

ABSTRACT

The economy in Indonesia is currently growing rapidly. This causes increasingly fierce competition in the business world. So companies are required to have the right strategy to run their business and can continue to compete in the market. In addition, the mismatch between business people and consumer needs can lead to the unsuccessful implementation of the company's strategy to build a competitive advantage. This competition has been felt by the Food and Beverage Micro, Small and Medium Enterprises (MSMEs), especially in Kebumen Regency. Data on the development of MSMEs in Kebumen shows that there are MSMEs that have just started their businesses and vice versa, some have closed their businesses. MSMEs closed their businesses because they could not compete with their competitors.

This study aims to analyze the effect of market orientation and entrepreneurial orientation on competitive advantage through product innovation as an intervening variable in Food and Beverage MSMEs in Kebumen. The populations in this study were food and beverage MSME entrepreneurs in Kebumen, with a total sample of 130 respondents. In this study, the method used is the Structural Equation Model (SEM) with the tool to be used is AMOS 25.

The results of this study indicate that market orientation has a positive and significant effect on product innovation, entrepreneurial orientation has a positive and significant effect on product innovation, market orientation has a positive and significant effect on competitive advantage, entrepreneurial orientation has a positive and significant effect on competitive advantage and product innovation has a positive and significant impact on competitive advantage.

Keywords: Market Orientation, Entrepreneurial Orientation, Product Innovation, Competitive Advantage, MSMEs