



POSITIONING ANALYSIS OF COFFEE SHOPS IN BANDUNG CITY INDONESIA BASED ON ORGANIZATIONAL LIFECYCLE

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Abstract

This research is motivated by the fierce competition of coffee shops in Bandung city. Therefore an appropriate comprehension is required to ensure the sustainability of the coffee shops by assessing the stages of the organizational cycle. This research focus-es to investigate the position of the small and medium business coffee shops industry in Bandung based on the organizational lifecycle. The research employed a descriptive method with a practical approach. Data is collected through a valid and reliable questionnaire. The research subjects involved were 86 respondents from 397 existing populations, consisting of 48 founders and 38 managers from variety coffee shops. The descriptive analysis shows that in lifecycle, the majority coffee shops in Bandung City are placed on prime stage and founder's trap stage. The coffee shops that placed on founder's trap stage are recommended to appease the founder's ego and authority in decision making to the employee whom they trusted, also to recruit professional employees. Meanwhile, the coffee shops in the prime trap were recommended to cut down the proactive steps in order to avoid safe zone, apply initiatives by the employees, develop supported products, and improve human resource management.

Keywords: *Organizational Lifecycle, Life Cycle Curve, Ichak Adizes, Coffee Shop*

INTRODUCTION

The dynamics in lifestyle and middle class of Indonesian people have encourage the domestic coffee processing industry to experience a significant increase. The consumption show growth in processed coffee products by an average of more than 7% per year (Sutriyanto, 2018). This affected the growth of the coffee shops, particularly in Bandung city. Judging from the distribution of coffee shops in Bandung city shows that business competition in this industry also getting more challenging (Hati, 2017). Thus, businessman are required to be prepared to face business competition and maintain its position in the market, where a company or industry is not only made for a moment's sake (Kermani, Nayebzadeh, & Roknabadi, 2016).

Based on a preliminary interview conducted with several coffee shops founders and employees, it is revealed that although coffee shops show a positive growth, they also faced internal issues. The internal issues include formal structural clarity and disparity of wages and incentives. One coffee shop was noted to have experienced development that was perceived negatively due to the closing of several branches in the same period.

Given the current condition, it is important to deal with problems and activities along with competitors institutions and companies. Therefore they should adopt long-term policies and develop a comprehensive program according to the perspective, mission, goals and conditions and indoor facilities as well as opportunities and threats of the external environment (Nazari, 2012). Therefore, researchers would like to help the organization by examining the extent of the coffee shops organization's position in Bandung in the life cycle of the organization to develop and maintain the life of its organization and recommend strategy that can be applied based on the position by the coffee shops.

LITERATURE REVIEW

Organizational Lifecycle

Like living organisms, growth and aging represent business units based on the controllability and flexibility. In young (growth) period organizations are very flexible, but in most cases are uncontrollable. By increasing the organization's life, relationships change: increased control and de- creased flexibility. Finally, in aging (decline period) controllability will also decrease. The entity's controllability and flexibility shows that it involves both young and aging period benefits. The situation is known under the evolution stage (puberty) (Adizes, 1988).

In economics and management, lifecycle of companies and institutions can be divided into stages. Models with some stages have been presented for life cycle in literature of these sciences. Within the framework of these models, institutions and companies follow a certain

policy according to the associated economic life stage. These policies are reflected in corporate accounting information (Ghorbani, 2006).

METHODOLOGY

The process of this research aims at examining the issues related to the organization's lifecycle comprise identifying the position of coffee shop organization in the industry based on organizational lifecycle framework (Adizes, 1988). It is assessed through 6 indicators related to organizational lifecycle, which are: organizational system, leadership management, human resources, risk-taking and innovation, liquidity and income, marketing and sales management. This indicator will define the each stage of life cycle through website analysis of Adizes Institute (Kermani, Nayebzadeh, & Roknabadi, 2016).

This research employed quantitative descriptive approach by field studies. The researcher employ a questionnaire to collect data from 86 respondents in total. Respondents selected with non-probability sampling method, namely judgment sampling by selecting respondents who fulfill certain criteria (Uma & Bougie, 2017). The index and implications of this questionnaire formulated from the research literature mainly from Azides' (www.adizes.com), that known as the pioneer of life cycle analysis. The practicality and tangibility of the questionnaire for the coffee shop industry were proved after series of meetings with the founders/owners and operations managers. To ensure reliability of research tools researchers used Cronbach's alpha value. A questionnaire deemed reliable if Cronbach's alpha value is greater than 0.7 considering that the value almost 1, the questionnaire reliability is higher (Sugiyono, 2018). The alpha value for the entire lifecycle analysis questionnaire was 0.746 which was greater than 0.7, so it can be concluded that questionnaire was stable. Research variables including answers to questionnaire questions are presented in table 1 in terms of life cycle analysis with 6 indices.

Table 1. The indicators that related to life cycle analysis and the calculation method

Examined Indices	Questionnaire questions	Scale	Measurement
Organizational System	2,3,4,11,12,13,23,30,33		
Leadership management	15,22,28,29,35,38,39,41,44		
Human Resources	8,9,10,16,20,21,24,27,40,43	LIKERT	ORDINAL
Risk Taking and Innovation	1,14,31,34,42		
Liquidity and Income	5,6,7,17,19,25,26,32,36		
Marketing Management	18,37		

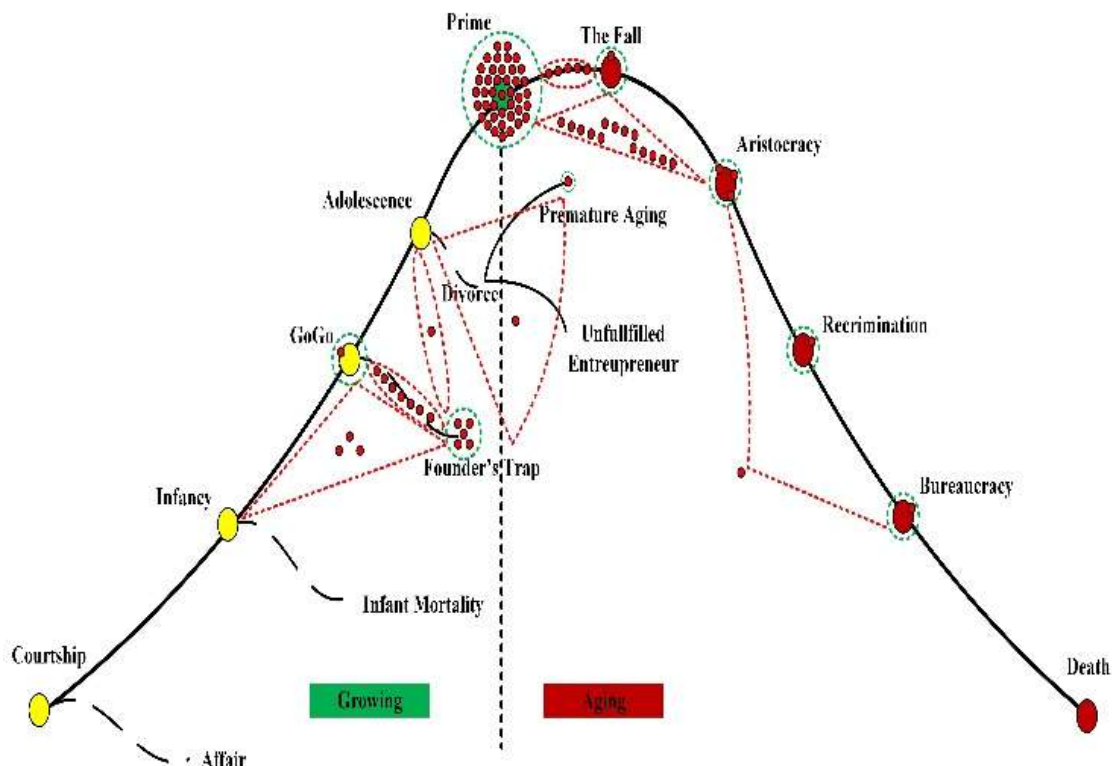
Source: Adapted from (Kermani, Nayebzadeh, & Roknabadi, 2016)

Then the researcher distribute questionnaire according to the quantity of samples needed and convert the outcomes of the answers from ordinal data into the descriptive data section through the frequency distribution table. In the frequency table provided conclusions from the answers to the questions taken from the mode in each item.

ANALYSIS AND FINDINGS

From the analysis conducted in each coffee shop in Bandung city, the most small and medium micro-businesses coffee shops were at the Prime stage and founder's trap stage in the organizational lifecycle. Coffee shops in the founder's trap cannot escape from the founder dependency. Organizations are also trapped by the founder's capabilities and innovation limitations. This possibly due to the organization required more advanced capabilities that it currently had to replace the founder's organizing ability. It was also presumed that founders unable to delegate authority causes the decision making to be centralized. Meanwhile in the coffee shop identified in prime position, the interview indicate several characteristics found specifically: there are a functional organizational structure and system; has a long-term vision, innovation and creativity; there are short to long-term goals planning; anticipated organizational performance; the organization shows growth in sales and profit; and the founder is able to delegate authority, strength, and responsibility in decisions-making to the managers. The organizational lifecycle graph can be seen in the figure 1.

Figure 1. Positioning coffee shops in Bandung city based on the organizational lifecycle



CONCLUSION

The descriptive analysis of the questionnaire including 44 questions distributed among 86 respondents from 397 existing populations consisting of 48 founders and 38 manager come from variety of coffee shops, shows that top management must maintain proactive steps to prevent complacency and be overwhelmed by circumstances by emphasizing innovations that can be developed by employees and continuous product development, increasing management of human resources in terms of aptitude, capacity, and knowledge.

The leading strategy that required for the coffee shops in Bandung city based on the analysis of organizational lifecycle to coffee shops that placed in the founder's trap, the founder must try to appease his ego and authority in decision-making, and willing to assign tasks to competent employees with professional adequacy in the field management. Founders should recruit employees that are competent specially in administration. Coffee shops also need to establish a clear and structured system through formulating formal structure, and a clear and consistent division of job description, eliminating rolling work systems that can frustrate the employees, and apply written work system policy rules.

In prime positions, top management must maintain proactive steps to prevent complacency and be overwhelmed by circumstances by emphasizing innovations that can be developed by employees and continuous product development, increasing management of human resources in terms of aptitude, capacity, and knowledge.

SUGGESTIONS

Consistent with research analysis, the coffee shops in Bandung city that placed on founder's trap stage are recommended to appease the founder's ego and authority in decision-making, and willing to assign tasks to competent employees with professional adequacy in the field management. Coffee shops also need to implement a clear and structured system through formulating formal structure and removing rolling work system that can frustrate employees. To the coffee shops in Bandung city that placed on prime position should maintain proactive steps to prevent complacency and be overwhelmed by circumstances by emphasizing innovations that can be developed by employees and continuous product development, increasing management of human resources in terms of aptitude, capacity, and knowledge.

For upcoming research in the topic, it is recommended to use a mixed research approach by involving the interview process with the founders in each coffee shop.

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