSBB policy	0	0	12	43	45	4,33	86,6	Strong

Source: Data Processed (2021)

Based on the respondents' answers, the researchers obtained information that the implementation of the PSBB was well implemented. In general, the public, especially business actors, receive information about the implementation of the PSBB. This means, before being implemented, the PSBB policy has been thoroughly socialized. The respondents also showed a cooperative attitude and complied with the PSBB regulations.

The implication is that respondents admitted that during the PSBB, they initially had difficulty serving customers. Because despite the

pandemic, the PSBB policy does not require restaurants to completely close, but limits operational time and number of visits. Like it or not, restaurant owners switch strategies by utilizing online services (delivery using platform/social media services).

**Table 4. Frequency of Respondents' Answers Regarding Company Performance**

Questions	Scale					Mean SD	F(%) D	Criteria NAD
	SD	D	NAD	A	SB			
Efforts to meet consumer needs online	0	0	13	32	55	4,42	88,4	Good
Fulfilling all consumer needs	0	3	13	39	45	4,26	85,2	Good
Utilization of technology in service	2	3	9	27	59	4,38	87,6	Good
Online service effectiveness	0	6	11	40	43	4,20	84	Good
Product information can be accessed through online media	0	1	11	27	61	4,48	89,6	Good
The level of customer satisfaction with online services	0	0	10	39	51	4,41	88,2	Good
Regularly accept orders via online	0	0	11	44	45	4,34	86,8	Good
There is a promo for those who place an order online	0	0	0	41	59	4,59	91,8	Good
Promotion intensity	0	0	4	48	48	4,44	88,8	Good
Product packaging for delivery orders is always maintained	0	0	1	55	44	4,43	88,6	Good
Facilities according to process for offline customers	0	2	3	34	61	4,54	90,8	Good
Process-appropriate service system for offline customers	0	2	0	27	71	4,67	93,4	Good
Availability of hand washing facilities	0	2	3	24	71	4,64	92,8	Good
Distance setting	0	0	3	35	62	4,59	91,8	Good
There is information/socialization about the process in the restaurant	0	0	12	43	45	4,33	86,6	Good

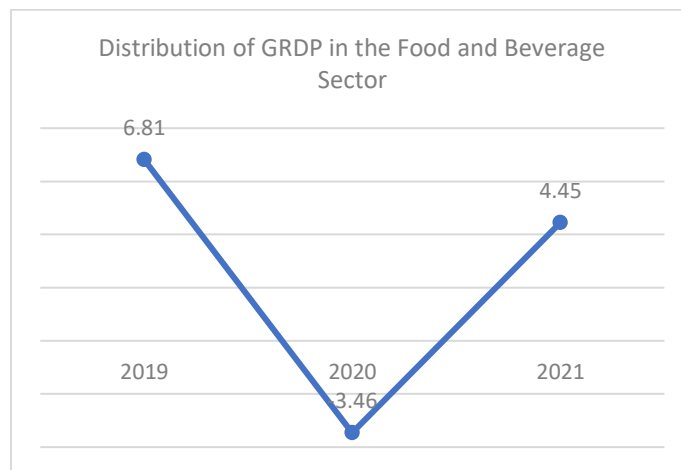
Source: Data Processed (2021)

Regarding the performance of restaurants during the PSBB, researchers found that in general the condition of restaurants was still relatively stable. Approximately 80% of respondents admitted that although there are restrictions on restaurant operating hours during the PSBB, restaurant performance can still be controlled. However, this condition only applies to large and well-known restaurants. However, respondents admitted that at the beginning of the PSBB implementation, restaurant income had experienced a contraction. The PSBB policy which has an impact on "laying off" office

employees has caused the number of visits to decrease. However, with the delivery service, sales conditions are still relatively stable.

Responding to the PSBB policy issued by the Government, restaurant business actors have also implemented health protocols to prevent the spread of the virus and become homes as new clusters of spread. The results of observations made by researchers, each restaurant which is the object of research as a whole has provided a hand washing place at the entrance, also assigned one employee to check the temperature conditions of visitors. In addition, the dining area is spaced and is limited to only 2 people for each table.

The above description is also reinforced by statistical data (2021a) which shows that when entering a period of economic recovery, the performance of companies in the food and beverage sector also experienced a positive trend. After previously experiencing a contraction of -3.46 percent, in 2021 the food and beverage business players began to clean up and adapt to the pandemic conditions so that they were able to rise and contribute to Gorontalo's GRDP of 4.45 percent in 2021.



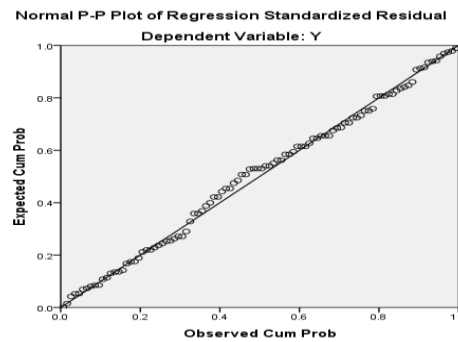
**Figure 1. Distribution of GRDP in the Food and Beverage Sector to GRDP in Gorontalo for the 2019-2021 Period**

The graph above shows that there is a very significant difference between the company's performance during the pandemic and the economic recovery period. Even though they had experienced obstacles due to the social restriction policy, business actors slowly began to adapt new habits by utilizing technology so that even though the social restriction policy was still being implemented, the service process for consumers could still be carried out.

### Normality Test Result

The assumption of normality is carried out as a parameter in conducting regression analysis to provide certainty that in the regression modeling there will be no bias. The assumption of normality is based on a graph test in which the researcher pays

attention to the distribution of data on a diagonal source (p-plot). The data is declared normal if the points are around the line and follow the diagonal line.



**Figure 2. P-Plot**

The graph above shows that the pattern of point spread is around and following the direction of the diagonal line. Thus, it can be concluded that the data used in the study has met the assumption of normality.

### Hypotheses Test Result

Researchers tested the research hypothesis with the following decision-making criteria;

1. If  $t_{\text{count}}$  is greater than  $t_{\text{table}}$ , then  $H_0$  is rejected and  $H_a$  is accepted, or in other words, there is an effect of X on Y.
2. If  $t_{\text{count}}$  is less than  $t_{\text{table}}$ , then  $H_0$  is accepted and  $H_a$  is rejected, or in other words, there is no effect of X on Y.

The t-table value obtained from the t distribution table with a DF value of 99 ( $n - 1$ ) is 1.660, while the t-count value based on the results of SPSS processing is 7.931. From these results it can be concluded that there is an effect of the PSBB policy on the business performance of the food and beverage sector in Gorontalo.

**Table 5. Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.848	5.922		3.352	.001
	X	.698	.088	.625	7.931	.000

a. Dependent Variable: Y

Source: Data processed (2021)

### Determinant Analysis

The coefficient of determination represents the magnitude of the contribution of the independent variable in influencing the dependent variable. The magnitude of the value of  $r^2$  which ranges from  $0 < r^2 < 1$ . If  $r^2$  indicates that it is getting closer to one, then the proposed model is said to be because the higher the variation of the dependent



variable can be explained by the independent variable. The value of  $r^2$  from this study can be seen in the following table;

**Table 6. Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625 <sup>a</sup>	.391	.385	3.668

a. Predictors: (Constant), X

b. Dependent Variable: Y

Source: Data processed (2021)

From the results of data processing, the researchers obtained the results of  $r^2$  of 0.391. This value indicates the effect of the implementation of the PSBB policy on the business performance of the food and beverage sector is 39.1%.

### Regression Model

The regression model formula is  $Y = 19.848 + 0.698X$ . From this model, it is indicated that there is a mathematical relationship between PSBB policy and company performance, the value of the Y variable (performance) is 19.848 and will experience a shift in value of 0.698 or 69.8% of the constant value if influenced by PSBB policy.

### DISCUSSION

In response to the increasing number of cases of Covid-19 transmission, the regional government issued a large-scale social restriction policy to break the chain of virus spread. This policy is of course in direct contact with the social and economic activities of the community. The closure of most public facilities except for industries that operate in meeting the basic needs of the community has an impact on decreasing the income of business actors, including in this case the restaurant business. The prohibition of crowds affects the decline in sales turnover sharply.

The information above is supported by the results of a researcher's search which found that during the PSBB there was a change in the service pattern of restaurants to their consumers. The results of statistical tests show that the PSBB policy significantly has an impact on the performance of restaurants in Gorontalo. The impact referred to here is that many restaurant businesses, which were previously a face-to-face customer service system (buyers come directly to the restaurant) have switched to delivery services by utilizing online delivery application platforms.

At the beginning of the enactment of the PSBB, restaurant business actors admitted that they had a bit of difficulty adapting to new normal conditions, resulting in a decline in company performance. The presence of an online delivery application platform is considered very helpful for restaurant business actors to encourage company performance to improve again. As a result, many of them have changed their service pattern to become a technology-based service

or known as e-quality service. Based on this, the researcher highly recommends restaurant businesses to get used to implementing a technology-based service system, so that company performance can be maximized despite the implementation of large-scale social restrictions policies during the pandemic.

The results of this study are also supported by the findings from Prakoso (2020) which revealed that Covid had a profound effect on the sustainability of the food and beverages industry due to uncertain conditions. Restrictions on social interaction force food and beverage entrepreneurs to change their overall business strategy to online. However, entering the new normal era, the PSBB policy has begun to be relaxed gradually. Restaurants that were previously closed are starting to reopen on condition that strict health protocols are implemented.

The impact of the implementation of the PSBB policy on the performance of the restaurant business can also be seen from data on the distribution of Gorontalo's gross regional domestic product from the food and drink accommodation sector. Based on data compiled from the Gorontalo Central Statistics Agency, it was noted that the contribution of the food and drink accommodation sector in the pandemic year, 2020, contracted to -3.46 percent from the previous period of 2019 reaching 6.81 percent. This is because during the initial period of the outbreak of Covid cases, the government issued a PSBB policy which resulted in a decrease in restaurant income and had an impact on regional revenues (Statistics, 2021a).

On the one hand, in 2021, Gorontalo's economic conditions began to look better. Entering the post-covid recovery period. The PSBB policy is no longer as strict as in 2020. The government has begun to loosen policies by reopening economic sectors with a note that the health protocols are strictly enforced. The economic stretch is starting to be seen as evidenced by the increasing growth of Gorontalo's GRDP in 2021 where the food and drink accommodation sector contributes 4.45% (Statistics, 2021a). This data also supports the results of research which states that the PSBB policy has an effect on the performance of the restaurant business.

However, the magnitude of the effect of the application of PSBB on the performance of the restaurant business is only 39.1%. That means, there are 60.9% other factors that affect the company's performance. According to the researcher, these other factors include the work from home policy factor for civil servants/private employees. Since the WFH policy, employees tend to choose to consume foods that are easy to cook and instant. Consumers' desire to get food that is practical and easy when traveling is limited due to large-scale social restrictions (PSBB) also encourages consumers to buy these products, in addition to other advantages, these foods can last for a long time so they can be cooked anytime. Besides, currently there are many kinds of

processed food and beverage products so that consumers can choose according to their needs. This is suspected to be one of the causes of the reduced public interest in going to restaurants.

## CONCLUSION

Based on the results of the study and the description of the discussion, the researchers concluded that there were differences in the performance of the food and beverage sector companies during the pandemic and during the economic recovery. The fluctuations in the company's performance were influenced by the implementation of the PSBB policy which based on the test results showed a significant effect on business performance in the food and beverage sector in Gorontalo. This shows that during the pandemic, the performance of the restaurant business is very dependent on the length of time the PSBB policy is enforced. Even so, with the existence of online delivery services, the restaurant business sector is slowly starting to adapt to this system. The availability of online systems such as Grab and Gojek helps business actors to survive as long as the PSBB is enforced.

## RECOMMENDATION

From the conclusions above, the researcher feels the need to recommend the following things;

1. Business actors should implement services with a hybrid system. The transaction process with consumers can still be done offline with a limited service model. On the one hand, online services must continue to run in order to maintain the stability of the company's performance.
2. The transformation of services from offline to online requires the readiness of human resources both in terms of expertise and work culture. So restaurant business owners need to provide technical reinforcement for employees.

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