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The Influence Of Product Innovation, Process Innovation And Service Innovation On The Marketing Performance Of Culinary Msmes In Oku District

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ABSTRACT

The industrial sector is one of the important sectors in helping the economy progress, therefore the existence of industry as one of the pillars of the economy in OKU Regency has had an influence on the regional economy, even though demographically the livelihood of the majority of the population is as farmers. The policies implemented by the OKU Regency government in handling industry are directed at increasing industrial and craft growth, production and competitiveness, absorbing labor as well as creating a conducive business climate and increasing market share. The programs implemented to advance industry in OKU Regency are small and medium industry development programs and assistance (grants). Through small and medium industry development programs, we strive to improve the skills of entrepreneurs and craftsmen. Meanwhile, the development policy for the industrial, trade and SME cooperative sectors in OKU Regency is directed at growing, fostering and developing small and medium trade industries and cooperatives. The research method used in this research is a survey method conducted on 100 MSME research in OKU Regency. Analysis of the data processed in the research is primary and secondary data. Primary data is used for linear regression. Secondary data is used to look at MSME data in OKU Regency, while to answer problems, assessment criteria using a Likert scale are used, and to look at the influence of product innovation, process innovation and service innovation using linear regression analysis. Based on the analysis of the results of the research that has been carried out, it can be concluded that the research results show that product innovation, process innovation and service innovation have an influence on marketing performance in OKU Regency.

Keywords: Marketing Performance, Product Innovation, Process Innovation, Service Innovation, MSMEs culinary

INTRODUCTION

The Industrial Sector is one of the important sectors in helping the pace of the economy, therefore the existence of industry as one of the pillars of the economy in OKU Regency has influenced the regional economy, even though demographically the livelihood of most of the population is as farmers. Policies carried out by the OKU Regency government in handling industry are directed at increasing industrial and craft growth, production and competitiveness, employment and creating a conducive business climate and increasing market share. The programs implemented to advance industry in OKU Regency are the

small and medium industry development program and assistance (grants). The small and medium industry development program seeks to improve the skills of entrepreneurs and craftsmen. Meanwhile, development policies for the industrial, trade and SME cooperative sectors in OKU Regency are directed at growing, fostering and developing small and medium trade industries and cooperatives. MSMEs in a region must innovate in order to develop their business and to meet consumer needs. The role of the government is to guide entrepreneurs in building a business so that it can run well.

This leads the community to depend on small and medium enterprises, both directly and indirectly. The tightness of competence or the breadth of collaboration allows MSMEs to play a role in absorbing as much labor as possible. So that it will certainly create benefits and reduce the unemployment rate. In OKU district, it is dominated by MSMEs in the culinary sector, which has been so rapid in recent years, as can be seen in Table 1.1.

Table 1. Number of MSMEs in the Culinary Sector, 2018-2022

Descroption	2018	2019	2020	2021	2022
Micro Entrepreneurs	1.968	2.090	2.134	19.090	23.873
Small Entrepreneurs	1.280	1.354	1.363	1.364	1.364
Secondary Entrepreneurs	78	82	83	83	84
Total	3.326	3.526	3.580	20.537	25.321

Source: District Office of Cooperatives and MSMEs OKU (2022)

Based on Table 1.1, it can be seen that the number of business actors ranging from micro to medium entrepreneurs continues to increase. This means that MSMEs, especially in the culinary sector, are quite promising at this time. Culinary MSMEs are MSMEs engaged in the culinary field such as selling food and raw materials for making food, with the thought that people will continue to consume food and drinks because it has become a basic need, so this culinary business is believed to promise a large profit. To maintain the product in competition, it is necessary to have product innovation so that it is always in demand by consumers, but not only that, the perpetrator must pay attention to process innovation in running his business and pay attention to service innovation on marketing performance, the better the service obtained by consumers will be able to achieve consumer satisfaction.

As consumers, they will prefer and be selective about the products that make them interested, so entrepreneurs will compete to innovate the products produced so that consumers are interested in their products, and product innovation is carried out to retain consumers as regular customers. Product innovation needs to be done regularly there are changes that require us to follow these changes. A product must have innovations made by an entrepreneur because consumer tastes for a product will always change following the times. Product innovation is carried out to maintain the continuity of a company along with increasingly fierce competition. The main key to winning the competition is to create the most reliable product changes or developments to win the market. So that old products that have reached a saturation point in the market, an innovation is needed to replace these old products. Implementing product innovation in the company is one of the impacts of rapid technological change and high product variety that will

improve company performance. Creative innovation activities, be it product innovation, will increase the company's ability to create quality products which are then expected to increase the company's competitive advantage which will have an impact on company performance (Ekawati Sanny, 2016).

Product innovation is the process of using new technology in a product so that the product gets added value (R. V. Nugraha, 2019). Through innovation one can add value to products, services, work processes, marketing and delivery systems not only for the company but also for shareholders and society. Creative innovation activities including product innovation will increase the company's ability to create quality products which in turn are expected to increase the company's competitive advantage which will have an impact on company performance (Ekawati Sanny, 2016).

Process innovation is the act of introducing new production processes or new daily activities Najib, M., & Kiminami, (2011). Process innovation is a change in the production of goods produced by a company that has gone through various improvements. A process in the manufacture of a product, will take time and cost if the process is not efficient and will make the product late to the market. Process innovation describes changes in the way a company produces a product with modern technology that makes the process less time-consuming and costly. Process innovation in MSMEs is a process that involves all parts of the business substantially. Gunday et al (2011) define process innovation as new techniques and processes introduced into a company that help increase efficiency or effectiveness, and lower production costs.

Meanwhile,service innovation is referred to as a reference to the extent to which MSMEs achieve competitive advantage (Storey et al, 2016). Service innovation is a change made by the company to improve marketing performance by accelerating the existing service work system. Meanwhile, according to (Owano, Lucy Atieno, 2014) service innovation is a change that companies make to be better and able to meet market needs. Then according to (Delafrooz et al,2013) service innovation can make consumers very satisfied with the services provided. Consumer satisfaction occurs because the company makes changes and improves services to consumers, changes in interactions with consumers such as what is needed to maintain communication and commitment. Service innovation is carried out by a company by underlining several clear objectives such as; increasing sales, meeting consumer needs, opening new markets, and placing products made by companies in the market.

This agrees with research conducted by Nisrina Hasna Saputri entitled The Effect of Product Innovation, Process Innovation, Service Innovation on MSME Performance (Empirical Study on Homepreneur in Temanggung Regency) showing the results that there is a positive and significant effect of product innovation on MSME performance, meaning that the more routine product innovation or product renewal is carried out, the goal of MSME performance will increase. and likewise with process innovation has an influence on MSME performance. As well as service innovation on the performance of MSMEs also shows positive and significant, meaning that the higher the service innovation is improved, the more consumer satisfaction will increase which will improve the performance of MSMEs.

Based on the description above, this study aims to analyze the effect of product innovation, process innovation and service innovation on the performance of Culinary MSMEs in OKU Regency ". What distinguishes it from previous research is that this research focuses on food/culinary MSMEs.

METHOD

The research method used in this research is a survey method conducted on 100 MSMEs in OKU Regency according to Sriati (2018), this method is used by tracing all information related to the representation of population characteristics in the field. This method is also a method used to obtain factors from existing symptoms and seek factual information both about social, economic or political institutions of a group. The survey method aims to obtain an overview of the characteristics or various aspects of the population related to the problem being studied. The type of this research is quantitative research, which is based on the philosophy of positivism, used in researching certain populations or samples, data collection techniques using research instruments, sampling techniques are generally carried out randomly, data analysis is quantitative or statistical with the aim of testing predetermined hypotheses (Sugiyono, 2012: 13).

The data collection method in this study was carried out by questionnaire. The questionnaire is a data collection technique by means of researchers asking several sentences of questions or statements to respondents and then answering them in writing and after all the questions have been answered, the questions are returned to the researcher for analysis. The measurement scale used in this study is a type of Likert scale. The Likert scale is used to measure the attitudes, opinions and perceptions of a person or group of people about social phenomena Sugiyono (2017). With a Likert scale, the variables to be measured are translated into variable indicators. Then the indicator is used as a starting point for compiling instrument items which can be in the form of a question sentence or statement.

RESULT AND DISCUSSION

The data analysis processed in the study was primary and secondary data. Primary data is used for linear regression. Secondary data is used to view MSME data in OKU Regency while to answer the problem, assessment criteria are used with a Likert scale, and to see the effect of product innovation, process innovation and service innovation using linear regression analysis. This regression analysis aims to determine the effect of independent variables consisting of product innovation, process innovation and service innovation on the dependent variable, namely MSME marketing performance. The framework for this regression analysis equation is as follows Sugiyono (2014).

$$\mathbf{Y= a + \beta1X1+ \beta2X2 + \beta3X3 + e}$$

Description:
Y = MSME performance (Volume of products sold)a = Konstanta
X1 = Product Innovation (Qty)
X2 = Process Innovation (Volume of product quantity)

X3 = Inovasi Proses (Volume kuantitas produk)
β 1 = Regression coefficient of variable X1, Product Innovation
β 2 = Regression coefficient of variable X2, Process Innovation
β 3 = Regression coefficient of variable X3, Service Innovation
e = Erorr

The multiple regression results show product innovation, process innovation and service innovation on marketing performance in OKU Regency can be seen in Table 2 below:

Table 2. Results of Multiple Linear Regression Analysis of product innovation, innovation process innovation and service innovation on marketing performance in OKU Regency, 2024

Variable	Tanda Harapan	Koef. Regresi	Thitung	Sig
(constant)		-478	-2.894	.005
Inovasi Produk (X1)	+	.632	.744	.004
Inovasi Proses (X2)	+	.357	9.126	.000
Inovasi Layanan (X3)	+	.188	1.646	.006
R^2 = 0,811				
F Statistik = 111,137/Sig 0,000				
α = 0,05				

Notes: * Significant

The determination value obtained is 0.811 or 81.10%, this shows that the proportion of the influence of variables X1, X2 and X3 on Y is 81.10% while the remaining 18.9% is influenced by other variables that are not included in this model equation.

The product innovation variable has a significant effect on the performance of MSMEs at α = 1%. The results showed a regression coefficient value of 0.632 with a positive value which is in accordance with expectations, meaning that it is in accordance with existing theory. This shows that every addition of product innovation by one quantity will increase the performance of MSMEs by 632 quantity.

The independent variable of process innovation is also significant to the performance of MSMEs at α = 1%. While the coefficient sign is positive with a value of 0.357, this means that an increase in process innovation by one unit will increase the performance of MSMEs in OKU Regency by 0.357 and vice versa (ceteris paribus). This shows that maximizing the process will affect the magnitude of MSME marketing performance.

The results of the analysis show that service innovation has a significant level at α = 1%. on the performance of MSMEs in OKU Regency, with a positive regression coefficient of 0.188. This shows that the better one unit of MSME service will increase the performance of MSMEs by 0.188 quantity.

CONCLUSION

Based on the data analysis processed in this study, involving both primary and secondary data, the following conclusions can be drawn. Product innovation has a significant impact on the marketing performance of MSMEs in OKU Regency. With a regression coefficient of 0.632, it can be concluded that each unit increase in product innovation will enhance MSME performance by 0.632 units. This indicates that product innovation is a crucial factor in boosting the volume of products sold. Process innovation also significantly affects MSME marketing performance. With a regression coefficient of 0.357, a one-unit increase in process innovation will improve MSME performance by 0.357 units. This highlights that efficiency and improvements in production processes positively contribute to the marketing performance of MSMEs. Service innovation has a significant impact on MSME marketing performance, with a regression coefficient of 0.188. This means that a one-unit improvement in service innovation will enhance MSME performance by 0.188 units. Better service quality plays an important role in increasing the marketing performance of MSMEs. The determination value (R^2) of 0.811 indicates that 81.10% of the variation in MSME marketing performance can be explained by the variables of product innovation, process innovation, and service innovation, while the remaining 18.9% is influenced by other variables not included in this model. Overall, this study confirms that product, process, and service innovations significantly contribute to improving the marketing performance of MSMEs in OKU Regency. Efforts to continuously enhance these three types of innovations are highly recommended to support the sustainability and competitiveness of MSMEs in the region.

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