

Sustainability Analysis of Family Based Culinary Industry in Indonesia

Daniel Yudistya Wardhana*
Universitas Atma Jaya Yogyakarta, Indonesia

Ignatius Novianto Hariwibowo
Universitas Atma Jaya Yogyakarta, Indonesia

— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

The purpose of this study is to identify the current business strategies of several culinary service family businesses and explain the future sustainability strategies to the management. The context of this study is sustainability and organizational strategies with a focus on small medium enterprise that is classified as family business. This study is conducted by using industry attractiveness model and family business strategy (value position and cost position) to analyze business competitive advantages in order to assess the actual business condition and sustainability in the future. The results show that there are 3 attributes that determine the competitive advantages of culinary business, ownership, culture and authenticity.

Keywords: Family Business, Sustainability, Culinary, Business Strategy

1. INTRODUCTION

The culinary industry is the leading sector of the twenty-two sectors that includes the Indonesian Government's development priorities, which provide broad opportunities for the public to participate in the economic development. According to the data from the Ministry of Cooperatives and SMEs (*Kementrian Koperasi dan Usaha Kecil dan Menengah*) (2012) the number of SMEs registered in Indonesia has reached more than 98.79% or around 55,586,176 business units spread throughout the whole country. In Indonesia, it is known that 1% of economic growth is equal to 178,300 workers (Ministry of Cooperatives and SMEs, 2012). In addition, the development of Small and Medium Enterprises (SMEs) is the driver of the micro economic sector. In particular, the role of SMEs as the main actors in the community also provides employment opportunities and profitable business prospects. However, Wardhana (2018) explained that small businesses often experience obstacles in practicing good governance in their businesses because of the lack of adequate information and competence of the owners and stakeholders. Therefore, the Government through various departments has performed some programs of development, incubation and assistance for businesses to improve their governance and improve their competence.

The focus of this study was conducted in Yogyakarta Province, Indonesia which is known as the second best tourist destinations in Indonesia that has a highly developed culinary industry development with growth of 6.21% in 2017 (Central Bureau of Statistics (*Badan Pusat Statistik*), 2017). According to the Ministry of Tourism and Creative Economy (*Kementerian Pariwisata dan Ekonomi Kreatif*) (2012) indicates that more than 9 million foreign tourists who come to Indonesia spend around 18-20% on

food and beverage products. Those data display the potential of the culinary industry in tourist destination, especially in Yogyakarta. The culinary industry is highly related to the tourism industry and therefore the growth in tourism sector will have an impact on culinary industry. Indeed, the existence of a positive mutual affiliation among the culinary and tourism industry will drive the national economy. However, there were evidences that a large number of start-up businesses failed because there is no ability to develop the business strategies (Pertusa-Ortega et al., 2009). Specifically in family businesses, the challenges to develop the business are bigger (Paunder, 2015). According to Makings (2009) in the Middle East, family-based businesses that are able to survive are only around 2%. These conditions indicate the importance of implementing a long-term strategic management (Schwenk and Shrader, 1993).

Family businesses face more difficult challenges in terms of maintaining business consistency in inter-generations. According to Bocken et al. (2013), sustainable business models seek to go beyond delivering economic value and include a consideration of other forms of value for a broader range of stakeholders. Makings (2009) also explained that several factors that can influence the success of family businesses to survive include: continuity planning and conflict management and also balancing the family and business activities in a family business which is a challenge for contemporary family businesses (Zachary, 2011; Zareie, 2011). Close relationship amongst business activity and family can cause family problems and continuous business failure can damage the family relationships. Pounder (2015) asserted that several family businesses do not have adequate professional and business background. Therefore, the family members that operate the business require professional managerial skills. However, problems will arise when the next generation does not have equal skills as the previous generation. Cramer et al. (2002) asserted that human resources competencies on family businesses depend on the investments in human capital. The lack of specific management and entrepreneurship education on family business has created challenges in the management of the businesses (Pouder, 2015).

This study aims to identify factors that support the successful management of sustainable family businesses, also to map out the strategic planning of small and medium enterprises, particularly family businesses. The results of this study are expected to be a reference model for managing family businesses in the long term.

2. LITERATURE REVIEW

2.1. Family Business

Casrud (1994) defines family business as one in which ownership and decisions are made by members of a “kinship group”. In general, a family business refers to a business, which is owned and or managed by a family (Intihar and Pollack, 2012; Pouder, 2015). Family business has characteristic of a close relationship between business ownership and family assets. This situation shows that the family assets in the business are under the control of a family. It is difficult and therefore to offer a clear cut definition of family business due to their intrinsic diversity (Colli and Rose, 2008). Family relations allow each family member to carry out several managerial functions at once. In this case, it is possible for every family business to have a different form of management (Sharma, 2013).

Family traditions and culture are the unique characteristics that determine the success of a family business. The ability of family businesses to build value and maintain the application of family values is an essential factor in regenerating family businesses, especially in the ability to make business decisions (Tapiés and Fernandez, 2010). It recognizes the values of earlier generations, inspires next generations and acts as a source of pride for the family and employees of the business. Prominently, family business actors have to be able to manage its business wealth, in order to maintain its family wealth. The encouragement to implement non-family business practices or modern business practices is the other way to achieve professionalism in managing family businesses. This is believed to be an approach to develop business in the long period (Tsao et al., 2009).

2.2. Strategic Planning and Industry Attractiveness

Strategic planning is a form of long-term planning which is usually last for more than 5 years that applies the concept of management strategy to achieve long-term organizational benefits through achieving cost excellence and position excellence (Rothaermel, 2013, Nag et al., 2007). The aim of building a strategic plan in organizations is to survive and sustain in a highly competitive industry (Bao, 2015). Moreover, Pertusa-Ortega et al. (2009) asserted that the inability to create and implement a strategic plan would cause businesses to slowdown and underperform. According to Rothaermel (2013), successful organizational strategic plan appears on how management identifies industry attractiveness that consists of value position, and cost position.

Industry attractiveness is an illustration or assessment related to whether the market conditions are beneficial for business (Rothaermel, 2013). Cavaleri and Shabana's (2018) stated that organizations that understand the right business environment would sustain well. The problems occur when the market conditions rapidly change and the organizations often pay more attention on profits or historical success than to the recent circumstances (Christensen and Bower, 1996).

The methods that are generally used to assess the industry attractiveness are SWOT analysis and CATWOE analysis. SWOT analysis is a very effective framework to analyze the internal organization or project that can be used to help determine the effectiveness of a project's planning and implementation (Sabbaghiand Vaidyanathan, 2004). Dyson (2004) also explained that identification of these strategic factors could be developed to build strength, eliminate weaknesses, take advantage of opportunities or anticipate threats. Strengths and weaknesses are identified through the organization's internal assessment and opportunities and threats through external assessments.

According to Checkland (1981) CATWOE suggests six elements on which it is useful to focus in constructing the root definition of the proposed system. This approach introduces the combination of intuition, real world experience and the desire to take into account the policies obtained from the formal thinking system. In addition, CATWOE can be described through operational definitions as follows (1) Customers, as the users of the system and related activities, (2) Actors, as the agents of value creation activities, (3) Transformation is how the value creation process of a business can run, (4) World View or coverage of the image and broad framework of a business, (5) Ownership or related parties that play a role in business decisions and (6) Environmental Constrain or circumstances that must be resolved. CATWOE helps organizations build models to explain how a system works (Zeinab and Qasimi, 2005). CATWOE analysis produces a comprehensive view of internal and external system that will identify the market

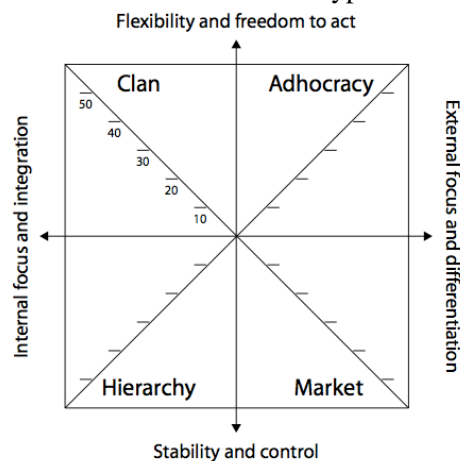
conditions and as a result the competitive advantage can be formulated (Cavalery and Shabana, 2018).

2.3. Value Position and Cost Position

Value position is an internal analysis related to the competitive advantage of a business compared to competitors (Rothaermel, 2013). This analysis is associated to positive values that are believed and owned by the organization. Cole (2012) explained that organizational reputation has a positive impact on the value of business organizations. Gerardo David (2016) stated that the effectiveness of the strategy of the organization is also influenced by the culture in the organization. Therefore, the ability of family businesses to build a stable organizational culture will affect the sustainability of family business (Tapiés and Fernández, 2010).

The Organizational Culture Assessment Instrument (OCAI) framework was adopted in this study to examine organizational culture values. This framework proposed by Cameron and Quinn (2006) to assess the values in an organization. The OCAI research model has a framework that contains four types of organizational culture namely clan culture, adhocracy culture, market culture and hierarchical culture. Every organization has at least a mixture of the four types of organizational culture as displayed below.

Picture 2.1 OCAI Cultural Types



Cost Position is considered as an efficient and effective method of resource management in an organization compared to other competitors (Rothaermel, 2013). Business organizations are required to develop value that can be applied in business processes with available resources (Katchamart, 2013). Moreover, understanding the right cost structure of the organization will encourage the achievement of optimal profit through achieving cost positions (Cavalery and Shabana, 2018). In the strategic management principle, there are two ways to achieve organization efficiency: cost leadership and differentiation (Cavalery and Shabana, 2018). Cost leadership is how organizations optimize profits by providing products that are cheaper than competitors. Whereas differentiation is a way to optimize profits by offering products that are different from competitors.

Business Model Canvas (BMC) has been used to identify the family business strategies from the cost perspective. Osterwalder and Pigneur (2010) stated that business model canvas explain the reasons how an organization creates, gives, and captures its

value. Umar et al. (2018) stated that BMC analysis is suitable to mapping strategies in small and medium enterprises. The study explains that BMC analysis practices benefits small and medium enterprises in terms of business structured, business development, and encourages organizations to prioritize their customer. The results of the same study were also shown by Sort and Nielsen (2018), which shows that BMC can help small and medium businesses find the best investment opportunities for business development. With this analysis, organizations will be able to identify values in the midst of intense business competition (Hansen and Hamilton, 2011).

BMC analysis has 9 constructs of analysis that aim to map strategies to build sustainable businesses in the long run (Osterwalder and Pigneur, 2010). The following are the components of BMC: (1) Customer Segments; it is explaining the type of customer that wants to buy the product; (2) Value Proposition, it is the unique value added and solutions offered to costumers; (3) Customer Relationship, it is how the company build a relationship and deliver value to customers; (4) Revenue Stream, it is the source of company income; (5) Key Resources, it explains about the main role of creating and capturing value for costumers; (6) Key Activities, it describes the main activity carried out by the company in order to create value; (7) Key Relationship, it is more about the strategic partnership and establishing cooperation; (8) Cost Structure, it defines all of the company cost and lastly; (9) Channel, it is a company activity in terms of delivering values to the customers.

2.4. Business Sustainability

Sustainability can be briefly defined as every activity to preserve the environment for future generations (Brinkmann, 2016). However, in the real practice, the definition has much deeper meaning. Essentially, there are three components in business sustainability: environment, equality and economy (Cavalery and Shabana, 2013). However, business sustainability is interpreted as an effort to maintain business in the long run (Pelham, 2011). Therefore, a long-term business strategy is the key to achieving business sustainability (Pounder, 2015; Gerardo David, 2016; Cavalery and Shabana, 2013). This study focuses on how a family business can run its business with the right strategy to survive and sustainable until the next generation. Sustainable development addresses how businesses satisfy current customer needs without compromising the ability of future generations to meet their needs (Brundtland, 1987). In small medium enterprises, ownership, management, and important decision making are usually concentrated in one person, manager or owner. Therefore, without the right involvement of managers or owners, sustainability programs could fail.

3. RESEARCH METHODS

3.1. Sample and Data Research

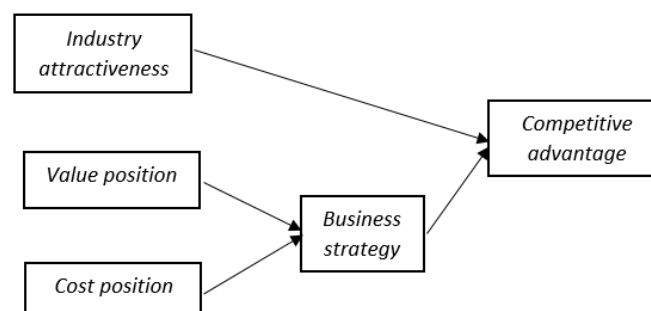
This study is based on the samples of small and medium enterprises of culinary industry in Yogyakarta that classified as family-based businesses. Farrington (2009) defined that "family business" is a business in which one family owns at least 51% of business equity, and where at least two family members are involved in business management. Furthermore, Chua et al (1999) stated that the theoretical definition of family business is: businesses that are regulated or managed with the intention of forming

and pursuing a business vision by a dominant coalition controlled by the same members, families or part of family members that potentially sustainable across generations of the family. Considering to the descriptions, this study was conducted a survey to family businesses that fit into the criteria that include the following samples: (1) family business and managed by family members; (2) has operated in Yogyakarta for more than 10 years; (3) comply every legal aspects of business.

3.2. Research Methods

As a qualitative study, this study used primary data from interviews with business owners. The interview process was conducted to gather information related to (1) the industry attractiveness as an external factor of business. While, for the internal business factors include (1) value position, (2) cost position, (3) business strategy. Primary data from the interviews and observations in this study were analyzed to determine the business condition and business strategy of the family business. The next step was comparing the analysis of the competitive advantages that determine the sustainable business models to find out the business strategy patterns in the family business (Rothaermel, 2013). The data analysis structure in this study is adopted from competitive advantage identification scheme proposed by Rothaermel (2013, p. 141). The process of identifying competitive advantage factors can be seen in the following figure:

Picture 3.1 Analysis Data Structure



3.3 Interview and Observation

In this study, the interview and observation process were conducted by interviewing business owner, family representative and or those who are responsible for managerial activities including strategic problem solving and decision making activities. According to Yin (2009) interview has the ability to target and focus directly on a particular topic in a case study and are able to provide explanation of the reasons and causes of a particular event. This study uses a list of open questions that are asked directly to the participants. It was proposed to find accurate information about business conditions, developments and business strategies. The following are the interview participants:

Table 3.1 Interview Participants

Business Type	%	Participants	%
Food Retail	20	Owner	50
Local Culinary	50	Manager	20
Bakery	30	Family Representatives	30

4. RESULTS

4.1 Descriptive Analysis

Table 4.1 presents descriptive analysis of family business types and details from seven culinary family businesses in Yogyakarta Province, Indonesia. As shown in the table, seven indicators were used to categorized the family business including the type of business, business form, type of management, structure, year of establish, legal aspect and funding.

Table 4.1 Demographic Analysis

No	Type Of Business	Business Form	Family Management	Structured	YoE	Legal Aspect	Funding
1	Bakery	Limited Company	√	√	2001	√	Private , Bank
2	Traditional Bakery	Private	×	×	1920	×	Private
3	Indonesian Food Restaurant	Limited Company	√	√	2008	√	Private
4	Javanese Food Restaurant	Private	√	×	1951	√	Private
5	Indonesian Food Restaurant	Private	√	√	2002	√	Private
6	Balinese Food Restaurant	Limited Company	√	√	2003	√	Private, Investors
7	Batak Food Restaurant	Private	√	×	2008	√	Private

Private companies dominated the businesses with all managerial activities managed with a family system (60%). Regarding the organizational structure, half of the businesses already have a clear structure with distinct positions, assignments and responsibilities while the rest remain unstructured or have simple separation of tasks. The majority of the businesses were established after 2000 (70%) and only 30% of these businesses started their businesses before 2000. The data shows 80% of these businesses use private funding and the rest are mixed (bank loans or investment).

4.2 Industry Attractiveness

To determine the market conditions of the culinary industry and which external factors influence the business, SWOT analysis was used as an initial mapping focusing on the external factors, such as opportunity and threat, which includes political, economic, social, technological and competitive environmental aspects. While the CATWOE analysis focuses on customer factors, worldview and environmental

constraints. Table 4.2 shows a summary of the findings of external factors related to the industry.

Table 4.2 Industry Attractiveness

SWOT and CATWOE Analysis	
Favourable Factors (Opportunities)	Unfavourable Factors (Threats)
<ul style="list-style-type: none"> • Development of products and services to serve the domestic and foreign tourists • Opportunities to expand the range of services by utilizing IT and e-commerce • Opportunities in terms of tourism infrastructure development in Yogyakarta (new airport, highway, hotels, etc.) 	<ul style="list-style-type: none"> • Competitors invasion from outside Yogyakarta Province with more modern models • Raw material prices instabilities due to economic, seasonal and political conditions • Rise of the selling or rental rate of property in Yogyakarta • Online business competition
Favourable Factors (Customer, world view)	Unfavourable Factors (Environmental constrain)
<ul style="list-style-type: none"> • Domination of domestic customer's (family, local students and institutions) • The originality and authenticity of the products (cultural and tradition distinctiveness) will raise the image of the brand. 	<ul style="list-style-type: none"> • Lack of standardization and availability of raw materials that negatively influence the product quality. • Lack of quality of current and future human resources. • Lack of technology utilization related to the business.

As seen in table 4.2, the favourable aspect in culinary industry in Yogyakarta was supported by the existence of local customers' such as family, local students and business institutions that confirmed the characteristic of Yogyakarta Province as education city and also tourist destination for domestic and international tourists. The findings were also supported by the development of the tourist infrastructures development (new airport, highway, tourism destination and hotels). In addition, with the heterogeneous characteristics of the culinary industry customers in Yogyakarta, the originality and distinctiveness of the culinary products play major factor in improving image of the business development.

The distinctiveness of the original cultural elements of the products must be maintained to sustain the family based business. Richard (2012) suggested that distinctiveness is an attribute that supports the quality of a culinary product that appears in the cultural processes that make up the product. Furthermore, with the wide access to information technology, the range of services and market will expand. In addition, the use of social media, websites and other digital services will increase the business development.

On the other hand, several external factors obstruct and influence the family business. For the example, competitors' invasion from outside Yogyakarta Province with more modern models, the instabilities of local raw material prices due to economic, seasonal and political conditions and online business competition are also considered to be a threat to current culinary businesses. Moreover, the lack of quality of local human resources provides its own challenges in management and development. It also appears that the rise of the selling or rental rate of property in Yogyakarta provides a significant obstacle for culinary businesses in expanding their business in certain locations.

Given from those points, the culinary industry in Yogyakarta still provides several positive opportunities for business. First of all, promoting product differentiation through product originality and authenticity in terms of cultural distinctiveness sees it. Secondly, by targeting and focusing on the main segments in particular family, students and institutions and with addition on the domestic and foreign tourist segments. Finally, by utilizing information technology as a resources to expand the market and finding business locations with affordable rental rate and finally managing local human resources with a specific approach in order to be able to provide excellent service for consumers.

4.2 Value Position and Cost Position

The Organizational Culture Assessment Instrument (OCAI) was conducted to identify the value position of the family business by asking thirteen questions to participants related to four types of culture, hierarchical, clan, market and adhocracy. From the results of interviews with the family business member it seems that 80% of these businesses have a clan cultural tendency, and the remaining 20% have a hierarchical cultural tendency. The following table presents the summary of the results of the interview:

Table 4.3 OCAI Identification

Hierarchy Culture	Clan Culture
<ul style="list-style-type: none"> • "Although this is a family business but the company is fairly structured, the family / owner has an important role" • "Involving every possible source of human resources that live around the business who are willing and able to work." • "As a consequence of a more formal company structure, there is a fairly clear separation of tasks between family members and employees" 	<ul style="list-style-type: none"> • "Leaders like mentors, employee owner relations are intense, there is no standard hierarchical structure and prioritizing long-term relationships" • "Very strong interaction between family members that involve in business" • "Involving every possible source of human resources that live around the business who are willing and able to work (loyalty is important) even dropped out candidate and people with disabilities" • "Retired employees are still in employment according to their needs and abilities" • "The family / owner has an important role but still seems to give additional roles to the employees (high degree of trust)"

As seen in table 4.3, family businesses with a hierarchical culture tendency have a firm structure and a formal separation of roles and so responsibilities for each member. Family business that seems to be better prepared in terms of organizational structure was the limited company. In this hierarchical culture, the leadership of family members also plays an essential role in the decision making and solving business problems.

Whereas, for family businesses with clan cultural tendency, there was intensive interaction between members, in this case are the business owners and the employees, in regard to the communication and business control. Family members as decision maker also seem to provide a significant degree of trust and freedom to the employees, such as the family secret recipe procedure and the consistency and authenticity of the products. There was no tendency to formal structure in this type of culture that increases a good and long-term relationship. Moreover, the inclusiveness of the recruitment appears from the statement "anyone can work as long as honest and loyal" even if the candidates were school dropped out, from the rural area or candidate with physical disabilities and even retired employees still had an opportunity to work according to the ability of employees.

To identify the family business strategies from the cost perspective, ten questions from the nine building blocks from business model canvas were used in detail. From the analysis, it can be see which factors of the business strategy that is more effective compared to the competitor. Table 4.4 displays the resume of the analysis.

Table 4.4 Business Model Canvas Analysis

BMC Items	Business Strategy
Value Proposition	<ul style="list-style-type: none"> • Operate an organized operational system internally. • Consistent and maintaining the family secret recipe. • Become pioneer of the market in certain product / food. • Maintain the originality and authenticity • Using local raw material • Building historical ties of the local culture and heritage
Customer Segment	<ul style="list-style-type: none"> • Family • Student • Institutions • Domestic and International tourist
Customer Relationship	<ul style="list-style-type: none"> • Word of Mouth • Social Media • Seasonal Events
Channel	<ul style="list-style-type: none"> • Offline store • Online delivery (mobile application, delivery provider)
Key Resources	<ul style="list-style-type: none"> • Owner and family members • Management and employees • Family secret recipe as the intellectual property
Key Partners	<ul style="list-style-type: none"> • Local Supplier (farmer, rancher, equipment, logistic, etc.) • Banks • Local business (as a business partners) • IT providers (agency, creative industry, photographer, etc.)
Key Activities	<ul style="list-style-type: none"> • Production (kitchen / store / home factory) • Daily Operation (offline store) • Managerial activities (QC, administration, promotion, networking)
Revenue Stream	<ul style="list-style-type: none"> • Products sales • Commission fee (other partnership products)
Cost Structure	<ul style="list-style-type: none"> • Fixed Cost: <ul style="list-style-type: none"> ○ Operational cost (daily, weekly, monthly) ○ Maintenance cost ○ Salary and Wages • Variable Cost:

	<ul style="list-style-type: none"> ○ Production cost (raw material, inventory, delivery) ○ Promotion cost (social media, marketing, events)
--	---

The analysis of the business model canvas indicates that the majority of these family businesses are cost driven. The business model of the culinary business seems to be more focused on minimizing costs, with the cost efficiency, low product selling prices, effective daily operational activities with adequate involvement of human resources. The table 4.4 indicates that in terms of customer relationship there were no high costs, consistent only utilizing of social media, word of mouth, and seasonal events. Huge costs are reflected from the property rental fees and other fixed costs. This is due to the market expansion by opening new outlets. Collaborating with local key partners (farmers, ranchers, SMEs, logistics) will benefits in terms of reducing purchase price of raw materials when buying large quantities. To sum up, there are several attributes that determine the success of the organization's strategic plans, including the ownership, culture and authenticity roles.

4.3 Business Strategy

Based on value position and cost position analysis, authenticity in original family recipes indicated a success of the differentiation strategy and could bring sustainability in the culinary market in Yogyakarta. According to Rothaermel (2013), differentiation strategy is a business strategy that offers a value of product that different to the competitors and the key to the success of this strategy is to offer product uniqueness (Pounder, 2015). From the Business Model Canvas, it shows that original family recipes are unique values that differentiate to other competitors. Original family recipes that are maintained across generation are the characteristic of culinary businesses. Machek et al. (2014) stated that there is a positive effect of family involvement in business, in terms of the close relationship between owners, managers and employees that can result in more efficient transfer of knowledge among the members. Accordingly, in implementing differentiation strategy, original family recipes are value drivers that differentiate to other competitors (Rothaermel, 2013). Family businesses success and sustainability are also determined from its ability to build consistency and create original recipes (Tsao et al., 2009). This study also indicates that culinary family businesses that have established for a long time and focus on the product uniqueness become more efficient in terms of cost and value chain of the business that appears on raw materials availability and simple production processes.

4.4. Discussions

4.4.1. Competitive Advantages and Business Model of Culinary Industry

First, competitive advantage reflects on the organizational strategy practice in addressing the conditions of the business environment (Rothaermel, 2013). The finding in this study indicates that culinary businesses in Yogyakarta develop its competitive advantages by adjusting to the local business environment. As a tourist destination, Yogyakarta has a unique market with mixture and diverse characteristics of the population from both domestic and international tourists that become the main factors in culinary business. The domestic market as such, Government, private companies and students produce high demand for culinary products in Yogyakarta. In addition, many cultural events increase demand of culinary products and the distinctiveness of culinary products in tourist destinations as an attraction for tourists (Amira, 2009). To support this,

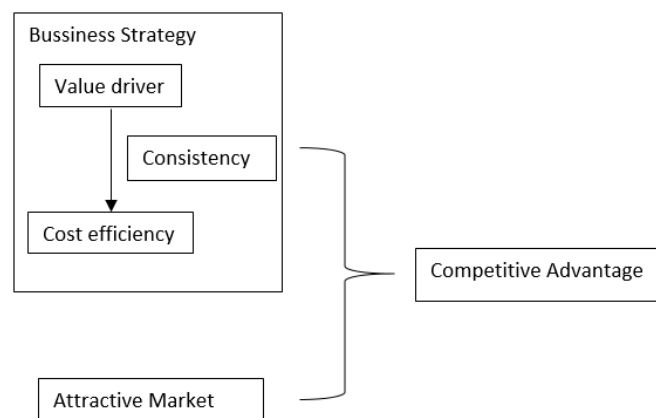
study from Beer (2008) explained that tourists or migrants who tend to look for unique products and new experiences are increasing. This confirms that the authenticity factor is an attribute that supports the success of a business strategy.

Secondly, the understanding of the unique characteristics and multi-cultural environment of Yogyakarta encourages family businesses to adapt and suit the taste of the costumers. Family businesses in this industry create authentic and original recipes as their competitive advantage. As the result of this attractive market conditions, family-based culinary businesses suggested to implement differentiation strategies with focusing on the authenticity and originality of the recipe.

Consistency in raw material, family recipe and production process makes the business run more efficiently. Since Yogyakarta has limited market scope, efficiency strategy will lead to a sustainable and profitable business. According to Rothaermel (2013), a focused differentiation strategy is a strategy that applied in narrow or limited market. This strategy emphasizes the main points of being unique with cost efficient management (Cavaleri and Sabana, 2018; Gerardo David, 2016). By implementing differentiation strategy, family-based culinary businesses will sustain and be able to develop the business in a limited market.

Finally, to build a competitive advantage, family business can implement the steps of sustainable business model by Rothaermel (2013) in Figure 4.1. Rothaermel (2013) explained that in order to build long-term competitive advantages, family businesses need to develop business strategies that fit to the market conditions and the industry environment. To create an efficient production process, family business should maintain its consistency in terms of product uniqueness, which is the key of the family business strategy in Yogyakarta that also in line with the characteristics of the culinary market. The following is the competitive advantages model in culinary Industry in Yogyakarta as seen on Figure 4.1.

Picture 4.1. Competitive Advantages Model in Culinary Industry in Yogyakarta



5. CONCLUSION

5.1. Conclusion

Yogyakarta is a city of students and city of tourism, consequently, the culinary market is very attractive. The diversity of the population of the city with the number of

domestic and foreign tourists also confirms that the barrier to entry to culinary business considered as low, also for family based culinary business. In this study, the family based culinary business industry has a big challenge to survive in the fierce competition. To achieve business sustainability, family business in culinary industry should be able to produce the authenticity and maintain the uniqueness of their product. The results of this study indicate that the flexible and unstructured organization and consistency of the family recipes becomes the value driver that differentiates the business with other competitors. It is proved by the ability of the family-based culinary businesses to align their authentic product with the characteristics of the Yogyakarta market. Family business success and sustainability indicated by their ability to control production process and minimize the production cost.

This family-based culinary business study in Yogyakarta has confirmed that to survive and sustain there are 3 priorities such as the business ownership factor, culture and authenticity. Firstly, from the perspective of ownership shows that the concept of a family business ownership still provide good opportunities and potential profit that supported by the characteristics of a family business that tends to have unstructured organization and apply the clan culture where flexibility and interaction between owners and employees is intensively engaged, the condition with several advantages in communication and business efficiency because family members are also involved in operational activities. Secondly, the cultural characteristics of Yogyakarta that reflect from its cultural, traditional and heterogeneous characteristics also enrich the culinary market. Culinary industry businesses in Yogyakarta, in particular, can exploit this cultural capital to adapt to their business environment through products, innovations and services. Not only targeting established segments such as Government institution, families and students, but also being able to adapt to serving both domestic and foreign tourist.

Finally, the authenticity and uniqueness of the product will impact the business sustainability through the consistency in using original family recipes. The original family recipe must be maintained and transferred to family members as future business successors, in order to achieve business sustainability in the future.

REFERENCES

- [1] Amira, F. (2009). *The role of local food in Maldives tourism: A focus on promotion and economic development*. (Master of Philosophy (MPhil)), Auckland University of Technology, Auckland.
- [2] Bao, G. (2015). What theories are needed for strategic management? *Nankai Business Review International*, 6(4), 433-454.
- [3] Beer, S. (2008). Authenticity and food experience: Commercial and academic perspectives. *Journal of Foodservice*, 19, 153-163.
- [4] Bocken, N., Short, S., Rana, P., & Evans, S. (2013). A value mapping tool for sustainable business modelling. *Corporate Governance*, 13(5): 482 – 497.
- [5] Brinkmann, Robert. (2016). *Introduction to Sustainability*. Hoboken: Wiley-Blackwell
- [6] Brundtland, H. (1987). *Our Common Future*. Oxford University Press: Oxford.
- [7] Cameron, K.S. & Quinn, R.E., (2006). *Diagnosing and changing organizational culture: Based on the competing values framework*. John Wiley & Sons.
- [8] Casrud, A. (1994). Lessons Learned In Creating A Family Business Program. *Entrepreneurship Theory and Practice*, 19(1), 39-41.

- [9] Cavaleri, S., & Shabana, K. (2018). Rethinking Sustainability Strategies. *Journal of Strategy and Management*, 11(1), 2-17.
- [10] Central Bureau of Statistics (*Badan Pusat Statistik*), 2017, Occupancy Rate of Hotel Room, DIY
- [11] Checkland, P.B. (1981). *Systems Thinking, Systems Practice*. Wiley: New York.
- [12] Christensen, C.M. & Bower, J.L. (1996). Customer Power, Strategic Investment, and The Failure of Leading Firms. *Strategic Management Journal*, 17(3), 197-218.
- [13] Chua, J.H., Chrisman, J.J. and Sharma, P. (1999). Defining The Family Business By Behavior. *Entrepreneurship theory and practice*, 23(4), 19-39.
- [14] Cole, S. (2012). The impact of reputation of market value. *World Economics*, 13(3), 49-68.
- [15] Colli, A. & Rose, M.B. (2008). *The Oxford Handbook of Business History*. Oxford University Press, Oxford.
- [16] Cramer, J.S., Hartog, J., Jonker, N. and Van Praag, C.M. (2002). Low Risk Aversion Encourages The Choice For Entrepreneurship: An Empirical Test of A Truism. *Journal of Economic Behavior and Organization*, 48(1), 29-36.
- [17] Dyson, R.G. (2004). Strategic development and SWOT analysis at the University of Warwick. *European Journal of Operational Research*. 152 (2004) 631–640
- [18] Farrington, S. M. V. E. (2009). *Sibling partnerships in South African small and medium-sized family businesses* (Doctoral dissertation).
- [19] Gerardo David, A. P. (2016). *Strategic management cultures- Historical connections with science*. *Journal of Management History*, 22(2), 214-235.
- [20] Hansen, B. & Hamilton, T. (2011). Factors Distinguishig small firm growers and non-growers. *International Small Business Journal*, 29(5), 278.
- [21] Intihar, A. & Pollack, J.M. (2012). Exploring Small Family-Owned Firms' Competitive Ability: Differentiation Through Trust, Value -Orientation, And Market Specialization. *Journal of Family Business Management*, 2(1), 76-86.
- [22] Katchamart, A. (2013). Mapping value added positions in facilities management by using a product-process matrix. *Journal of Facilities Management*, 11(3), 226-252.
- [23] Kementerian Koperasi dan Usaha Kecil Dan Menengah. (Ministry of Cooperatives and SMEs) (2012) —*Rencana strategis Kementerian Koperasi dan Usaha Kecil Menengah Republik Indonesia*. Retrieved from : http://www.depkop.go.id/uploads/tx_rtgfiles/Rencana_Strategis_Tahun_2012-2014.pdf
- [24] Kementerian Pariwisata dan Ekonomi Kreatif Republik Indonesia (Ministry of Tourism and Creative Economy). (2012). *Rencana Strategis 2012-2014 Kementerian Pariwisata dan Ekonomi Kreatif Republik Indonesia*. Jakarta: Ministry of Tourism and Creative Economy of the Republic of Indonesia. Retrieved from http://www.budpar.go.id/userfiles/file/RENSTRA_FINAL_all_29juni2012.pdf.
- [25] Machek, O., Hnilica, J., & Brabec, M. (2014). Characteristics of family businesses in the Czech Republic. *European Scientific Journal, ESJ*, 9(10).
- [26] Makings, G. S. (2009). Family Business Governance in The Middle East: The Challenges Facing The Continuity Of Family Businesses In The Middle East. *Trusts & Trustees*, 15(10), 770-775.
- [27] Nag, R., Hambrick, D.C. & Chen, M.J. (2007). What is strategic management, really? Inductive derivation of a consensus definition of the field. *Strategic Management Journal*, 28, 935-955.
- [28] Osterwalder, A., & Pigneur, Y. (2010). *Business model generation: a handbook for visionaries, game changers, and challengers*. John Wiley & Sons.

- [29] Pelham, F. (2011). Will Sustainability Change The Business Model of The Event Industry? *Worldwide Hospitality and Tourism Themes*, 3(3), 187-192.
- [30] Pertusa-Ortega, E., Molina-Azorin, J. & Claver-Cortes, E. (2009). Competitive Strategies and Firm Performance: A Comparative Analysis of Pure, Hybrid and 'Stuck-In-The-Middle' Strategies In Spanish Firms. *British Journal of Management*, 20(4), 508-523.
- [31] Pounder, P. (2015). Family Business Insights: An Overview of The Literature. *Journal of Family Business Management*, 5(1), 116-127.
- [32] Richards, G. (2012). Food and the tourism experience: Major findings and policy orientations. In D. Dodd (Ed.), *Food and the tourism experience* (pp. 13-46). Paris: OECD.
- [33] Rothaermel, F.T. (2013). *Strategic Management: Concept and Cases*. New York: McGraw-Hill.
- [34] Sabbaghi & Vaidyanathan. (2004). SWOT Analysis and Theory of Constraint in Information Technology Projects. *Information Systems Education Journal*, 2 (23).
- [35] Schwenk & Shrader, 1993 – dalam Robert N. Lussier Matthew C. Sonfield Joel Corman Mary McKinney, (2001), "Strategies Used by Small Business Entrepreneurs", *American Journal of Business*, 16(1). 29 – 38.
- [36] Sharma, P. (2013). *The relationship between entrepreneurship and family business – complementary dynamics*. Tharawat Magazine, No. 19.
- [37] Sort, J. C., & Nielsen, C. (2018). Using The Business Model Canvas To Improve Investment Processes. *Journal of Research in Marketing and Entrepreneurship*, 20(1), 10-33.
- [38] Tapiés, J. & Fernández, M. (2010), Values and longevity in family business: evidence from a crosscultural analysis. Working-Paper, 866. July.
- [39] Tsao, C., Chen, S., Lin, C. & Hyde, W. (2009). Founding family ownership and firm performance: the role of high performance work systems. *Journal of Small Business Enterprise Development*, 11(2), 186-194.
- [40] Umar, A., Sasongko, A. H., Aguzman, G., & Sugiharto. (2018). Business Model Canvas as a Solution for Competing Strategy of Small Business In Indonesia. *International Journal of Entrepreneurship*, 22(1), 1-9.
- [41] Wardhana, D.Y. (2018). Good Corporate Governance Practices in Family Business: A Case Study in Indonesia. *Petra International Journal of Business Studies*, 1(1), pp.35-44.
- [42] Yin, R.K. (2009). *Case study research: Design and method*, 4th edn. London: Sage.
- [43] Zachary, R.K. (2011). The Importance of The Family System In Family Business. *Journal of Family Business Management*, 1(1), 26-36.
- [44] Zareie, M. (2011). The Analysis of Effective Factors On Family Business Transition To The Next Generations In Iran. *Strategic Management Perspective, IPEDR*, 11, 1.
- [45] Zeinab, K. S., & Qasimi, J. A. (2005). A soft system analysis of nonprofit organizations and humanitarian services. *Systemic Practice and Action Research*, 18(5), 457-473.