

To cite this article: Anastasia Puspita Sari, Tulus Haryono and Tanding Suryandari (2022). THE ROLE OF PRODUCT INNOVATION, PRODUCT QUALITY, AND MARKET ORIENTATION ON MSME BUSINESS PERFORMANCE WITH COMPETITIVE ADVANTAGES AS A MEDIATION VARIABLE, International Journal of Education and Social Science Research (IJESSR) 5 (6): 177-199 Article No. 713, Sub Id 1135

## THE ROLE OF PRODUCT INNOVATION, PRODUCT QUALITY, AND MARKET ORIENTATION ON MSME BUSINESS PERFORMANCE WITH COMPETITIVE ADVANTAGES AS A MEDIATION VARIABLE

Anastasia Puspita Sari, Tulus Haryono and Tanding Suryandari

Faculty of Economics and Business, Sebelas Maret of University, Surakarta, Indonesia

DOI: <http://dx.doi.org/10.37500/IJESSR.2022.5614>

### ABSTRACT

MSME business growth can be seen from the business advantages and business performance of MSMEs. Business performance is a factor that is commonly used to measure the impact of a company's strategy in facing competition. This study aims to determine the effect of product innovation, product quality, and market orientation on the competitive advantage of MSMEs and MSME business performance. This research is explanative research with cross sectional design and quantitative approach. The population in this study were users of food and beverage MSME products in Surakarta with a sample of 120 respondents. Data collection through questionnaires. The collected data were analyzed using Structural Equation Modeling (SEM) analysis. The results of the study prove that there is an influence between product innovation, product quality, and market orientation on the competitive advantage of SMEs. Product innovation, product quality, and market orientation have a positive and significant impact on the competitive advantage of MSMEs. There is a direct influence of product quality, and market orientation on the performance of MSMEs. Meanwhile, product innovation has no effect on the performance of MSMEs. There is an influence of competitive advantage in mediating the variables of product innovation, product quality, and market orientation on MSME business performance through competitive advantage as a mediating variable. There is an influence of competitive advantage on MSME business performance

**KEYWORDS:** innovation, quality, market, business performance

### INTRODUCTION

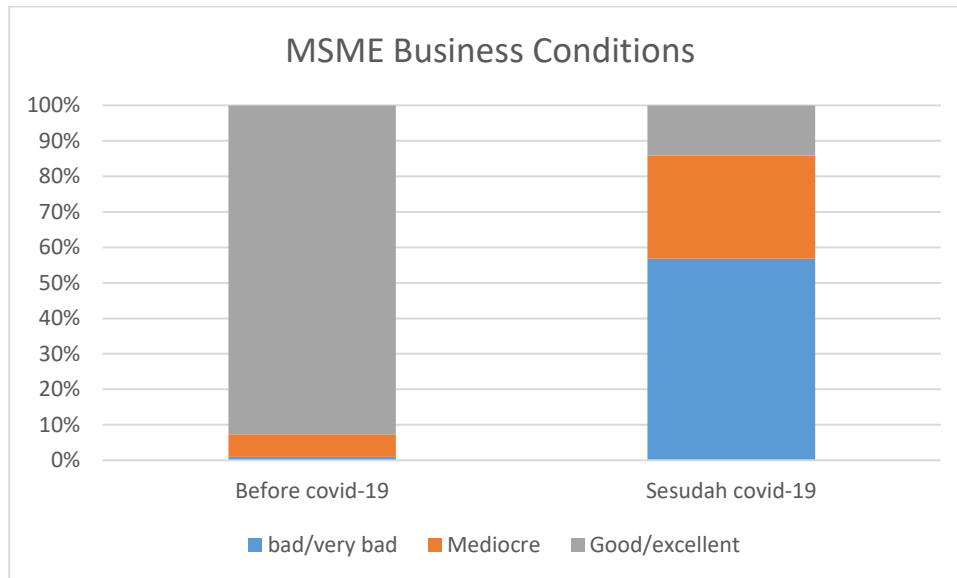
Business competition in Indonesia in the era of globalization is happening very rapidly. The economy is always changing and improving followed by many businesses that continue to grow with the times. Companies are required to maximize performance both externally and internally in order to remain competitive in the market. To deal with this, companies need a strategy of competitive advantage or competitive advantage to be able to survive and compete in the market. Competitive advantage helps companies in order to maintain an increasingly fierce market share, so minimizing costs is very important here to be used as an innovation in a very tight market The economy is always changing

and improving followed by many businesses that continue to grow with the times. Companies are required to maximize performance both externally and internally in order to remain competitive in the market. To deal with this, companies need a strategy of competitive advantage or competitive advantage to be able to survive and compete in the market. Competitive advantage helps companies in order to maintain an increasingly fierce market share, so minimizing costs is very important here to be used as an innovation in a very tight market competition (Asyhari, Pudjihastuti, & Kurdaningsih, 2018; Bakti, Rohman, & Sunaryo, 2018).

The Covid-19 pandemic that occurs globally certainly has an impact on various sectors, especially in the economic sector (Nasution, Erlina, & Muda, 2020). This economic impact is not only felt domestically, but also globally (Handayani, 2020). International Monetary Fund (IMF) which projects the global economy to grow minus at 3% (Syahputra & Saraswati, 2020).

In Indonesia, this of course also has a significant impact on tourism, the trade sector, industry including Micro, Small and Medium Enterprises (MSMEs). In Indonesia, based on the latest data as of May 4 2020, there have been 11,192 cases of covid-19 in Indonesia (covid19.go.id). The direct impact of Covid-19 has been seen from massive layoffs at several companies, there have been closures of several businesses which have had an impact on the laying off of employees.

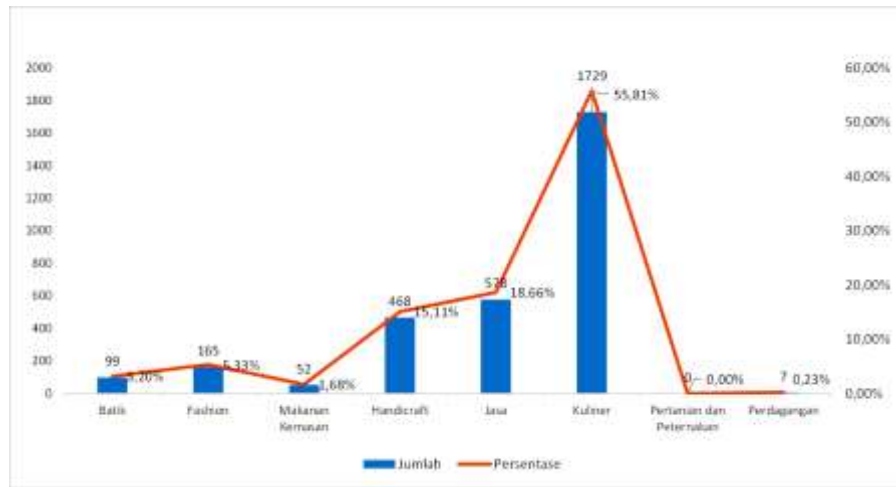
Business Conditions before and when affected by the Covid-19 Pandemic in General, there is a very significant comparison of business conditions before and when affected by Covid-19 in general. According to the assessment of the presentation in the graph sourced from the Katadata Insight Center at the Virtual Seminar on August 11, 2020, it states that conditions before covid-19, the percentage of good/very good business conditions was 92.7 percent, the percentage of ordinary business conditions was 6.3 percent, and the business conditions were bad/very bad at 1.0 percent. Where in the percentage before the entry of covid-19 is considered to run smoothly, there are not many obstacles, and the lack of bad conditions in business.



**Figure 1: MSME Business Conditions**

Micro, Small and Medium Enterprises (MSMEs) have a central role in the Indonesian economy. In addition to having a central role in the absorption of labor and the Indonesian economy, MSMEs can also play a role as a motor to distribute development results to all corners and regions in Indonesia. The MSME sector is one of the sectors of concern because of its large contribution to the Indonesian economy. MSMEs are considered a sector that is resistant to the global financial crisis because their access is mostly conventional.

One of the MSME business fields is food and beverage MSMEs. The food and beverage business is the business that is most in demand by the public. This is because the food business has a wide range of enthusiasts, ranging from children, teenagers, adults and the elderly. Food and drink are basic necessities that will continue to be sought after for consumption. Based on data from city MSMEs themselves, the number of types of food businesses known for culinary is the largest. This is then the reason why researchers choose the type of food and beverage MSME business as the object of research.



Source: Office of Cooperatives and SMEs Surakarta City

Figure 2: The Number of Types of MSMEs Based on the Field of Business in Surakarta City

Efforts to improve the performance of the MSME sector have been carried out by the government by issuing various supports in terms of regulations and various incentive programs for MSMEs, including tax relief, capital assistance and training. However, this business cannot run optimally without a strong commitment from the MSME owners themselves to continue to develop their learning capacity and continue to innovate. Innovation is a keyword for companies that want to continue to survive in the era of free competition like now. Studies show that learning factors and market orientation are strategies that can be used to stimulate organizational innovation. Through database analysis of Spanish and Italian SMEs, Fernández-Mesa & Alegre (2015), found that entrepreneurial orientation is a managerial attitude that increases exports when managers also make efforts in organizational learning and innovation.

Another study by Gomes & Wojahn (2017) found that organizational learning ability affects the innovative performance of small and medium-sized companies, but the influence of learning ability in the performance of large organizations is not significant. This study provides evidence for this relationship and shows that learning can have a significant and positive effect in the context of small and medium-sized textile companies. Unlike the previous research, Pérez-Luño et al. (2016) found that market orientation negatively relates to SMEs. Herman et al. (2018) found that market orientation has a positive and significant influence on competitive advantage. Product innovation has a positive and significant impact on competitive advantage. Market orientation and product innovation together have a positive and significant impact on competitive advantage.

There is a research gap in research that examines the effect of market orientation on business performance. Research stating that market orientation has no influence on business performance is conducted by Kohli & Jaworski (2012) and Selnes et al. (1996), arguing that a company that implements a market orientation in addition to being able to increase value for customers will also

increase costs for the company, such as the cost of conducting marketing research, and paying marketing experts. Meanwhile, stating that market orientation will improve business performance, such as research conducted by Julian et al. (2020), Castro et al. (2005), Kirca et al., (2005), Usvita, (2015), and Anggraini et al., (2014). Therefore, in this study, the competitive advantage variable will be added as a mediation variable. Competitive advantage is a unique character that characterizes MSME businesses that are worthy of being competed with other MSME businesses. The existence of competitive advantages can be a reinforcement of the influence of variable product innovation, product quality and market orientation on the performance of the MSME food and beverage business.

This research takes the background of problems in the literature study of product innovation, product quality, marketing strategies, and MSME performance with competitive advantage mediating variables. Thus, the formulation of the problem that the researcher will raise: 1) Is there an influence between product innovation, product quality, and market orientation on the competitive advantage of MSMEs? 2) Is there a direct influence of product innovation, product quality, and market orientation on the performance of MSMEs? 3) Whether there is an influence of competitive advantage in mediating the variables of product innovation, product quality, and market orientation on the business performance of MSMEs? 4) Is there an effect of competitive advantage on MSME business performance?

## **2. LITERATURE REVIEW**

### **2.1 Micro, Small, and Medium Enterprises (MSMEs)**

Based on Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) the definition of MSMEs is:

- a. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law.
- b. Small Business means a productive economic business that is independent, which is carried out by an individual or business entity that is not a subsidiary of an organization or is not a branch of an organization that is owned, controlled, or is part either directly or indirectly of a medium or large business that meets the criteria for Small Business as referred to in this Law.

Medium Enterprises are productive economic enterprises that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of organizations that are owned, controlled, or are part either directly or indirectly with Small Businesses or large businesses with the amount of net worth or annual sales proceeds as stipulated in this Law.

### **2.2 Product Innovation**

Innovation can be interpreted as a way to constantly build and develop an organization that can be achieved through the introduction of new technologies, new applications in the form of new organizations and providing added value to customers (Knox, 2002).

In an era of an ever-evolving world economy, it is important for organizations to adjust to such changes in order to maintain their markets and to cope with such fierce competition. In situations like this, organizations are required to conduct research and development in all fields through innovation and creativity in their methods which include: management processes, products, marketing, and so on to find out new innovation ideas that distinguish the organization from competitors and provide efficient competitiveness (Reguia, 2014).

There are many types of innovations such as: Product innovation, Process innovation, Marketing innovation, Organizational innovation, Paradigm innovation, and others. All these types allow the organization to realize competitive advantages and economic advantages. But according to Reguia (2014), Product innovation is paramount on the grounds that the product (whether goods or services) is the basis of the establishment of the organization and the direct relationship with the consumer which is considered the most important goal of the organization.

In addition, the role of innovation of the products offered is always awaited by the market to always be updated both in quality and variety. Organizations that do not innovate will be left behind by their competitors because the organization's customers will gradually derail and switch to competing organizations. Innovation also contributes to the competitive position of an organization which will ultimately lead the organization to achieve competitive advantage (Sukarno, 2011).

### **2.3 Product Quality**

Product is the core of a marketing activity because the product is the output or result of one of the company's activities or activities that can be offered to the target market to meet the needs and desires of consumers. Basically, in buying a product, a consumer not only buys a product, but the consumer also buys the benefits or advantages that can be obtained from the product he buys. Therefore, a product must have advantages over other products, one of which is in terms of the quality of the products offered. The product that is marketed is a very good weapon in winning the competition if it has high quality or quality. On the other hand, products with low quality will find it difficult to obtain an image from consumers. Therefore, the products produced must be tried to remain of good quality. Product quality is one of the keys to competition among business actors offered to consumers. The following is an understanding of product quality according to (Kotler & Keller, 2013: 156) The definition of quality is as follows, "Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs".

Quality is a factor contained in a product that causes the product to be of value according to what the product is produced for. Quality is determined by a set of uses or functions, including durability, dependence on other products or components, exclusivity, comfort, external form (color, shape, packaging, and so on) (Musfar, 2021).

Product quality is reflective of the product's ability to perform its duties which include durability, reliability or progress, strength, ease in packaging and product repair (Kotler & Armstrong, 2018). Product quality is that consumers will feel satisfied when the results of their evaluation show that the products they use are of high quality (Lupiyoadi, 2013).

Product quality has indicators that can be used to analyze the characteristics of a product. According (Tjiptono, 2015) Product quality has indicators that can be used to analyze the characteristics of a product:

- a. Performance is a principal operating characteristic of the purchased core product
- b. Features (additional features or traits) i.e. secondary or complementary characteristics.
- c. Reliability i.e. less likely to be damaged or fail to be used.
- d. Conformance to Specifications i.e. the extent to which the design and operating characteristics meet predetermined standards.
- e. Durability i.e. relating to how long the product can be used.
- f. Serviceability includes speed, competence, comfort, ease of repair and satisfactory handling of complaints.
- g. Esthetics i.e. the attractiveness of the product to the five senses.
- h. Perceived Quality i.e. the image and reputation of the product and the company's responsibility to it.

Kotler & Armstrong (2018) said that product quality is one of the main positioning means of marketers. Quality has a direct impact on the performance of a product or service; therefore, quality is closely related to customer value and satisfaction. In a narrow sense quality is defined as "free from damage". Siemens in his book Kotler also defines quality as when our customers return and our products do not return. Product quality is something that needs the main attention of the company or manufacturer, considering that product quality is closely related to the issue of consumer satisfaction, which is the purpose of the marketing activities carried out by the company. Product quality shows the size of the durability of the product, can be trusted the product, the precision of the product, easy to operate and maintain it.

From a marketing point of view, quality is measured in a measure of the buyer's perception of the quality of the product. Most products are provided or held initially starting at one of four levels of quality, namely low-quality average quality (medium), good quality (high) and excellent quality. Prime quality products will indeed be more attractive to consumers, and even eventually can increase sales volume. But more than that, quality products have another important aspect, namely consumers who buy products based on quality, generally they have great product loyalty compared to consumers who buy based on price orientation.

## 2.4 Market Orientation

Market orientation includes the collection, deployment, and response to market intelligence reflected in customer orientation, competitor orientation, and coordination mechanisms in creating customer value (Azizah & Maftukhah, 2018). Therefore, business actors must be able to analyze the needs and desires of their customers in order to achieve competitive advantage, and must establish good relationships with their customers. Therefore, market orientation must emphasize the importance of analyzing the needs and wants of the target market efficiently and effectively compared to its competitors in an effort to achieve competitive advantage.

Market orientation as an organizational culture is most effective in creating important behaviors for superior value creation for customers (Rahadhini & Lamidi, 2020). A business that is managed in a market-oriented manner has various benefits, including being able to produce products or services that match customer perceptions, being able to produce more efficiently than competitors and being able to explain the differences in performance achieved by the company, and being able to direct the company to a competitive advantage can be maintained through internal and external activities. Market orientation can be seen from three main components, namely customer orientation, consumer orientation, competitor orientation and coordination between functions. For this concept, Narver and Slater focus more on market information on consumers and competitors (Purwantoro, 2017).

Thus, according to their priorities, the perception of market orientation is a set of processes and activities directed at creating value for consumers through increased sensitivity to market information. To integrate the two definitions, Zainurrosalamia (2017) concludes that market orientation consists of four main components, namely:

- a. Attaching customers as drivers of company activities (customer orientation)
- b. Sensitivity to competitors' activities (competitor orientation)
- c. Ability to coordinate between departments in creating superior value for customers (coordination-inter-function)
- d. Ability to relate each activity to financial indicators (financial orientation).

## 2.5 Organizational Performance

Organizational performance is something produced by an organization in a certain period with reference to established standards. Organizational performance must be a result that can be measured and describes the empirical condition of an organization with whatever size is agreed upon (Herman et al., 2018).

Performance as a concept is a subject open to wide variability because it is a somewhat imprecise word when it serves as a surrogate in research (Folan, Browne, & Jagdev, 2007). The lack of agreement on definitions creates confusion and clearly limits the generalizability potential and comparability of research in this field (Franco-Santos et al., 2007).



## 2.6 Competitive Advantage

Competitive advantage is the extent to which an organization is able to create a position that can sustain the market as long as competitors remain. Organizations create competitive advantage through competitive capabilities or priorities which are defined as the strategic preferences or dimensions on which the organization chooses to compete in its targeted market (Russell & Millar, 2014).

Competitive advantage will be achieved if the company is able to provide higher customer value than its competitors for the same cost or the same customer value for a lower cost. So, the essence of value chain analysis is to determine exactly where in the company's segment in the chain, from design to distribution, costs can be reduced or customer value can be increased. Wulandari & Murniawaty (2019) argues that competitive advantage should be viewed as a dynamic process rather than an end result.

Organizational resources and capabilities as well as external factors are referred to as sources of competitive advantage. There are two sources of competitive advantage, tangible and intangible. Tangible resources are financial resources and physical assets that are identified and valued in financial reports. Intangible assets are assets that are not visible in the real report. In MSMEs, resources must work together to carry out their duties. Included in resources is organizational capability, namely the ability of organizations to deploy resources for the desired results. Organizational capabilities can be classified by value chain as they are designed to create value for customers. New MSMEs that are made to survive can have slow growth and new management systems (Syapsan, 2019).

## 3. METHODS

### 3.1 Types of Research

The type of research used in this study is explanative research because it aims to explain the relationship between variables through hypothesis testing (Syapsan, 2019). In terms of time, this study used a cross-sectional design, where the research was conducted at a certain time.

The approach used in this research is a quantitative approach. According to Creswell (2018), quantitative research is an approach to test objective theory by examining the relationship between variables.

### 3.2 Operational Definition of Research Variables

**Table 1: Variable Operational Definitions**

Research Variable	Operational Definition	Indicators
Product Innovation	New product development, making changes in current product designs or using new techniques and ways in current production methods.	1) Product modification capability. 2) Ability to develop new products. 3) Ability to manage new product development.
Product quality	The condition of the product offered fulfills various customer needs	1) Performance 2) Features 3) Reliability 4) Conformance 5) Durability 6) Serviceability 7) Aesthetics 8) Perceived Quality
Market orientation	A process and activities related to the creation and satisfaction of customers	1) Customer orientation is the company's willingness to understand its customers. 2) Competitor orientation is the company's willingness to monitor its competitors. 3) Market information is a company's effort to find information about market conditions.
Competitive advantage	Definable position over competitors based on price, dependability, innovation and market timing	1) Price / cost. 2) Delivery dependency 3) Product innovation 4) time to market
Business Performance	The company's strategy to generate sales volume performance, market share, sales growth rate and financial performance	1) Pay attention to every organizational activity and emphasize the customer's perspective (clean, neat, beautiful and attractive) 2) Assess each activity using performance measurement tools that validate the customer (fast, precise, and friendly) 3) Paying attention to all aspects of performance activities in a comprehensive manner that affect customers, and (quick response, respect, and empathy) 4) Providing information in the form of feedback to help members of the organization identify problems and opportunities for improvement (receiving complaints and input)

**3.3 Population, Sample, and Sampling Technique**

The population is the entire object of research, which is a combination of all elements in the form of events, things or people who have similar characteristics which are the center of attention of a researcher because it is seen as a research universe (Ferdinand, 2014). The population in this study were users of food and beverage MSME products in Surakarta.

Sampling according to Hair et al. (2019) when using SEM with 5 – 10 times the number of indicators. In this study, researchers took a sample reference 5 times the number of indicators, namely 5 x 24 so that a sample of 120 respondents (Syapsan, 2019).

The sampling technique in this study used a simple random sampling technique, namely the technique of taking samples from members of the population randomly without regard to the existing strata in the population (Sekaran & Bougie, 2017).

### **3.4 Data Collection Techniques**

There are two types of data, namely primary data and secondary data. Primary data is data obtained or collected directly in the field by people who conduct research. Primary data collection was carried out by distributing questionnaires to food and beverage MSME customers. The questionnaire is a set of questions that have been formulated beforehand, where respondents write or record their answers. Respondents' responses to each indicator of each variable were measured using a Likert scale which is classified as interval data. The interval data scale used has a range of 1-5, namely: strongly disagree / never (score 1); disagree / never (score 2); neutral / rare (score 3); agree / often (score 4); and strongly agree / always (score 5).

Secondary data is data obtained and stored by other people which is usually past (historical) data (Wibisono, 2013). The secondary data used in this study were obtained from literature studies, the Central Bureau of Statistics, annual reports on MSME data in Indonesia and Surakarta, the Ministry of Industry, the Ministry of Cooperatives and SMEs, Bekraf Indonesia, the Office of Cooperatives and UKM Surakarta, and other related data.

### **3.5 Data Analysis Technique**

Data were analyzed using Structural Equation Modeling (SEM). The SEM analysis method is a multivariate statistical technique which is a combination of factor analysis and regression (correlation) analysis, which aims to examine the relationships between variables in a model, both indicators and constructs, or relationships between constructs (Yordan, Zulkarnain, & Alwie, 2019). The selection of SEM analysis techniques in this study was used to analyze between exogenous and endogenous constructs. Besides that, the use of SEM is also relevant to a relatively complicated research model because it includes business performance as measured by competitive advantage as an intervening variable.

Confirmatory factor analysis in the SEM used confirms the most dominant factors in one group of variables, namely exogenous constructs and endogenous constructs. The Regression Weight used examines product innovation, product quality, marketing strategy, on competitive advantage, and the magnitude of the influence of competitive advantage on MSME business performance. Regression Weight is used to test the hypothesis in this study.

## **4. RESEARCH FINDING AND DISCUSSION**

### **4.1 Research Finding**

#### **4.1.1 Goodness of Fit (GOF) Testing and Hypothesis Examination**

Goodness-of-fit measures summarize discrepancy between observed input values (using covariance or correlation matrix) and the values under the proposed model (Ghozali, 2018). There are 3 (three) measurement types of goodness-of-fit: (1) absolute fit measures, (2) incremental fit measures, dan (3) parsimonious fit measures. The output values of goodness-of-it as below:

**Table 2: Goodness of Fit**

Description	Default Model	Saturated Model	Independence Model	Criteria	Result
GFI	0,597	1	0, 112	0 to 1,0	Fit
NFI	0,599	1	0	0 to 1,0	Fit
CFI	0,733	1	0	0 to 1,0	Fit
IFI	0,736	1	0	0 to 1,0	Fit
PRATIO	0,950	0	1	0 to 1,0	Fit
PNFI	0,569	0	0	0 to 0,9	Fit
PCFI	0,696	0	0	0 to 1,0	Fit

Table 2 shows value of GFI (Goodness Fit Index) 0,597 that is on a range between 0 and 1,0, so the GFI measure has a fit result. GFI is included into absolute fit measure type which measuring the whole model (both structural and hypothesized model as well).

Besides GFI, there are other fit index measurements, such as NFI (Normed Fit Index), CFI (Comparative Fit Index), dan IFI (Incremental Fit Index) as in incremental fit measure. This type of measurement compares between proposed model value with baseline model or usually called null model. As the value of those other measurements are on the range between the criteria 0 to 1, so the results are fit as well.

The last group of goodness-of-fit measurement is parsimonious fit measure types which are PRATIO (Parsimony Ratio), PNFI (Parsimony Normed Fit Index) and PCFI (Parsimony Comparative Fit Index). Parsimonius fit measure is connecting goodness-of-fit with more parameters to provide the models fit the similarly well. The three indexes show similar model fit result data because PRATIO, PNFI and PCFI values are on the criteria of range between 0 and 1 which fit to 0.

After the criterion of goodness-of-fit is fulfilled, the hypothesis examination can be done. The examination itself uses Structural Equation Model (SEM) with Analysis of Moment Structures (AMOS) software. Below is the result of Regression Weight:

**Table 3: Regression Weight**

Connection		Estimatio n	S.E.	C.R.	P
Product Innovation	---> Competitive Advantage	0,272	0,130	2,090	,037
Product Quality	---> Competitive Advantage	0,314	0,070	4,484	***
Market Orientation	---> Competitive Advantage	0,433	0,112	3,853	***
Product Innovation	---> Business Performance	-0,235	0,126	-1,860	,063
Product Quality	---> Business Performance	0,312	0,069	4,500	***
Market Orientation	---> Business Performance	0,545	0,121	4,499	***
Competitive Advantage	---> Business Performance	0,458	0,146	3,131	,002

#### 4.1.2 Hypothesis Examination Result

##### 4.1.2.1 The Impact of Product Innovation to Competitive Advantage

First hypothesis shows that “Product innovation has positive and significant influence to business competitive advantage”. The estimation result of product innovation influence to competitive advantage is 0.272 with p-value ( $0,037 < 0,05$ ). This indicates the positive and significant influence of product innovation to competitive advantage, as the product innovation grows so the competitive advantage escalates as well, which means the H1 of this research is supported.

##### 4.1.2.2 The Impact of Product Quality to Competitive Advantage

Second hypothesis shows that “Product quality has positive and significant influence to business competitive advantage”. The estimation result of product quality influence to competitive advantage is 0,314 with p-value ( $0,000 < 0,05$ ). This indicates the positive and significant influence of product quality to competitive advantage, as the product quality grows so the competitive advantage escalates as well, which means the H2 of this research is supported.

#### **4.1.2.3 The Impact of Market Orientation to Competitive Advantage**

Third hypothesis shows that “Market orientation has positive and significant influence to business competitive advantage”. The estimation result of market orientation influence to competitive advantage is 0,433 with p-value ( $0,000 < 0,05$ ). This indicates the positive and significant influence of market orientation to competitive advantage, as it grows so the competitive advantage escalates as well, which means H3 of this research is supported.

#### **4.1.2.4 The Impact of Product Innovation to Business Performance**

Fourth hypothesis shows that “Product innovation has positive and significant influence to business performance”. The estimation result of product innovation influence to business performance is -0,235 with p-value ( $0,063 > 0,05$ ). This indicates product innovation does not influence business performance which means H4 of this research is not supported.

#### **4.1.2.5 The Impact of Product Quality to Business Performance**

Fifth hypothesis shows that “Product quality has positive and significant influence to business performance”. The estimation result of product quality influence to business performance is 0,312 with p-value ( $0,000 < 0,05$ ). This indicates the positive and significant influence of product quality to business performance, as the product quality grows so the business performance escalates as well, which means H5 of this research is supported.

#### **4.1.2.6 The Impact of Market Orientation to Business Performance**

Sixth hypothesis shows that “Market orientation has positive and significant influence to business performance”. The estimation result of market orientation influence to business performance is 0,545 with p-value ( $0,000 < 0,05$ ). This indicates the positive and significant influence of market orientation to business performance, as the market orientation grows so the business performance escalates as well, which means H6 of this research is supported.

#### **4.1.2.7 The Impact of Product Innovation to Business Performance through Competitive Advantage**

Seventh hypothesis shows that “product innovation has positive and significant to Small and Medium Enterprise (SME) business performance through competitive advantage”. The estimation result is  $-0,235 \times 0,458 = -0,10763$ . This indicates the positive and significant influence of product innovation to business performance through competitive advantage as mediate variable (in estimation -0,235 becomes -0,10763), as the support of competitive advantage to product innovation grows so the SME business performance escalates as well, which means H7 of this research is supported.

#### **4.1.2.8 The Impact of Product Quality to Business Performance through Competitive Advantage**

Eight hypothesis shows that “product quality has positive and significant to SME business performance through competitive advantage”. The estimation result is  $0,314 \times 0,458 = 0,143812$ . This indicates the positive and significant influence of product quality to business performance through competitive

advantage as mediate variable, as the product quality grows so the business performance escalates as well, which means H8 of this research is supported.

#### **4.1.2.9 The Impact of Market Orientation to Business Performance through Competitive Advantage**

Ninth hypothesis shows that “market orientation has positive and significant to SME business performance through competitive advantage”. The estimation result is  $0,443 \times 0,458 = 0,202894$ . This indicates the positive and significant influence of Market Orientation to business performance through competitive advantage as mediate variable, as Market Orientation grows so the business performance escalates as well, which means H9 of this research is supported.

#### **4.1.2.10 The Impact of Competitive Advantage to Business Performance**

Tenth hypothesis shows that “Competitive advantage has positive and significant influence to business performance”. The estimation result of competitive advantage influence to business performance is 0,458 with p-value ( $0,002 < 0,05$ ). This indicates the positive and significant influence of competitive advantage to business performance, as it grows so the business performance escalates as well, which means H10 of this research is supported.

## **4.2 Discussion**

### **4.2.1 Impact of Product Innovation, Product Quality, and Market Orientation to SME Competitive Advantage**

#### **4.2.1.1 The Impact of Product Innovation to Competitive Advantage**

The research finding proves that product innovation gives positive and significant influence to competitive advantage as the bigger the product innovation gets can boost the competitive advantage itself. Former research done by Aziz and Samad (2016) states that innovation within an organization gives positive effect to its competitive advantage, so it is suggested that SME must invest on doing continue innovation to reach the competitive advantage.

Another research from Falahat et al. (2020) concludes that SME ability to do product innovation, market intelligence, product pricing, and marketing communication have a very prominent impact to its competitive advantage which can lead to wider subject on its business performance as well as on abroad. This finding is also emphasized with the result of respondents' answers about the impact of product innovation in order to increase SME competitive advantage. Most of SME owner agrees on doing food variety innovations to fulfill consumers' need as well as doing innovation on food quality.

#### **4.2.1.2 The Impact of Product Quality to Competitive Advantage**

The research finding proves that product quality has positive and significant influence to competitive advantage as the quality increases so the competitive advantage increasing as well. Former research done by Lakhali (2009) states that product quality give direct impact to competitive advantage. The

practice of quality approach can give competitive advantage to the business, including cost, reliability, innovation, and time-to-market.

Haryono & Marniyati (2018) whom also do research on product quality state that it gives significant influence to competitive advantage. Research done by Soemali & Dharmayanti (2015) also shows that product quality has positive influence to competitive advantage where the organization offers high quality product to compete with other competitors. This finding is also emphasized with the result of respondents' answers about the impact of quality product to increase competitive advantage. Most of SME owner agrees that competitive advantage achieved from high quality food and beverage product.

#### **4.2.1.3 The Impact of Market Orientation to Competitive Advantage**

The research finding proves that market orientation has positive and significant influence to competitive advantage as the broader the market orientation, so the competitive advantage increasing as well. A former research done by Udriyah et al. (2019) proves that market orientation gives direct impact to competitive advantage. Other research done by (Herman et al., 2018) states similar result showing market orientation has significantly positive influence to SME business performance.

This finding is also emphasized with the result of respondents' answers about the impact of market orientation to competitive advantage. Most of SME owner agrees to conduct food and beverage product control in order to prevent other competitor duplication, also to maintain food quality and variety for the sake consumer's loyalty.

#### **4.2.2 The Impact of Product Innovation, Product Quality and Market Orientation to SME Business Performance**

##### **4.2.2.1 The Impact of Product Innovation to Business Performance**

The research finding shows that product innovation is insignificant to business performance. This finding is an opposite to former research done by Hassan et al. (2013) in which product innovation becomes one of organization's key to success and an important strategy to increase performance by fulfilling consumers' needs to get more profits.

This finding is also an opposite to Meeus & Oerlemans (2000), which showing that fluctuating market focusing on continue innovation as an adaptation is the best policy to increase organization's productivity and development (Lee, 2010). Kim & Huarng (2011) also record that innovation is reachable through development of new knowledge or new product among the market to gain business leverage as in profit and consumer's satisfaction.

Those findings are not reciprocal to the result of respondents' answers about the impact of product innovation to increase business performance. Most of SME owner agree that product innovation does not influence business performance because of the number of product or food variety of choice. There



are a lot of product varieties of culinary SME, so to increase business performance they need less product innovation.

#### **4.2.2.2 The Impact of Product Quality to Business Performance**

The research finding proves that product quality has positive and significant influence to business performance as the product quality increases so the business performance increasing as well. A former research done by Lakhali (2009) on 74 organizations in Tunisia states that organization having high quality product has high quality business performance, including financial performance and long-term marketing. The impact of product quality is suitable to research in which the quality product gives influence in increasing target market (Mann & Kehoe, 1994), customer's satisfaction (Larson & Sinha, 1995), and financial performance (Hendricks & Singhal, 2001). According to Mousavi et al. (2022), product quality investment can bring increase on product selling, return of asset (ROA), and target market. This finding is also emphasized with the result of respondents' answers about the impact of product innovation to increase business performance. Most of SME owner agrees to create new kind of culinary product to serve more variety of choices.

#### **4.2.2.3 The Impact of Market Orientation to Business Performance**

This research finding proves that market orientation has positive and significant influence to business performance as the market orientation increase, so the business performance increasing as well. This statement is supported by research from Udriyah et al. (2019) on a textile SME in Malaysia which showing market orientation gives significantly positive influence to SME business performance. A research done by Herman et al. (2018) also states that positive relation between market orientation and business performance, including customer and competitor's orientation (Udriyah et al., 2019).

### **4.2.3 The Impact of Product Innovation, Product Quality, and Market Orientation as Variable to SME Business Performance through Competitive Advantage as Mediate Variable**

#### **4.2.3.1 The Impact of Product Innovation to Business Performance through Competitive Advantage**

The research finding shows that product innovation is insignificant to business performance through competitive advantage as mediate variable. It is opposite to research done by Eshlaghy et al. (2011) showing how important innovation to contribute on an organization business performance. How organization response to the dynamic environment needs innovation as the center to the highest comparative performance and advantage. Another research done by Herman et al. (2018) also shows that product innovation gives impact to business performance through competitive advantage. It is known that SME product innovation has been very well so to develop it more is unnecessary for the competitive advantage.

This finding is also emphasized with the result of respondents' answers where most SME owner agrees to create more modified variety of food with great chance to compete with other competitors. Besides, it is done to make the product affordable for the consumer as well.

#### **4.2.3.2 The Impact of Product Quality to Business Performance through Competitive Advantage**

This research finding shows that Product Quality is significant to Business Performance through Competitive Advantage as moderate variable. It is reciprocal with research by Lakhali (2009) that quality creates competitive advantage for the organization which leading to increase of business performance, so there is middle size of competitive advantage between product quality and business performance.

Another research by Syapsan (2019) done to several SME around Java and Sumatera also states that service quality has direct impact to create continuity of local economic field, by this means escalation on service quality in order to provide consumer needs may have great impact on enhancing economic growth and competitive advantage using mix marketing strategy. It is also emphasized with result of respondents' answers in which most SME owner agrees to serve special characteristic products to differentiate with other competitors, while for the service quality images are fast respond, polite and humble.

#### **4.2.3.3 The Impact of Market Orientation to Business Performance through Competitive Advantage**

This research finding shows that Market Orientation is significant to Business Performance through Competitive Advantage as moderate variable. Its finding is similar to research by Zhou et al. (2009) which states organization performance (seen from its financial performance) influenced by competitive advantage of business performance.

Herman et al. (2018) on their research claims that organization having good market orientation potentially good at its competitive advantage; however, the competitive advantage is a significant factor for the business performance. It is also reciprocal with research by Fatimah (2009) showing the impact of marketing strategy to build the competitive advantage and business performance of batik industry which in conclusion explaining the positive influence of competitive advantage to escalate its business performance. This finding is emphasized with the result of respondents' answers as most SME owner agrees on controlling food and beverage product to limit competitor duplicating them. Besides, most SME has excellent service and on-time delivery.

#### **4.2.4 The Impact of Competitive Advantage to Business Performance**

The research finding shows significantly positive influence of competitive advantage to business performance, as competitive advantage increasing so the business performance increases as well. This finding is supported by Lakhali (2009) which implying the direct influence of competitive advantage towards business performance. An organization having competitive advantage has control on the market so the business performance enhancing (Herman et al., 2018). It is also reciprocal with the result of respondents' answers where most of SME owner agrees that it is very important to always fulfill consumer's needs. Most of them also have competitive pricing compared to major food and beverage business industry.

## 5. CONCLUSION

### 5.1 Conclusion

According to the research finding and analysis, the conclusions are as stated below: 1) There is significantly positive influence of product innovation, product quality, and market orientation to Small and Medium Enterprise (SME) competitive advantage. 2) There is direct impact of product quality and market orientation to SME business performance, while product innovations influence is insignificant to it. 3) There is direct impact of competitive advantage as mediate variable of product innovation, product quality, and market orientation in connection with SME business performance. 4) There is significant impact of competitive advantage to SME business performance.

### 5.2 Implication

There are two important things in running culinary business, which are competitive advantage and business performance, to make a stand among other competitors. To increase competitive advantage, business owner must perform product innovation, increase product quality, and contain market orientation. Product innovation is performed to refresh variety choices for the consumers to choose. Product quality must be developed to provide not only the consumption needs, but also to provide more benefits such as health and care, meanwhile market orientation needs to be increased to prepare strategy of the business in facing the dynamic among the competitors and other changes.

### 5.3 Suggestions

There are several suggestions stated from this finding, as below.

5.3.1 Product Innovation gives impact to Competitive Finding in which the continuity of Product Innovation can increase competitive advantage. Therefore, Product Innovation is a suitable variable to boost a business competitive advantage.

5.3.2 Product Quality gives impact to Competitive Finding in which the Product Quality can increase competitive advantage. Therefore, Product Quality is a suitable variable to boost a business competitive advantage.

5.3.3 Market Orientation gives partially positive and significant impact to Competitive Finding in which the Market Orientation can increase competitive advantage. Therefore, market orientation is a suitable variable to boost a business competitive advantage.

## REFERENCES

- [1] Anggraini, N., Marnis, & Samsir. (2014). Strategi Orientasi Pasar, Inovasi dan Orientasi Pembelajaran Pengaruhnya Terhadap Kinerja Usaha serta Dampaknya Terhadap Keunggulan Bersaing (Studi pada Jasa Salon Kecantikan dan Spa di Kota Pekanbaru). *Jurnal Sosial Ekonomi Pembangunan*, 4(12), 295–310.
- [2] Asyhari, A., Pudjihastuti, S. H., & Kurdaningsih, D. M. (2018). Peran Mediasi Keunggulan Kompetitif pada Faktor Determinan Kinerja Bisnis UKM di Sentra Tenun Batik di Jawa Tengah.

- Jurnal Siasat Bisnis*, 22(2), 111–131. <https://doi.org/10.20885/jsb.vol22.iss2.art1>
- [3] Azizah, U., & Maftukhah, I. (2018). Pengaruh Kemitraan dan Orientasi Pelanggan terhadap Kinerja Pemasaran melalui Keunggulan Bersaing. *Management Analysis Journal*, 6(2), 206–213. <https://doi.org/10.15294/maj.v6i2.17679>
- [4] Bakti, J. P. A., Rohman, F., & Sunaryo. (2018). Peran Keunggulan Bersaing Sebagai Mediasi Pengaruh Inovasi Dan Orientasi Pasar Terhadap Kepuasan Pelanggan. *Jurnal Bisnis Dan Manajemen*, 5(2), 181–190. <https://doi.org/https://doi.org/10.26905/jbm.v5i2.2665>
- [5] Castro, C. B., Armario, E. M., & Del Río, M. E. S. (2005). Consequences of Market Orientation for Customers and Employees. *European Journal of Marketing*, 39(5/6), 646–675. <https://doi.org/10.1108/03090560510590755>
- [6] Creswell, J. W. (2018). *Research Design: Qualitative, Quantitative, and mixed methods approaches*. United Kingdom: Sage Publications, Inc.
- [7] Eshlaghy, A. T., Maatofi, A., & Branch, G. (2011). Learning Orientation, Innovation and Performance: Evidence from Small-Sized Business Firms in Iran. *European Journal of Social Sciences*, 19(1), 114–122.
- [8] Falahat, M., Ramayah, T., Soto-Acosta, P., & Lee, Y.-Y. (2020). SMEs internationalization: The role of product innovation, market intelligence, pricing and marketing communication capabilities as drivers of SMEs' international performance. *Technological Forecasting and Social Change*, 152, 119908. <https://doi.org/https://doi.org/10.1016/j.techfore.2020.119908>
- [9] Fatonah, S. (2009). Pengaruh Bauran Pemasaran, dan Orientasi Pasar terhadap Keunggulan Bersaing dalam Meningkatkan Kinerja Pemasaran pada Perusahaan Batik di Surakarta. *Die*, 6(1), 95–182.
- [10] Ferdinand, A. (2014). *Metode Penelitian Manajemen*. Semarang: Badan Penerbit Universitas Diponegoro.
- [11] Fernández-Mesa, A., & Alegre, J. (2015). Entrepreneurial orientation and export intensity: Examining the interplay of organizational learning and innovation. *International Business Review*, 24(1), 148–156. <https://doi.org/10.1016/j.ibusrev.2014.07.004>
- [12] Folan, P., Browne, J., & Jagdev, H. (2007). Performance: Its meaning and content for today's business research. *Computers in Industry*, 58(7), 605–620. <https://doi.org/https://doi.org/10.1016/j.compind.2007.05.002>
- [13] Franco-Santos, M., Kennerley, M., Micheli, P., Martinez, V., Mason, S., Marr, B., ... Neely, A. (2007). Towards a definition of a business performance measurement system. *International Journal of Operations & Production Management*, 27(8), 784–801. <https://doi.org/10.1108/01443570710763778>
- [14] Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Semarang: Badan Penerbit Universitas Diponegoro.
- [15] Gomes, G., & Wojahn, R. M. (2017). Organizational learning capability, innovation and performance: study in small and medium-sized enterprises (SMES). *Revista de Administração*, 52(2), 163–175. <https://doi.org/10.1016/j.rausp.2016.12.003>
- [16] Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate Data Analysis* (8th ed.). Hampshire, United Kingdom: Cengage.
- [17] Handayani, P. M. (2020). Nationalism Over Globalization amidst COVID-19 Pandemic and Its Impact on Indonesia's Food Security. *Jurnal Politika Dinamika Masalah Politik Dalam Negeri Dan Hubungan Internasional*, 11(2), 143–161. <https://doi.org/10.22212/jp.v11i2.1751>
- [18] Haryono, T., & Marniyati, S. (2018). Pengaruh Market Orientation, Inovasi Produk, dan Kualitas

- Produk Terhadap Kinerja Bisnis dalam Menciptakan Keunggulan Bersaing. *Jurnal Bisnis Dan Manajemen*, 17(2), 51–68. <https://doi.org/10.20961/jbm.v17i2.17174>
- [19] Hassan, M. U., Shaukat, S., Nawaz, M. S., & Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector. *Pakistan Journal of Commerce and Social Sciences*, 7(2), 243–262.
- [20] Hendricks, K. B., & Singhal, V. R. (2001). The Long-Run Stock Price Performance of Firms with Effective TQM Programs. *Management Science*, 47(3), 359–368. <https://doi.org/https://econpapers.repec.org/scripts/redir.pf?u=http%3A%2F%2Fdx.doi.org%2F10.1287%2Fmns.47.3.359.9773;h=repec:inm:ormnsc:v:47:y:2001:i:3:p:359-368>
- [21] Herman, H., Hady, H., & Arafah, W. (2018). The Influence of Market Orientation and Product Innovation on the Competitive Advantage and Its Implication toward Small and Medium Enterprises (Ukm) Performance. *International Journal of Science and Engineering Invention*, 4(8), 8–21. <https://doi.org/10.23958/ijsei/vol04-i08/02>
- [22] Julian, C. C., Mohamad, O., & Wangbenmad, C. (2020). Examining market orientation, new product development and performance. *Journal for Global Business Advancement*, 13(4), 431–446. <https://doi.org/10.1504/JGBA.2020.112376>
- [23] Kim, S.-H., & Huarng, K.-H. (2011). Winning strategies for innovation and high-technology products management. *Journal of Business Research*, 64(11), 1147–1150. <https://doi.org/https://doi.org/10.1016/j.jbusres.2011.06.013>
- [24] Kirca, A. H., Jayachandran, S., & Bearden, W. O. (2005). Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of Marketing*, 69(2), 24–41. <https://doi.org/10.1509/jmkg.69.2.24.60761>
- [25] Knox, S. (2002). The boardroom agenda: developing the innovative organisation. *Corporate Governance: The International Journal of Business in Society*, 2(1), 27–36. <https://doi.org/10.1108/14720700210418698>
- [26] Kohli, A. K., & Jaworski, B. J. (2012). Market Orientation: The Construct, Research Propositions, and Managerial Implications. *Journal of Marketing*, 54(2), 1–18. <https://doi.org/https://doi.org/10.1177/002224299005400201>
- [27] Kotler, P., & Armstrong, G. (2018). *Principles of Marketing*. London, England: Pearson.
- [28] Kotler, P. T., & Keller, K. L. (2013). *Marketing Management*. Praha: Grada.
- [29] Lakhal, L. (2009). Impact of quality on competitive advantage and organizational performance. *Journal of the Operational Research Society*, 60(5), 637–645. <https://doi.org/10.1057/palgrave.jors.2602601>
- [30] Larson, P. D., & Sinha, A. (1995). The TQM Impact: A Study of Quality Managers' Perceptions. *Quality Management Journal*, 2(3), 53–66. <https://doi.org/10.1080/10686967.1995.11918691>
- [31] Lee, R. P. (2010). Extending the Environment–Strategy–Performance Framework: The Roles of Multinational Corporation Network Strength, Market Responsiveness, and Product Innovation. *Journal of International Marketing*, 18(4), 58–73. <https://doi.org/10.1509/jimk.18.4.58>
- [32] Lupiyoadi, R. (2013). *Manajemen Pemasaran Jasa: Berbasis Kompetensi*. Jakarta: Salemba Empat.
- [33] Mann, R., & Kehoe, D. (1994). An Evaluation of the Effects of Quality Improvement Activities on Business Performance. *International Journal of Quality & Reliability Management*, 11(4), 29–44. <https://doi.org/10.1108/02656719410057935>
- [34] Meeus, M. T. H., & Oerlemans, L. A. G. (2000). Firm behaviour and innovative performance: An empirical exploration of the selection–adaptation debate. *Research Policy*, 29(1), 41–58.

- [https://doi.org/https://doi.org/10.1016/S0048-7333\(99\)00032-3](https://doi.org/https://doi.org/10.1016/S0048-7333(99)00032-3)
- [35] Mousavi, A., Mohammadzadeh, M., & Zare, H. (2022). A Clustering Approach to Identify the Organizational Life Cycle. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(3), 1–15. <https://doi.org/https://doi.org/10.3390/joitmc8030108>
- [36] Musfar, T. F. (2021). *Manajemen Produk dan Merek*. Bandung: Penerbit Sains Media Indonesia.
- [37] Nasution, D. A. D., Erlina, E., & Muda, I. (2020). Dampak Pandemi COVID-19 terhadap Perekonomian Indonesia. *Jurnal Benefita*, 5(2), 212–224. <https://doi.org/10.22216/jbe.v5i2.5313>
- [38] Pérez-Luño, A., Saporito, P., & Gopalakrishnan, S. (2016). Small and Medium-Sized Enterprise's Entrepreneurial versus Market Orientation and the Creation of Tacit Knowledge. *Journal of Small Business Management*, 54(1), 262–278. <https://doi.org/10.1111/jsbm.12144>
- [39] Purwanto, G. (2017). The Effect Of Entrepreneur Orientation, Market Orientation, And Technology Orientation To Innovation Of Products And Quality Products (Empirical Study at Convection SMEsin the village of Tritunggal, Lamongan District). *MAGISTRA: Journal of Management*, 1(2), 1–21.
- [40] Rahadhini, M. D., & Lamidi, L. (2020). Pengaruh Orientasi Pasar Terhadap Kinerja Pemasaran UMKM Melalui Keunggulan Bersaing di Kota Solo. *J-MKLI (Jurnal Manajemen Dan Kearifan Lokal Indonesia)*, 4(2), 81–91. Retrieved from <https://journal.apmai.org/v2/index.php/jmkli/article/view/109>
- [41] Reguia, C. (2014). Product Innovation and The Competitive Advantage. *European Scientific Journal, ESJ*, 10(10). <https://doi.org/10.19044/esj.2014.v10n10p%p>
- [42] Russell, S. N., & Millar, H. H. (2014). Exploring the Relationships among Sustainable Manufacturing Practices, Business Performance and Competitive Advantage: Perspectives from a Developing Economy. *Journal of Management and Sustainability*, 4(3), 37–54. <https://doi.org/10.5539/jms.v4n3p37>
- [43] Sekaran, U., & Bougie, R. (2017). *Metode Penelitian Bisnis*. Jakarta: Salemba Empat.
- [44] Selnes, F., Jaworski, B. J., & Kohli, A. K. (1996). Market orientation in United States and Scandinavian companies. A cross-cultural study. *Scandinavian Journal of Management*, 12(2), 139–157. [https://doi.org/10.1016/0956-5221\(95\)00053-4](https://doi.org/10.1016/0956-5221(95)00053-4)
- [45] Soemali, R. N., & Dharmayanti, D. (2015). Pengaruh Product Innovation, Product Quality dan Brand Image Terhadap Customer Loyalty dengan Competitive Advantage Sebagai Variabel Intervening di PT. Wijaya Indonesia Makmur Bicycle Industries Gresik. *Jurnal Manajemen Pemasaran Petra*, 3(1), 1–10.
- [46] Sukarno, G. (2011). Meningkatkan Kinerja Pemasaran UMKM Melalui Peran Lingkungan Inovasi Produk dan Kreatifitas Strategi Pemasaran. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, 15(3), 332–351. <https://doi.org/10.24034/j25485024.y2011.v15.i3.372>
- [47] Syahputra, A., & Saraswati, D. (2020). Explanatory Study Related to the Impact of the COVID-19 Pandemic in the Implementation of Public Sector Accountability for Financial Reporting Quality from SKPD in North Sumatera Province , Indonesia. *International Journal of Research and Review*, 7(7), 17–30.
- [48] Syapsan. (2019). The effect of service quality, innovation towards competitive advantages and sustainable economic growth. *Benchmarking: An International Journal*, 26(4), 1336–1356. <https://doi.org/10.1108/BIJ-10-2017-0280>
- [49] Tjiptono, F. (2015). *Strategi Pemasaran*. Yogyakarta: Andi.
- [50] Udriyah, Tham, J., & Ferdous Azam, S. M. (2019). The effects of market orientation and innovation on competitive advantage and business performance of textile smes. *Management*

*Science Letters*, 9(9), 1419–1428. <https://doi.org/10.5267/j.msl.2019.5.009>

- [51] Usvita, M. (2015). Pengaruh Orientasi Kewirausahaan dan Orientasi Pasar Terhadap Kinerja Perusahaan Melalui Keunggulan Bersaing Sebagai Variabel Intervening (Survei Pada UKM Pangan Dinas PERINDAGTAMBEN Kota Padang). *E-Jurnal Apresiasi Ekonomi*, 3(1), 30–37.
- [52] Wibisono, D. (2013). *Riset Bisnis*. Jakarta: Gramedia Pustaka Utama.
- [53] Wulandari, E., & Murniawaty, I. (2019). Peningkatan Keunggulan Bersaing Melalui Diferensiasi Produk dan Diferensiasi Citra Serta Pengaruhnya Terhadap Kinerja Pemasaran IKM Kopi di Kabupaten Temanggung. *Jurnal Manajemen Pemasaran*, 13(2), 69–77. <https://doi.org/10.9744/pemasaran.13.2.69-77>
- [54] Yordan, A., Zulkarnain, Z., & Alwie, A. F. (2019). Analisis Bauran Pemasaran Terhadap Minat Dan Keputusan Pembelian Perumahan (Rumah Sederhana) Di Kota Pekanbaru. *Jurnal Tepak Manajemen Bisnis*, 11(1), 1–22.
- [55] Zainurrosalamia, S. Z. (2017). *Manajemen Pemasaran dan Bisnis Bagi Usaha Mikro, Kecil dan Menengah*. Samarina: RV Pustaka Horizon.
- [56] Zhou, K. Z., Brown, J. R., & Dev, C. S. (2009). Market orientation, competitive advantage, and performance: A demand-based perspective. *Journal of Business Research*, 62(11), 1063–1070. <https://doi.org/https://doi.org/10.1016/j.jbusres.2008.10.001>