Culinary Purchasing Intention in MSMEs: IT Capability, Innovation Capability

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Keywords: Information Technology Capability, Innovation Capability, Purchasing Intentions, MSMEs Culinary.

Abstract: Many previous research has found the importance of information technology and innovation capabilities to survive during difficult times. This study aims to examine the influence of information technology and innovation capabilities on customer purchase intentions in Jakarta micro-culinary businesses. The population of this study is all the consumers who have bought food from the micro-culinary company at least once and whose number is unknown. Purposive sampling is used in this study to identify 415 eligible customers to participate in this study. The researcher distributed surveys both online and offline in order to collect data. The data were processed using the Partial Least Squares (PLS) and discovered the influence of customers' information technology capacity and innovation capabilities on their purchasing intentions. This finding supports prior research that discovered the impact of information technology on innovation.

1 INTRODUCTION

The worldwide COVID-19 pandemic has impacted many aspects of human life, including consumer behaviour. People have become more interested in purchasing items or services online since the government has restricted outdoor activity to avoid spreading the Covid-19 pandemic. However, according to the ministry of cooperatives and micro. small and medium enterprises (2022), only 8% of micro, small and medium-sized enterprises (MSMEs) are digitally based, indicating that they are not ready to offer their products online and find it challenging to adapt to changes. As a result, their sales decreased dramatically during the COVID-19 pandemic, and many had to close their businesses. As a result, during the COVID-19 pandemic, the number of MSMEs has decreased dramatically from 64.7 million in 2019 to 34 million in 2020 (Consumer News and Business Channel Indonesia, 2020).

The situation illustrates the power of how information technology has forced businesses to adopt digital business practices, as it affects a company's performance. Therefore, enterprises need to develop their information technology capability as it affects consumers' purchasing intention (Liu et al., 2013; Aydiner, 2017). Zhang et al. (2008) defined information technology capability as an organization's capacity to mobilize and deploy information technology-based resources in conjunction with other business resources and competencies. In addition, several earlier studies have found the impact of information technology capability on customer purchase intentions (Al-Abdallah and Bataineh, 2018; Andrina et al., 2022; Hausman and Siekpe, 2009).

Innovation capability is a further factor that influences consumers' purchasing intentions. According to Slater et al. (2014), innovation is the firms' capability to provide new benefits that consumers have never consumed, reduce substantial costs, and create unique products that meet customer needs. Slater et al. (2014), explain how valuable innovation capability is in dealing with a highly competitive market. Previous studies have found that innovation capability has impacted consumers' purchasing intentions (Benachenhou et al., 2018; Carlina and Ekowati, 2022; Wu and Chen, 2014).

Based on the prior studies, this research develops a prepositional model about the relationship between information technology and innovation capability on consumer purchase intentions. This study aims to

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examine the effect of information technology capability and innovation capability on consumer purchase intentions in MSMEs culinary. The findings of this study can provide helpful information on how MSMEs might improve their competitiveness by becoming more adept at innovation and information technology.

This study replicates the research of Simamora and Wijaya (2022), which examines the effect of information technology and innovation capabilities on consumers' purchasing intentions based on coffee drinkers' perspectives. According to the study by Simamora and Wijaya (2022), information technology and innovation capability are determinant factors in increasing coffee drinkers' purchasing intentions to buy coffee from MSMEs' coffee shops.

In this study, the model is retested empirically to examine the effect of information technology and innovation capabilities on consumers' purchasing intention in micro-culinary enterprises in Jakarta.

2 LITERATURE REVIEW

2.1 Information Technology Capability

Information technology capability is defined by Zhang et al. (2008) as the capability of an organization to mobilize and deploy information technology-based resources in combination with other firm resources and capabilities. Saunders and Brynjolfsson (2016) explain the information technology capabilities in terms of how management and human resource capabilities facilitate information technology investments, how information technology is used for internal communication and with suppliers, and how firms provide internet capability. By providing internet capability, firms may utilize e-promotion tools such as reputation communication forums (Simamora et al., 2021); e-catalogues (Rustiarini et al., 2021); emarketing, and online reviews (Salqaura et al., 2021) to promote their products. With internet capability and e-promotional tools, firms can market their products and services in a broader market and make them more available. Furthermore, Troise et al. (2022) state that having digital technology capability is crucial for micro-enterprises to start a micro business successfully.

In this study, information technology capability explains the MSMEs' culinary capability in providing internet capability and e-promotional tools to make them able to engage in business digital practices. Hence, indicators used to measure information technology capability are (1) the availability of MSMEs' culinary on internet capability (2) and the availability of e-promotional tools of MSMEs capability. Those indicators were adopted from the research of Simamora and Wijaya (2022), which was replicated by this study.

2.2 Innovation Capability

Innovation capability is a valuable organizational asset as it contributes to the success of organizations (Donkor et al., 2018; Naala et al., 2017). When dealing with a highly competitive market, innovation capability becomes a source of innovative ideas for processes, products, and services (Aas and Breunig, 2017; Chang et al., 2012) and; a source of new products with new benefits and a source of costs' reduction (Slater et al., 2014). According to Rajapathirana and Hui (2018), innovation capability refers to the organizational capability to develop new products that meet market demands, implement appropriate information technology-based processes, adapt to competitors' intentional technological activity and cope with unexpected opportunities.

The innovation capability concept in this research is adopted from Simamora and Wijaya (2022), which was replicated by this study. In this study, innovation capability is defined as a firm's capability to provide a good quality product and unique product based on consumers' perspectives. In this research, the indicators to measure innovation capability are (1) the ability of MSMEs culinary enterprises to provide high-quality food, (2) and the ability of MSMEs culinary to provide a unique taste of food.

2.3 Purchasing Intentions

Purchasing intentions are consumers' desire to buy a product in response to a product. Consumers who have a favourable view of a particular product show their intentions to buy it (Nulufi and Murwatiningsih, 2018). They have a favourable view as they believe the products are valuable; thus, they are interested in buying and recommending the products to others (Roozy et al., 2014). According to Rahim et al. (2016), various sources of value include product features, brand name, social influence and the cost of buying the product. Each customer has a differing preference in factors that impact consumers' purchasing intentions (Lee, 2009).

The concept of purchasing intentions in this research came from Simamora and Wijaya (2022), which was replicated by this study. This study defines purchasing intentions as customers' positive views in responding to a particular product. The indicators used to measure purchasing intentions include (1) consumers' intention to find more information about the foods provided by the MSMEs culinary, (2) consumers' intention to buy food from the MSMEs culinary, and (3) consumers' intentention to recommend others, customers, to buy food from the MSMEs culinary.

2.4 The Effect of Information Technology Capability on Purchasing Intention

Many previous studies have explained the effect of innovation capability on purchasing intentions (Hausman and Siekpe, 2009; Troise et al., 2022; Zvarikova et al. (2022)). The study of Hausman and Siekpe (2009) has found the impact of a company's website on consumers' purchasing intentions. Troise et al. (2022) s show the impact of digital technology capability on successfully starting the MSMEs'. Zvarikova et al. (2022) found that online food delivery services during the Covid19 outbreak have improved consumer engagement and loyalty. Moreover, the study by Andrina et al. (2022) found information technology capability's effect on consumers' purchasing intentions in e-commerce

2.5 The Effect of Innovation Capability on Purchasing Intentions

Previous research has found the influence of innovation capability on purchasing (Amoako et al., 2021; Benachenhou et al., 2018; Wu and Chen, 2014). For example, according to Wu and Chen (2014), innovation in saving energy affects consumers' purchasing intentions. Furthermore, Benachenhou et al. (2018) found that innovation in a unique logo impacts consumers' purchasing intentions. Moreover, Amoako et al. (2021) show that innovation in online marketing influences consumers' purchasing intentions.

Based on the previous studies, this research has developed a hypothesis as follows : H1: There is an effect of information technology capability on consumers' purchasing intentions in MSMEs culinary in Jakarta.

3 METHODS

This research is designed to assess the impact of information technology and innovation capabilities on customers' purchase intentions in micro-culinary businesses in Jakarta. The population of this study consists of consumers of MSMEs culinary, whose number is unknown. The sample was selected using a purposive sampling technique that selected the respondents based on specific criteria. The data is collected using a questionnaire distributed online. The number of samples in this study was 415, which is higher than 96, the minimum number of respondents based on the Lemeshow formula. Then, the data were analyzed using partial least squares structural equation modeling (PLS-SEM).

4 RESULT AND DISCUSSION

4.1 The Profile of Respondents

In this study, 415 millennials who are eligible have participated in this survey. According to the demographic profile, most respondents were female (55.6%) and males 44.3%. In addition, the majority of respondents are between the ages of 20 and 30 (33.73%), followed by those between the ages of 30 and 40 (32.53%), over 40 (21.70%), and under 20 (12.04%). Moreover, based on their educational background, the majority of respondents (37.83%) hold a bachelor's degree (37.59); and a diploma degree (24.58%).

Table 1: The Profile of Respondent.			
Variable	Total	%	
Gender			
-Female	231	55,6	
-Male	184	44,3	
Age			
<20 years	50	12,04	
20 - 30 years	140	33,73	
>30 – 40 years	135	32,53	
>40 years	90	21,70	
Education			
-High School	157	37,83	
-Diploma	102	24,58	
-Bachelor	156	37,59	

Source: Processed data (2022)

Based on their demographic profile and educational background, all respondents are qualified to answer each question in the questionnaire (See table 1). Then, the data is processed using the smart partial least squares (PLS) application, and generated the PLS Algorithm Model generated as follows:



Figure 1: The PLS Algorithm Model.

4.2 The Evaluation of the Outer Model

The evaluation of the outer model is the first stage conducted in partial least squares (PLS) analysis. The outer model assessment describes the relationship between latent variables and their indicators (Ghozali, 2015). Validity and reliability were used to assess the measurement model.

4.2.1 Validity Test

Because all indicators in this study are reflective, convergent and discriminant validity are used to examine the measurement model's validity. To satisfy the convergent validity requirement, the value of the loading factor must be greater than 0.7 (Ghozali, 2021). According to the results, the convergent validity requirements have been satisfied since all indicators have loading factors greater than 0.7. (see table 2.)

	ITC	IC	PI
IC1	0,155	0,911	0,385
IC2	0,251	0,942	0,474
ITC2	0,902	0,242	0,277
ITC1	0,932	0,175	0,329
PI1	0,285	0,390	0,851
PI2	0,314	0,442	0,884
PI3	0,269	0,390	0,886

Source: Processes data (2022)

In addition, the outer model is examined by examining the discriminant validity using the loading value and Fornell Larcker criterion. According to Ghozali (2021), the discriminant validity requirements are satisfied if (1) the cross-loading value is less than the correlation of constructs with its indicators, (2) the square root of the AVE of each construct is more than the correlation with other constructs (Fornell-Larcker criterion) and (3) the value of AVE is higher than 0.5. The results indicate that the value of cross is less than the correlation of constructs with its indicators (See Table 2.) indicating that the items load and assess the construct appropriately. Furthermore, the square root of the AVE of each construct is more than the correlation with other constructs (Fornell-Larcker criterion) (See table 3.), and the value of AVE is greater than 0.5 (see table 4)

Table 3: Fornell Larcker Criterion.

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		ITC	IC	PI
	ITC	0,917		
	IC	0,224	0,926	
	PI	0,333	0,468	0,874
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Source: Processes data (2022)

Table 4: AVE.

	Average Variance	
	Extracted (AVE)	
Information Technology	0,841	
Capability (ITC)		
Innovation Capability (IC)	0,858	
Purchasing Intention (PI)	0,763	
Source: Processes data (2022)		

4.2.2 Reliability Test

The purpose of the reliability test is to determine the degree of reliability of the measuring instruments. This study conducted reliability assessments using Cronbach's alpha and composite reliability. The lowest value of Cronbach's alpha and composite reliability necessary to meet the reliability requirements, according to Ghozali (2021), is 0.70. Based on the results, this research explains that the reliability test in this research is satisfied.

Table 5: Reliability Test

	Cronbach's Alpha	Composite Reliability
Information Technology Capability (ITC)	0,917	0,914
Innovation Capability (IC)	0,224	0,924
Purchasing Intention (PI)	0,333	0,906

4.2.3 The Evaluation of the Inner Model

The inner model test is conducted to determine whether the relationship between exogenous latent variables and endogenous latent variables can answer the questions regarding the relationship between latent variables previously hypothesized. This research evaluates the inner model based on the estimated value of the path coefficient, the value of R square, and the Goodness of Fit.

Table 6: Path Coefficient.

	Original Sample (0)	T Statistic	P-value
ITC -> PI	0,240	5,046	0,000
IC -> PI	0,414	8,238	0,000
Source: Processes data (2022)			

The results show that the value of the path coefficient of information technology capability (ITC) and purchasing intentions (PI) is 0,240 with a p-value is 0,000, meaning that there is a significant effect of ITC on PI. Moreover, the results show that the value of the path coefficient of innovation capability (IC) and purchasing intentions (PI) is 0,414 with a p-value is 0,000, meaning that there is a significant effect of ITC on PI. (see table 6.)

Table 7: R².

	R ²	R ² Adjusted
Purchasing Intentions (PI)	0,274	0,270
Source: Processes of	data (2022)	

The value of R square reflects how well the exogenous latent variables (information technology capability (ITC) and innovation ability (IC)) explain the changes in the endogenous variable purchase intentions (PI). According to Chin (2010), the value R-square for the latent variables is 0.67, 0.33, and 0.19, indicating that the proportion of changes is substantial, moderate, and weak, respectively. According to Chin (2010), the R2 value discovered in this research was 0.274, suggesting that the proportion of changes in PI caused to ITC and IC is not statistically significant (See table 7.).

4.3 Hypothesis Testing

This study found the effect of information technology capability (ITC) on consumers' purchasing intentions (PI) in the culinary MSMEs in Jakarta, as the p-value is 0.000 < 0.005. Furthermore, the p-value for the effect of innovation capability (IC) on consumer purchasing intentions (PI) in MSMEs culinary in Jakarta is also 0.000 < 0.05 (see table 6).

4.4 Discussion

This study found that information technology capability (ITC) and innovation capability (ICI) have an effect on consumers' purchase intentions (PI) for MSMEs in the culinary industry in Jakarta. The results of this study agree with research that has been done by Simamora and Wijaya (2022), which states that consumers' intentions to buy coffee from MSMEs coffee shops are affected by how well a company handles information technology and new ideas (Simamora and Wijaya, 2022). The results of this study are also in line with the earliner studies of Hausman and Siekpe, (2009; Abdallah and Bataineh, (2018) and Andrina et al., (2020). According to Hausman and Siekpe (2009), the information technology capability is a company's capability to design web interface features, and it was proven that this capability impacts a customer's purchasing intention. Furthermore, according to Abdallah and Bataineh (2018), information technology is a company's capability to support social networking sites, such as e-word of mouth and e-reference groups, and impact buying intentions. Lastly, Andrina et al.(2021) describe information technology capacity as a company's ability to supply easy-to-use technology, and it was discovered that this competence influences consumers' buying choices. In addition, this research discovered that innovation capability is essential as it favourably improves customers' purchase intentions. The findings support the findings of Wu and Chen (2014), Benachenhou et al. (2018), and Amoako et al. (2021) that innovation capacity impacts consumers' purchase intentions. According to Wu and Chen's research, items that address environmental challenges, such as energy efficiency and environmentally friendly products, are likely to improve consumers' purchase intentions with a high level of green marketing knowledge. In the study by Benachenhou et al. (2018), innovation capability refers to Coca-ability Cola's to develop a visual element and informative text for Coca-Cola packaging that impacts consumer purchase interest in Tlemcen. In the 2021 research by Amoako et al., "innovative capacity" refers to the hotel industry's digital platform, which improved online purchasing in Ghana.

Based on this findings, to develop information and innovation capabilities are important to help MSMEs culinary in responding to customer behaviour changes who prefer to buy product online.

5 CONCLUSION

According to the results of this research, information technology capability and innovation capability are significant factors affecting consumers' to purchase from MSMEs culinary. Thus, strengthening information technology and innovation capabilities are strategic actions to survive in during the COVID-19 pandemic and in highly competitive market.

In this case, the government's role is crucial in helping culinary MSMEs develop their capabilities in information technology. For example, the government may assist culinary MSMEs to have more access to financial institutions and give them free training to develop their digital technology capabilities. Also, the government might help them work together with food-related groups so that they can learn how to improve the quality of food and make a new way to test it.

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