

THE ROLE OF ORGANIZATIONAL CULTURE IN ENCOURAGING PRODUCT INNOVATION AND MARKETING PERFORMANCE OF FAST-FOOD BUSINESS ACTORS IN KENDARI CITY

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ABSTRACT

This study aims to understand how organizational culture plays a role in driving product innovation and improving marketing performance in fast-food businesses in Kendari City. A qualitative approach using phenomenological methods was used, through in-depth interviews, observations, and document analysis with 12 informants consisting of business owners, managers, and supervisors. The results show that the culture of innovation in this business is formed by openness to employee ideas, an attitude of accepting failure as a means of evaluation, and the speed in implementing new ideas. Furthermore, customer orientation is a crucial factor that drives product customization and increases loyalty through rapid response to consumer needs. A family-like culture also strengthens closer working relationships, thereby increasing employee commitment and loyalty. On the other hand, a major challenge identified is the limited capacity of human resources in utilizing digital marketing, despite the existence of a culture of knowledge sharing that facilitates internal learning processes. Overall, organizational culture proves to be a crucial foundation linking product innovation and marketing performance in fast-food businesses in Kendari City.

Keywords: organizational culture, product innovation, marketing performance

INTRODUCTION

The development of fast food businesses in Indonesia in recent years has shown a continuously increasing trend. (Herispon 2024) This phenomenon is inseparable from changes in people's lifestyles that increasingly prioritize practicality, the increasing number of urban residents, and advances in digital technology that facilitate the ordering process and provide services to consumers. (Darmawan and Rizqullah 2026) . Simultaneously, business competition in the culinary sector is also increasingly fierce because it involves various business actors, ranging from large-scale franchise companies to small and medium-sized enterprises operating locally. (Alamanda and Anggadwita 2024) . This condition encourages every business actor to continue to innovate and adjust their marketing strategies to

continue to meet the ever-changing needs of consumers. (Inna 2025) . The same condition is also seen in Kendari City (Pratama 2026) The rapid growth of the culinary sector has opened up significant opportunities for fast food businesses to expand their businesses. (Rahmah and Welem 2024) . However, these opportunities are not always accompanied by the business's ability to adapt to market changes. (Muthalib et al. 2025) . Many business actors, especially MSMEs, still face various obstacles, such as limited human resources, low ability to develop new products, and less than optimal use of digital media as a marketing tool. (Husriadi 2024; Noer, Chan, and Tresna 2025) .

As a result, some businesses experience difficulties in increasing competitiveness, maintaining customer loyalty, and expanding market share. (YP Ananda, Rizan, and Wibowo 2024) . In the context of organizational management, one of the factors believed to influence a business's ability to face these challenges is organizational culture. (Bogale and Debela 2024; Oktavia et al. 2024) . Organizational culture describes the values, norms, habits, and behavioral patterns that develop within an organization. (Cao, Duan, and Edwards 2025) . A culture that encourages creativity, openness to change, teamwork, and continuous learning tends to create an environment that supports the emergence of innovation. (Bici and Kasimati 2026) . Through a positive culture, organizations not only find it easier to produce new products that meet consumer needs, but are also better prepared to implement effective marketing strategies to maintain business continuity. (Iragi and Kyongo 2024) . Several previous studies have examined the importance of organizational culture in supporting business development. Research conducted by (Prihanto 2025) Research shows that organizational culture plays a role in shaping the ability of MSMEs to adapt to digital transformation. The research findings demonstrate that the values developed within an organization can influence how business actors respond to changes in the business environment. However, this research focuses more on digital adaptation and fails to explain the relationship between organizational culture and product innovation or marketing performance. Furthermore, (Palupi et al. 2023) Through a case study approach, researchers found that adaptability and the application of entrepreneurial marketing are crucial factors in maintaining the sustainability of traditional food businesses. This research provides insight into the importance of marketing strategies in increasing business competitiveness.

However, organizational culture has not been identified as a primary factor in fostering innovation and increasing marketing effectiveness. Meanwhile, research (Haryadi and Johan 2026; Romano and Intenza 2026) Studies have shown that an organizational culture characterized by family values, openness, and an entrepreneurial spirit can shape the work behavior of organizational members. However, these studies primarily discuss the meaning of organizational culture from an internal organizational perspective and have not directly linked it to product innovation or marketing performance. Based on these studies, it can be seen that organizational culture, product innovation, and marketing performance have indeed been extensively researched. However, several gaps remain that require attention. *First*, most previous studies place organizational culture, innovation, and marketing as stand-

alone variables or only examine the direct relationship between them. *Second*, research explaining how organizational culture drives product innovation and subsequently impacts marketing performance is still relatively limited. *Third*, the majority of studies were conducted in large companies, the manufacturing sector, or more developed urban areas, so the results may not necessarily reflect the conditions faced by fast food MSMEs in Kendari City.

This gap is becoming increasingly important to examine. Although the city's culinary sector is growing rapidly, various challenges remain. The low frequency of new product launches, suboptimal use of digital marketing, and weak ability to build customer loyalty indicate persistent obstacles in business management. These conditions indicate a gap between available market opportunities and the organization's internal capabilities in creating and maintaining a competitive advantage. Therefore, a deeper understanding of the internal factors that can help businesses overcome these challenges is necessary. Kendari City was selected as the research location for several considerations. In addition to being a center of economic growth in Southeast Sulawesi Province, Kendari also has a culinary MSME population that continues to grow year after year. Furthermore, research on organizational culture in fast food businesses in this region is still very limited. The predominantly small- and medium-sized businesses make Kendari an interesting context for understanding how organizational culture can play a role in driving innovation and improving marketing performance. Thus, research in this area is not only important for enriching academic literature but can also provide practical input for business actors and local governments in supporting the development of the culinary sector. Based on this description, this study aims to analyze the role of organizational culture in driving product innovation and improving marketing performance in fast food businesses in Kendari City. The novelty of this research lies in its focus, which is specifically directed at fast food MSMEs in Kendari City, which are still rarely researched. Furthermore, this study integrates organizational culture, product innovation, and marketing performance within a single, interrelated analytical framework. Unlike previous research that tends to discuss these variables separately, this study seeks to explain how organizational culture can become a foundation that drives product innovation and subsequently contributes to improved marketing performance.

Through a phenomenological approach, this research is also expected to be able to produce a deeper understanding of the real conditions faced by fast food business actors in Kendari City so that it can provide theoretical and practical contributions to the development of culinary MSMEs in the future.

RESEARCH METHODS

This study employed a qualitative design with a phenomenological approach to deeply understand the meaning of fast-food entrepreneurs' experiences related to organizational culture, product innovation, and marketing performance. Phenomenology was chosen because it allows researchers to explore subjective perceptions and the essence of

phenomena as directly experienced by informants, rather than from an external theoretical perspective. The population consisted of all fast-food business owners and managers in Kendari City, with a sample of 12 informants selected using a purposive sampling technique. Informants included business owners, operational managers, and marketing supervisors who had at least 2 years of experience in strategic decision-making. These informants were appropriate because they were directly involved in shaping organizational culture and innovation decisions. The research location was Kendari City, Southeast Sulawesi, chosen due to the unique characteristics of the local culinary market and the lack of empirical research in mid-sized cities in Eastern Indonesia. The research procedure included in-depth interviews, participant observation, and document analysis, following systematic phenomenological steps to capture the meaning of experiences. Data analysis used the Miles and Huberman model, with stages of data condensation, data presentation, and conclusion drawing, which allowed for systematic and credibly validated analysis.

RESULTS AND DISCUSSION

Culture of Innovation

Based on interviews, the culture of innovation in fast-food businesses in Kendari City is formed through three main aspects: an orientation toward innovation, an open attitude to failure, and the speed of implementing new ideas. These three aspects are evident in the daily practices of business owners and are crucial in supporting the sustainability and development of the business. Regarding innovation orientation, business owners demonstrate openness to various ideas emerging from employees. New ideas originate not only from the owner but also from team members directly involved in business operations. One informant explained that every employee's suggestion is always listened to and considered, as it is often better than the owners. This situation indicates that the innovation process in fast-food businesses in Kendari City is participatory. Relatively close working relationships and minimal hierarchical distance allow employees to freely express their opinions and propose menu variations and new service methods. This finding supports the research findings (Hashim et al. 2025) . which states that leadership that supports creativity can build a stronger culture of innovation within an organization. Furthermore, a culture of innovation is also evident in how entrepreneurs view failure. In practice, the failure of a new product or idea is not seen as a mistake that must be punished. Instead, it serves as a basis for collective evaluation to determine the cause of the failure and determine the next steps for improvement.

Informants reported that when a menu item is not popular with consumers, the team will discuss the results and try other alternatives without assigning blame. This pattern creates a safer work environment for experimentation, allowing employees to feel free to propose new ideas. These results align with findings (Aldeanueva-fernández and Contreras 2025). emphasizes that learning from failure and the courage to continuously experiment are crucial factors in building a culture of innovation that endures over the long term.

Furthermore, the speed of idea implementation is a prominent characteristic of fast-food businesses in Kendari City. Several informants revealed that ideas deemed potential can be tested the same day without having to go through lengthy procedures. If the results do not meet expectations, improvements can be made immediately the next day. This flexibility is supported by a simpler organizational structure compared to businesses in larger cities. Therefore, the culture of innovation in fast food businesses in Kendari City is reflected not only in the emergence of new ideas, but also in the ability of entrepreneurs to quickly test, evaluate, and refine these ideas according to market needs. These findings indicate that organizational cultural flexibility plays a crucial role in enhancing a business's ability to adapt to the dynamics of a constantly changing business environment.

Customer Orientation

Based on the interview results the research shows that customer orientation is a crucial factor supporting the development of fast-food businesses in Kendari City. Business owners focus not only on product sales but also strive to understand customer needs and expectations through various inputs received. According to informants, every complaint or suggestion from customers is always taken into account and used as evaluation material to improve product and service quality. Business owners view customers as a source of information that helps them identify shortcomings and opportunities for business development. Thus, the relationship between business owners and customers is not merely transactional but also serves as a means of continuous learning. The research findings also show that customer orientation encourages business owners to adapt products to suit local consumer characteristics. Several informants explained that some menu items were initially less popular, but after changing the taste, spiciness level, and ingredient composition to suit Kendari residents' preferences, the product received a better response. This situation demonstrates that the ability to understand customer tastes is a crucial foundation for product innovation. The faster business owners respond to consumer needs, the greater the chance of a product being accepted by the market. In addition to encouraging innovation, customer orientation also contributes to increased consumer loyalty. Informants revealed that customers who previously complained often returned to make purchases after improvements were made. In fact, quite a few of them even recommend the business to relatives or friends. This phenomenon shows that customers who feel heard and appreciated tend to have a higher level of trust in the business.

Therefore, customer orientation in fast food businesses in Kendari City not only plays a role in creating product innovation, but also becomes an important strategy in retaining customers and expanding market reach through word-of-mouth recommendations.

Family Culture

Based on the results of the analysis that has been carried out the results show that a family-oriented culture is a strong characteristic of fast-food businesses in Kendari City. This culture is reflected in the relationships between business owners and employees, which are not solely based on formal work relationships but also built through personal closeness.

Interviews revealed that most business owners know their employees well, including their family circumstances, personal needs, and the various issues they face. This closeness creates a warmer work atmosphere and makes employees feel cared for as individuals, not just as employees. Furthermore, a family-oriented culture is also evident in the more open patterns of daily interactions. In running a business, owners and employees communicate without overly rigid distances, allowing for easier discussion of issues arising in the workplace. While there is still a division of tasks and responsibilities, the relationships formed tend to be more flexible than those established in formal organizational structures. This makes employees more comfortable expressing opinions, providing input, and discussing work matters.

Thus, a relaxed work environment can coexist with the demands of business productivity. These findings indicate that a family-oriented culture has a positive impact on employee loyalty in fast food businesses in Kendari City. Employees who feel valued and accepted as part of the work environment tend to have a stronger attachment to the business they work for. This sense of belonging motivates them to work more diligently and strive to contribute their best to the company's growth. The results of this study align with those of (Aisyah et al. 2022) . and (Wua, Noermijati, and Yuniarinto 2022) which explains that a family culture can strengthen commitment, increase work comfort, and positively impact employee performance. Therefore, a family culture not only serves as a social value within an organization but is also a crucial factor supporting the sustainability and growth of fast-food businesses in Kendari City.

Resource Challenges

Based on the results of the analysis that has been carried out This study shows that one of the challenges still faced by fast food businesses in Kendari City is related to limited human resources, particularly in utilizing digital technology for marketing activities. Although most employees are young and quite familiar with social media, their ability to create engaging and effective promotional content remains uneven. Interviews revealed that some employees still lack the confidence to participate in digital promotions, while others lack the skills to create content that meets their business's marketing needs. This situation has resulted in the potential of social media as a promotional tool not being optimally utilized. On the other hand, business owners recognize that digital marketing is increasingly important in supporting the development of fast-food businesses. Therefore, improving employee skills in managing digital media is a necessity that cannot be ignored. This finding aligns with research by (D. Ananda and Bharata 2026; Nurani et al. 2026). This demonstrates that digitalization can help culinary businesses increase sales, expand market reach, and strengthen competitiveness. However, the success of digital technology utilization is greatly influenced by the ability of human resources to operate and optimize the various available platforms.

Interestingly, this study also found a strong culture of knowledge sharing within the fast-food industry in Kendari City. Informants explained that employees with specific skills tend to be willing to help and teach other coworkers informally. This learning process occurs

in everyday activities, facilitating the transfer of knowledge between employees. team members. This culture of sharing is a crucial asset in enhancing collective capabilities, particularly in the face of ever-changing technological developments. Therefore, efforts to strengthen digital capacity not only rely on formal training but can also be supported through a culture of learning and knowledge sharing that has developed within the business. This condition demonstrates that knowledge Sharing plays an important role in improving competency, encouraging innovation, and supporting the sustainability of fast-food businesses in Kendari City.

CONCLUSION

Based on the research findings presented, it can be concluded that the sustainability and development of fast-food businesses in Kendari City are significantly influenced by the interconnectedness of organizational culture, customer orientation, product innovation, and marketing performance, all of which support each other. A culture of innovation fostered through openness to employee ideas, acceptance of failure as a learning tool, and the speed with which new ideas are implemented demonstrate that organizational flexibility is a crucial factor in maintaining business competitiveness.

On the other hand, customer orientation has also been shown to play a significant role in driving product improvements and increasing loyalty, as every customer input is used as a basis for making adjustments to meet local market needs. Furthermore, a strong family culture within the business environment creates closer working relationships between owners and employees, thereby increasing work comfort while strengthening employee loyalty and commitment to the business. This ultimately impacts operational stability and overall business performance. However, this study also found challenges in the human resources aspect, particularly in the suboptimal utilization of digital technology. Limited capacity in managing promotional content is one obstacle to maximizing digital marketing, although on the other hand, a culture of knowledge sharing fosters learning among employees. Overall, it is understood that the success of fast-food businesses in Kendari City is not solely determined by product factors, but also by how the organizational culture is built, how customers are involved in the improvement process, and how human resource capabilities are developed. Thus, the integration of organizational culture, innovation, and market orientation is a key factor in strengthening business competitiveness and sustainability amidst increasingly fierce competition.

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