



Influence Of Customer Orientation, Technology Orientation And Entrepreneurial Orientation On Product Innovation In MSMEs The Halal Food Sector In North Bekasi City

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ABSTRACT

This study analyzes the influence of technology orientation and customer orientation on the product innovation of Food Halal MSMEs in North of Bekasi. This research uses quantitative methods and statistical analysis tools in the form of smartpls 4.0. This study used a Food and Beverage Halal MSMEs in North of Bekasi for a unit analysis. Sampling technique in this research with insidental sampling as 83 MSMEs. The results of this study found that there was an influence of customer orientation on product innovation but the different result for technology orientation and entrepreneurial orientation are not influence and significant on product innovation. This research focuses on the MSMEs in North of Bekasi. In addition, the focus of this research is on the Halal food. The novelty in this study is that apart from the object of research, it is also a research model that has never been studied before.

INTRODUCTION

The food and beverage sector is still a sector that has a significant impact on the economy in Indonesia. The great potential for food MSMEs in Indonesia is of particular concern to many researchers and the government for MSME businesses to be able to grow and survive (Rianto et al., 2021) amidst competition in the food industry, especially in the city of Bekasi.

The results of pre-field research show that food and beverage product innovation in North Bekasi is still not good, giving special attention to food business actors, especially halal food. Many literatures have researched the factors that influence product innovation, including:(Tesa Asashi, 2017).(Devara satya komang, 2019).

Innovation is part of the performance of a product, therefore product innovation is an important part for MSMEs as a measure of business success(Rianto et al., 2021). This research develops previous research conducted by Neng 2023 by considering technology orientation (Widiarta et al., 2020) and customer orientation (Mahmoud et al., 2012) (Masa'deh, 2018).

However, the development of this research focuses on the importance of entrepreneurial orientation in influencing product innovation (Manahera et al., 2018 (Ryadi & Yasa, 2016) This research focuses on halal MSMEs from the food sector in the city of North Bekasi.

LITERATURE REVIEW

Product Innovation

Innovation is an important part of the business process which is in line with the successful performance of a business (Komariah et al., 2022). Without innovation, a business will experience a period of saturation and decreased growth and can result in bankruptcy. Product innovation is a form of industrial performance that must be carried out continuously so as to create competitive advantage and competitive advantage (Manahera et al., 2018).

Apart from that, product innovation can also be interpreted as a breakthrough in the creation of new goods or forms of service as an indicator of the success of a business (Aydin, 2020)

Customer Orientation

Customer orientation is the main commitment of business actors to achieve customer satisfaction by collecting information on customer needs. Apart from that, customer orientation is a process of identifying customer needs so as to create competitive advantages in the future. Customer orientation can also be a concept that turns marketing into a powerful competitive weapon, shifting organizational values, beliefs and assumptions that unite the relationship between customers and the company (Ngek Neneh, 2016)

Technology Orientation

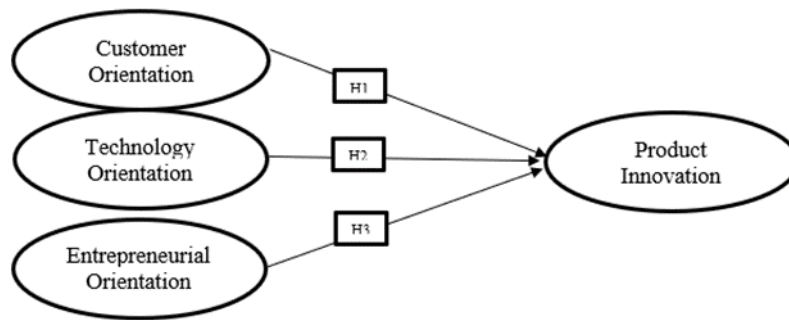
Technology orientation is the ability of a business to utilize the latest technology both in products and service access to products which aims to improve business performance (Widiarta et al., 2020). Technology orientation is an internal resource that is considered capable of becoming a competitive advantage in the era of digitalization.

This means that the higher the mastery of technology-based businesses, the more it will help the business performance of MSME players. Apart from that, with sophisticated technology, business actors will be able to create products better and more efficiently. (Zhai et al., 2018)(Setiawan, 2013)

Entrepreneurial Orientation

Innovation is closely related to the existence of an entrepreneurial orientation within business actors. Apart from that, daring to take risks, being proactive and aggressive is an important part of entrepreneurial orientation. Several studies have explained the importance of entrepreneurial orientation in increasing business performance (Adams et al., 2017)(Asad, M. Chethiyar, S. D. M. Ali, 2020)(Manahera et al., 2018)(Oktavio et al., 2019)(Ryadi & Yasa, 2016)(Sirén et al., 2017)(Subagja et al., 2017). Entrepreneurial orientation is an internal resource that is difficult for competitors to imitate.

Therefore, the higher a person's entrepreneurial orientation, the higher the business performance, including innovation in new products and services. Describing phenomena and developing theories is a collection of data that can be concluded into a conceptual framework model to make it easier for researchers to identify variables in research. (Rianto et al., 2019) as follows :

Figure 1 Conceptual Framework

Hypothesis

A hypothesis is a temporary assumption from the analysis of facts, theories and research which will then be tested for truth to be able to explain the findings in the research (Rianto et al., 2022). Based on the conceptual development of the research above, the following hypothesis can be concluded:

Innovation is an important part of the business process to be able to maintain and increase competitive advantage for business players (Mohammad, 2019). Innovation in new products and services is a way for many business actors to be able to innovate in the businesses they run (Jose, 1997)(Khalil & Mehmood, 2018)(Shah & Ahmad, 2019). Apart from innovation, orientation is also an important part for business owners to focus on the goals and direction of business development, where orientation is the company's ability and willingness to develop new concepts in improving or developing products and services. (Gatignon & Xuereb, 1997). Several studies explain that there is a relationship between technological orientation and product innovation in companies (Aydin, 2020)(Widiarta et al., 2020). Apart from that, identifying customer needs is also an important part in developing product innovation. (Aydin, 2020) (Mahmoud Abdulai Mahmoud et al., 2016; Mohammed Abdulai Mahmoud et al., 2012)(Tarhini, 2018). In several other studies, entrepreneurial orientation is an important part that must be present in business actors to increase innovation in the business products they run (Manahera et al., 2018; Ryjadi & Yasa, 2016). Based on existing arguments and problem phenomena and supported by relevant theories, several hypotheses can be drawn as follows:

1. H1. Customer orientation influences product innovation
2. H2. Technology orientation influences product innovation
3. H3. Entrepreneurial orientation influences product innovation

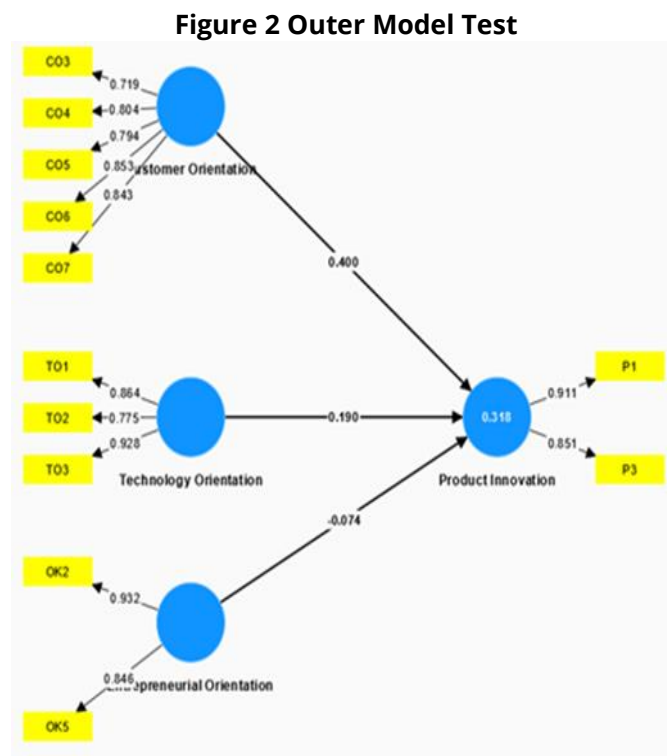
METHODS

This research uses a quantitative method approach using numbers formulated from the respondents' perceptions (Indra et al., 2023). This research does not use a specific population size because the number of the research population cannot be clearly defined so this research uses an alternative quota sampling approach of 83 sides which was carried out during the 3 months of research. Specifically, the unit of analysis in this research is Halal Food MSMEs in North Bekasi City. The sampling technique used was incidental sampling. The instruments in this research were adopted from several previous studies. T

The customer orientation statement instrument was adopted from research (Aydin, 2020) with 7 statement items. Technology orientation is adopted from research (Tesa Asashi, 2017) with 4 statement items and entrepreneurial orientation adopted from entrepreneurial orientation adopted from research (Masa'deh, Ra'ed, Jawaher Al-Henzab, Ali Tarhini, 2018) with 5 statement items and product innovation adopted from (Aydin, 2020) with 5 statement items. The statistical

tool used in this research is Smartpls 4.0 using two analyses, namely the outer model to test the quality of research data and the inner model to test research hypotheses.

RESULTS



Based on the results of the outer model test above, several customer orientation items must be eliminated in items CO1 and CO2, while the technology orientation variable has met the validity requirements. However, the entrepreneurial orientation variable must be eliminated in items OK1, OK3 and OK4, while product innovation must eliminate items 2,4 and 5. After elimination, this research has met the validity requirements in research and can be continued at the next stage.

The next data feasibility test is a reliability test where the value that meets the requirements is if Cronbach's alpha is > 0.7. Based on the findings, all the criteria from the reliability test meet the requirements in this study which are shown in the image below:

Table 2 Outer Model Reliability Test

	Cronbach's alpha	Composite reliability (rho.a)	Composite reliability (rho.c)	Average variance extracted (AVE)
Customer Orientation	0.863	0.876	0.901	0.647
Entrepreneurial Orientation	0.746	0.823	0.884	0.792
Product Innovation	0.717	0.747	0.875	0.777
Technology Orientation	0.836	1.068	0.892	0.736

Based on the results of the outer model test above, the validity and reliability tests in this research have met the requirements as data that is suitable for use in research. Then we can proceed to the next stage, namely testing the hypothesis by testing the inner model.

Tabel 2 Inner Model Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Customer Orientation->Product Innovation	0.400	0.409	0.146	2.735	0.006
Entrepreneurial Orientation->Product Innovation	-0.074	-0.075	0.111	0.666	0.506
Technology Orientation->Product Innovation	0.190	0.202	0.158	1.207	0.227

The results of the inner model test show that the customer orientation variable has a p value of $0.006 < 0.05$, so it can be concluded that H1 is accepted. A positive original sample value indicates that the higher the customer orientation, the higher the innovation in MSME products. Other results show that the technological orientation variable has no effect on product innovation with a p-value of $0.227 > 0.05$ so that H2 is rejected and the same result is also shown in the results of entrepreneurial orientation which shows that the p-value is $0.506 > 0.05$ so that H3 is rejected which means that entrepreneurial orientation has no effect on product innovation in Halal Food MSMEs.

DISCUSSION

The results of this research further strengthen the findings of previous research which found that there is an influence of customer orientation on product innovation. This research is in line with previous research conducted by (Aydin, 2020)(Mahmoud Abdulai Mahmoud et al., 2016; Mohammed Abdulai Mahmoud et al., 2012).

According to (A.T.Mulyanto et al., 2021) Customer orientation is an element that needs to be considered in a company, namely understanding and prioritizing customer satisfaction in carrying out every business which aims to make customers feel served and comfortable so as to make customers want to come back again, because customers are the most important role. important in every business in gaining profit. Companies that identify customer needs and satisfaction will always look for ways to create new products and services to have a competitive advantage in order to continue to survive and win the market (Rianto et al., 2021).

Facts in the field show that these findings are in accordance with facts in the field where halal food MSMEs are currently making products that are more oriented towards customer needs or based on customer centricity which has shifted from product centricity. This allows halal MSME players to be able to increase product innovation compared to experimenting with making halal products but which are not liked by customers. Products and services based on customer needs and desires will be easier for customers to accept than self-developed products which will cost more.

The results in this research further strengthen the findings in previous research where technology orientation has no effect on product innovation (Gatignon & Xuereb, 1997)(Setiawan, 2013). These findings further strengthen that the use of technology is not completely good and can increase product innovation. Negative things can happen when technology costs are high, technology capabilities are low and technology implementation is poor, which can threaten business continuity. Facts in the field confirm that MSME players in the halal industry have not utilized technology in their products because of the expensive machines such as bread and snack makers. Apart from that, it is very difficult for very small MSMEs to adopt service-based technology such as delivery messaging applications because smartphones are not compatible with the applications they will use.

The same results were also shown on the influence of entrepreneurial orientation on product innovation. The results of this research are in line with the findings conducted by (Cynthia V. Djodjobo., 2014)(Cahyani et al., 2021). Based on the findings in the field, it is clear that most business actors do not have a good enough entrepreneurial spirit because the results of research on the food products and services provided are not immediately welcomed by business

actors. However, with guidance from the local government, business actors can be moved to make quite significant changes.

CONCLUSION

Based on the results of this research, several findings strengthen the results of previous research so that it can be concluded that there is no influence of customer orientation on product innovation, while technology orientation and entrepreneurial orientation have no effect on the performance of halal MSMEs in North Bekasi.

SUGGESTION

This research still needs further development where the limitation of this research is the minimal number of samples to draw conclusions about the wider Bekasi area. Apart from that, the research instrument used is sourced from one reference and it is hoped that further research can add to the literature for making research instruments.

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