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The Role of Product Innovation and Market Orientation in Achieving Competitive Advantage in Cashew Guava UMKM in Central Buton Regency

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Abstract

This study aims to determine: (1) The Role of Product Innovation in achieving Competitive Advantage in Cashew MSMEs in Central Buton Regency. (2) The role of Market Orientation in achieving Competitive Advantage in Cashew MSMEs in Central Buton Regency. This research uses an approach with Quantitative methods, Data collection in this study used Literature Study and Questionnaire Distribution. The population of this study were all cashew MSME business actors in Central Buton Regency. While the sample of this study amounted to 48 people. Testing this research instrument using the Validity Test and Reliability Test with SPSS 25.0. The data analysis technique used in this study is the measurement model test (outer model) and structural model testing (inner model) with Smart PLS 3.0. Based on the results of the study, it is known that there is a positive and significant influence between the Product Innovation variable on Competitive Advantage as indicated by the t-statistic value of 2.180 with a P-Value of 0.030 and the Market Orientation variable also has a positive and significant effect on Competitive Advantage as indicated by the t-statistic value of 5.143 with a P-Value of 0.000.

Keywords*: competitive advantage, market orientation, product innovation*

1. Intoduction

The modernization and expansion of the corporate world are currently in full swing. It is necessary for business players to comprehend the state of the market and customer requirements. The existence of this very tight competition requires business actors to be more able to think hard to find the right way to survive in the competition. Therefore, business actors cannot be separated from the existence of a competition. Competitive advantage is the delivery of superior value to consumers so that companies and stakeholders benefit above average (Fahriyah, A., & Yoseph, 2020)

The common corporate tactics of market orientation and product innovation are what determine a company's success. Product innovation emerged primarily to satisfy consumer demand, making it one that businesses can exploit as a competitive advantage (Fahriyah, A., & Yoseph, 2020). An innovation can play an important role in adding value to a product made by a business actor (Kolehmainen et al., 2016). Therefore, innovation here really needs to be considered for business actors to make their business more advanced, not only talking about innovation (Made et al., 2021). But there are other things that need to be considered, namely market orientation so that businesses can achieve sustainable competitive advantage (Satyawati, 2019).

Market orientation is one of the additional factors, outside product innovation, that affect competitive advantage. A company culture that emphasizes the market can boost competitive advantage. A corporation must innovate to stand out from the competition since external circumstances are unknown. Business players need to be market-oriented in order to increase the quality and added value of the items they sell (Setiawan, 2017). By continually evaluating consumer needs and wants, market orientation is a process and activity connected to the creation and fulfillment of customers. Being market-oriented would therefore help an organization achieve its competitive edge in a cutthroat market (Wirawan, 2017).

Actually, the author discovered in earlier research on the subject of the importance of product innovation and market orientation in achieving competitive advantage that both market orientation variables and product orientation variables have a significant impact on competitive advantage (Setiawan, 2017). Then research conducted by (Syukron, M. Z., & Ngatno, 2018) Its findings indicate that the product innovation variable somewhat mediates the market orientation and entrepreneurial orientation variables' direct effects on competitive advantage. Research from (Dewi, 2019) this demonstrates that market orientation has an impact on competitive advantage whereas product innovation has no impact.

2. Research Methods

This study employed a quantitative research methodology. A sort of study known as quantitative research generates results that may be quantified by statistical methods or other means (Sujarweni, 2019). The total number of items or persons with certain traits and features that are chosen by researchers to be investigated and used to form conclusions is known as the population (Sujarweni, 2019). The population in this research is all cashew MSME players in Central Buton Regency, totaling 48 MSMEs. The sample is one of the traits that the population utilized by researchers have. Because of factors including limited resources, time, and energy, it is impractical for researchers to collect all of a big population for research; instead, they can utilize samples from that community (Sujarweni, 2019). Withdrawing the sample using the Hair formula, therefore the sample in this study was 48 cashew MSME business actors in Central Buton Regency.

Saturated sampling was the method used in this investigation. Saturated sampling is a sampling method in which samples drawn from the whole population are used. (Sujarweni, 2019). The data collection techniques in this study were literature study and questionnaire distribution (Stiadi, 2022). Literature study conducted by researchers is by studying books, journals, or previous research as a reference in research and all kinds of reading related to the problems studied (Sugiyono, 2019). A variety of written questions and statements are included on the questionnaires that are distributed to respondents in order to collect their information. (Tersiana, 2018). Researchers conduct questionnaire distribution by handing out forms to participants who are willing to reply to the questions on the offered questionnaire. (Taufik et al., 2022).

3. Data Analytic and Discussion

3.1. Data Analytic

1) Validity Test

   Using a significant threshold of 5%, this test of the crucial correlation coefficient was produced using the r distribution table. The r-table value is then set to 0.30. By contrasting the r-count value with the r-table value, the significance test is run. The assertion is true if the r-count value is greater than the r-table value. Table 1 below displays the results of the validity tests conducted for this study using SPSS 25.

Table 1. Validity Test Result

Variable	Indicator	r-hitung	r-tabel (5%)	Information
Product Innovation (X_1)	X1.1	0.859	0.306	Valid
	X1.2	0.884	0.306	Valid
	X1.3	0.801	0.306	Valid
Market Orientation (X_2)	X2.1	0.845	0.306	Valid
	X2.2	0.765	0.306	Valid
	X2.3	0.734	0.306	Valid
Comprtitive Advantage	Y1	0.925	0.306	Valid
(Y)	Y2	0.885	0.306	Valid
	Y3	0.839	0.306	Valid

Source: SPSS Primary Data Processed, 2023

The 9 instrument statement items are deemed genuine and may be utilized for further analysis based on the validity test findings in table 1, which demonstrate that the r-count value is larger than the r-table value = 0.306.

2) Reliability Test

A reliability test determines how consistently a measuring tool measures an event. If the Cronbach alpha value is more than 0.6 and just one measurement is used for the test, the construct is considered trustworthy. The findings are then compared to other statements or used to calculate the correlation between statement responses. The results of the relibiality test with the help of SPSS in this study can be shown in Table 2 below.

Table 2 Reliability Test Results

Variable	Cronbach's Alpha	Crisis Value	Information
Product Innovation	0.802	0.600	Reliabel
Market Orientation	0.711	0.600	Reliabel
Comprtitive Advantage	0.854	0.600	Reliabel

Source: Primary Data SPSS processed, 2023

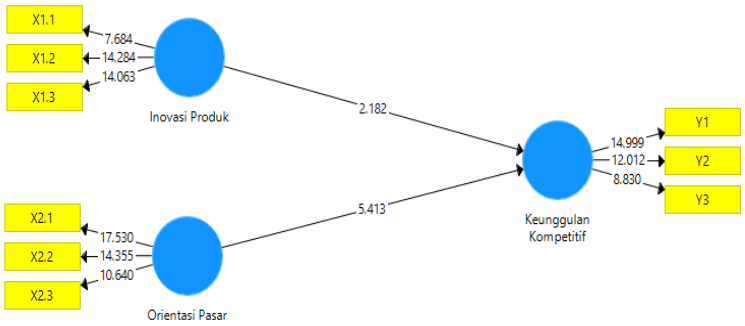
Based on table 2 shows that the reliability test of the statement items is declared valid. The Cronbach Alpha results of the reliability of the Product Innovation instrument are 0.802, the Market Orientation instrument is 0.711, and the Competitive Advantage instrument is 0.854, so that the three instruments are declared reliable or meet the requirement.

A reliability test determines how consistently a measuring tool measures an event. If the Cronbach alpha value is more than 0.6 and just one measurement is used for the test, the construct is considered trustworthy. The findings are then compared to other statements or used to calculate the correlation between statement responses (Abdillah, W., & Hartono, 2019). Due to the fact that it is not predicated on numerous assumptions, partial least squares (PLS) is a reasonably potent analytical technique. Additionally, the sample size is not have to be big and the data do not need to have a multivariate normal distribution (indicators with categorical, ordinal, interval, and ratio scales can be employed in the same model) (Hair Ghozali, I., & Latan, 2016).

3) Research Model

Cashew guava is a versatile plant, besides being a source of community income, it is also very suitable for use in the conservation of critical and arid land, so cashew guava plants are widely found in dry areas and in ex-mining areas. Based on the findings of inner model testing, which includes r-square output, hypothesis testing is conducted. The original sample estimate value may be used to determine the direction and size of the route effect

of product innovation intelligence and market orientation on competitive advantage. The larger the impact value, the closer the initial sample estimate value is to +1. (Hair, J. F., Thomas, G., Ringle, C. M., & Sarstedt, 2017). These values can be seen from the bootstrapping results. The rules of thumb used in this study, namely the t-statistic> 1.64 with a positive beta coefficient and a significant level of 0.05 or (5%) by the researcher, were chosen on the grounds that they still demand moderate accuracy, good accuracy but not too strict, because the data used is socially related, based on research in the field.
The Path Coefficient table shows the worth of testing the study's hypothesis, and the following picture shows the outcomes of this research model:



Picture 1. Research Model Results

4) Variant Analysis (R^2) or Determination Test
This determination coefficient test evaluates the model's capacity to explain how the simultaneous effect of the independent variables affects the dependent variable, which is represented by the R-Square value. The coefficient of determination demonstrates how well the independent variables' contribution to the regression model can account for variance in the dependent variable. In the model summary table, the R-Square (R2) value shows the coefficient of determination. According to (Padmayanti, N. P. E. W., Suryandari, N. N. A., & Munidewi, 2019) A low coefficient of determination denotes how little the independent factors can really explain the dependent variable. On the other hand, if the value is far from 0 (zero) and near to 1 (one), the independent variables are capable of providing all the data required to forecast the dependent variable.
R-Square values are classified as strong if they are larger than 0.67, moderate if they are greater than 0.33 but less than 0.67, and weak if they are greater than 0.19 but less than 0.33. Variant analysis is a type of test used to determine the extent to which one variable has an impact on another, in this example, the independent variable on the dependent. Table 3 below shows the results of the variant analysis (R2) or determination test.

Table 3. R-Square Values

Variable	R Square
Competitive Advantage (Y)	0.577

Source: SmartPLS primary data processed, 2023)

5) Path Coefficient
Path Coefficient is carried out with the aim of strengthening the relationship between constructs in each hypothesis. Path Coefficient is tested using PLS Bootstrapping by looking at the T-Statistic of the independent variable on the dependent variable. According to (Abdillah, W., & Hartono, 2019) T-Statistic> 1.64 (one tailed) with a significant level of P-Value or probability value 0.05 and positive value are the general terms used in studies. Table 4 below provides the findings for the path coefficient.

Table 4 Path Coefficient Value

Hypothesis	*Original Sample Estimate (O)*	*T-Statistic (|O/ STERR|)*	*P Value*
Product Innovation -> Competitive Advantage	0.266	2.182	0.030
Market Orientation -> Competitive Advantage	0.590	5.413	0.000

3.2. Discussion

3.2.1. First Hypothesis (H_1)

The original sample estimate value of product innovation on competitive advantage is positive at 0.266, which indicates that the direction of this test is in accordance with the proposed hypothesis with a P Value of 0.030, according to the calculations made using Smart PLS 3.0 and shown in table 4. Given that the P number in this study must be less than 5% (0.05), this number shows that the product innovation variable has a favorable and substantial impact on competitive advantage. In order to achieve competitive advantage, the first hypothesis (H1) indicates that product innovation has a positive and substantial influence in cashew MSMEs in Central Buton Regency Accepted.

3.2.2. Second Hypothesis (H_2)

The original sample estimate value of market orientation on competitive advantage is positive at 0.590, according to calculations using Smart PLS 3.0, which are shown in table 4.15. This indicates that the direction of the test is consistent with the hypothesis put forth by the P Value value of 0.000. Due to the study's guiding principle, P Value than 5% (0.05), this value suggests that the market orientation variable has a positive and substantial impact on competitive advantage. In order to support the second hypothesis (H2), which claims that market orientation contributes to cashew MSMEs in Central Buton gaining a competitive edge Accepted

3.2.3. Product Innovation Affects Competitive Advantage

Based on the results of calculations using path analysis on the role of product innovation on competitive advantage, it shows that there is a positive and significant influence between product innovation variables on competitive advantage. This is in accordance with table 4.6 of the respondents' assessment of the product innovation variable which shows that the overall total average of respondents' answers to the product innovation variable is 3.9, each statement has a category in a high position, namely the respondents' responses to the product innovation variable show that most respondents think that Jambu Mente MSMEs have an attractive packaging design from competitors and in accordance with consumer expectations and have distinctive characteristics so that they have their own charm. These three statements are one of the factors that can create a competitive advantage through the role of product innovation because consumers feel satisfied when consuming these products.

Based on the value of each of these statements, it can be said that with the role of product innovation from a company or business, it will create a competitive advantage and from each indicator it is very influential to create a competitive advantage, so it is very important to continue to innovate products in a company or business that is owned. In connection with the results of this study, it can be explained that cashew business actors in Central Buton Regency feel a good role in product innovation itself because product innovation can make consumers interested in the products offered from the company or type of business itself and cashew MSME business actors must continue to pay attention to and develop product innovation because product innovation is the main key to calming competition so that business actors must continue to create innovations. Innovation needs to be created in a company because innovation is one of the factors that marketers rely on most when marketing products.

These results are in line with research conducted by (Widiarta, 2022) the results of his research show that product innovation has a positive and significant effect on competitive advantage. It can be concluded that the role of product innovation can create in achieving competitive advantage in cashew MSMEs in Central Buton Regency.

3.2.4. Market Orientation Affects Competitive Advantage

Based on the results of calculations using path analysis on the role of market orientation in achieving competitive advantage, it shows that market orientation has a positive and significant effect on competitive advantage. This is consistent with table 4.7 of the respondents' evaluation of the market orientation variable, which reveals that a category has a high place in the overall total average of respondents' responses to market orientation, which is 4 for each statement. According to the significance of each claim, it can be concluded that market orientation will help a company or type of business owned gain a competitive advantage. Since each indicator has a significant impact on gaining a competitive advantage, it is crucial for a company or business owned to maintain its market orientation.

The results of this study are in line with research conducted by (Dewi, N. M. P., & Ekawati, 2017) showing the results that market orientation has a positive and significant effect on competitive advantage. so it can be concluded that the role of market orientation can create a competitive advantage in cashew MSMEs in Central Buton Regency.

4. Conclusion

Based on the results of testing the first hypothesis, it is known that there is a positive and significant influence between product innovation variables in achieving competitive advantage in cashew MSMEs in Central Buton Regency. The results of testing the second hypothesis show that there is a positive and significant influence between market orientation variables in achieving competitive advantage in cashew MSMEs in Central Buton Regency.

Referring to the results of this study, further researchers are expected to be able to develop this research qualitatively by describing the competitive advantage of different research objects. And if there will be research similar to the title above, please add other variables such as online marketing and marketing performance.

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