

The Role Of Product Innovation in Surabaya Gold Shops

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Abstract

The purpose of this study is to characterize how product and service innovation affects merchants' enterprises in Surabaya Gold Shops in terms of success. August 2022 to October 2022, or three (three) months, were dedicated to conducting this research. Non-probability sampling was utilized in this study. A total of 45 (forty-five) traders from Surabaya Gold Shops were the research participants. A questionnaire is the tool used to gather information about company success factors, product and service innovation, and innovation. Validity tests, reliability tests, descriptive analyses, normality tests, multiple linear regression analyses, partial hypothesis tests, t tests, and coefficient of determination computations are the data analysis techniques that are employed. The outcomes of the descriptive analysis fall into the "very good" category for the company success, product, and service innovation variables. Partial investigation indicates that product and service innovation significantly and favorably contributes to the prosperity of traders' enterprises in Surabaya Gold Shops. According to a concurrent study of product and service innovation, it significantly and favorably influences the prosperity of traders' enterprises in Surabaya Gold Shops.

Keywords: Product Innovation, Service Innovation, Business Achievement

Introduction

One of Indonesia's largest cities is Surabaya City. Many MSMEs can be found in the city of Surabaya, with locations at many key intersections. Their offerings range from food and apparel to toys, souvenirs, and accessories. Nowadays, with so few jobs available, a lot of people are being urged to launch their own businesses. Additionally, with the backing of the mayor of Surabaya, who is in favor of the presence of larger MSMEs in the city, both the unemployment rate and the standard of tourism in Surabaya can be lowered.

It's not easy to become an entrepreneur or businessman. An entrepreneur must possess the "knowhow" to innovate, create something new, put together and manage a business so that it grows, and discover new markets for products currently on the market (Hisrich, 2011). Success in business is undoubtedly not solely dependent on financial resources; it also requires the ability to run the company profitably and consistently. An entrepreneur needs to be very innovative and creative to win the competition. Particularly in the creative sector, service and product innovation are marketed as ways to boost economic performance.

Many entrepreneurs still operate today without offering novel products or services. Regarding the service itself, a lot of merchants continue to communicate poorly with clients and show less friendliness. In addition, there is a deficiency in product innovation due to the limited number of available product models and the limited innovation in new flavors given by food traders (Victor & Viviana, 2022).

In order to keep our customers happy and engaged, we must continue to innovate our products and services. Only then will we be able to grow the business. Since innovation is essential to thriving in a cutthroat corporate environment, read Rainy Dwi Santy and Arjuna Rizaldi (2016). For business people, this can be a fantastic way to confront the competition with ever-evolving developments year after year. In order to boost their superiority with service innovation and product innovation in the products they

manufacture, traders should be able to make good efforts to remain competitive with traders in other sectors (Victor, 2021).

The author is interested in carrying out research under the heading "Analysis of the Influence of Service Innovation and Product Innovation on the Success of Merchant Businesses in Surabaya Gold Shops" in light of the background information.

Methods

The method used in this research is a quantitative method. The population and sample in this study were ASN employees at the Central Java Province Archives Service, while the sample taken was 41 respondents. Meanwhile, the method for collecting data is by distributing questionnaires to respondents who are all ASNs in the Central Java Province Archives Service. Using a Likert scale, using a saturated sampling technique. The variables in this research are leadership style (X1), work ethic (X2) and performance (Y). The data analysis used by researchers to process the data in this research is using Smart PLS software version 3.0.

Results and Discussion

1. Research Type

In light of the study's goals, specifically The research methodology employed in this study is associative/quantitative, meaning that the goal is to ascertain the link between two or more variables. This study will contribute to the development of a theory that controls, predicts, and explains a symptom (Rusiadi, 2013:14).

2. Study Sample and Population

A population is a category for generalization that includes things or subjects chosen by researchers to be investigated and from which inferences are subsequently made because they possess particular attributes and traits (Sugiyono, 2009:36). As to Riduwan (2013), a sample is a subset of the population that is used as a source of data and has the potential to represent the full population. Accurate calculation of the sample is necessary to produce a sample that accurately depicts the population. 45 vendors in Surabaya Gold Shops served as the study's population and sample.

3. Technique for Gathering Data

A questionnaire is the tool employed in this study to collect data. A questionnaire is a tool used to collect data in which participants are given a list of questions to complete.

4. Method of Data Analysis

Because there are several independent variables in this study, multiple regression analysis is the data analysis technique employed. A test method to ascertain the degree to which the independent variable influences the dependent variable is multiple regression analysis. The following is a possible formulation for the multiple regression analysis equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Information :

Y = Business Success (Dependent Variable)

α = Constant

β = Multiple Regression Coefficient (Multiple Regression)

X1 = Service Innovation (Independent Variable)

X2 = Product Innovation (Independent Variable) ϵ = Error term/Error rate

5. Data Testing

Data testing was carried out through Classical Assumption testing, namely: 1) Normality Test 2)

Multicollinearity Test 3) Heteroscedasticity Test.

6. Hypothesis Testing

Hypothesis testing is useful for checking or testing whether the regression coefficient obtained is significant. There are three types of regression coefficients that can be carried out, namely the determination test, F test and t test. 1) Coefficient of Determination Test 2) F Test (Simultaneous Significance Test) 3) T test (partial).

Descriptive Analysis

Descriptive analysis was carried out to find out what frequency and percentage values were obtained from each alternative answer given by each respondent in the research questionnaire. Description of the answer assessment scores for each variable in this study is as follows:

Validity test

According to (Sugiyono, 2009), items that have a positive correlation with the total score and the highest correlation indicate that the item can be considered valid if $r = 0.3610$ so that if the correlation between items and the total item score is less than 0.3610 then the instrument item is declared invalid. valid. The results of the validity test of the Service Innovation variable (X1), the Product Innovation variable (X2), and the Business Success variable (Y) calculated r value $>$ r table (0.3610) in table 1. So all statements are valid, and can be used in research .

Table 1 Validity test results for the Service Innovation variable, Product Innovation variable on the business success variable

No	Product Innovation		Product Innovation		Business Achievement	
	rcount	Result	rcount	Result	Rcount	Result
1.	0,662	Valid	0,659	Valid	0,861	Valid
2.	0,619	Valid	0,695	Valid	0,648	Valid
3.	0,629	Valid	0,635	Valid	0,883	Valid
4.	0,629	Valid	0,675	Valid	0,781	Valid
5.	0,570	Valid	0,674	Valid	0,735	Valid
6.	0,703	Valid				
7.	0,732	Valid				

Source: Data processed from research sources, 2022

Reliability Test

Reliability testing is a tool for measuring a questionnaire that has indicators from variables. According to (Sugiyono, 2009:187), a reliability test is the extent to which measurement results using the same object will produce the same data. For the reliability test used, the Cronbach Alpha coefficient formula is used. If r count $>$ r table, then the instrument is said to be reliable, conversely if r count $<$ r table, then the instrument is said to be unreliable.

Table 2. Reliability test results for the Service Innovation variable

Reliability Statistics	
Cronbach's Alpha	N of Items
.772	7

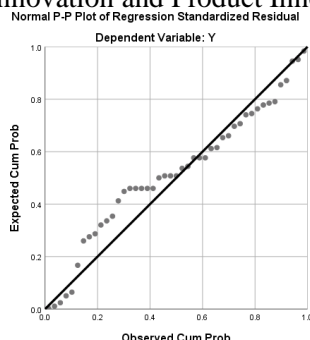
Source: Processed from primary data research results, 2022

From table 2 above, the coefficient results show that the Cronbach Alpha value states that the questionnaire is reliable because it has a value of $0.772 \geq 0.60$ and based on the Cronbach Alpha reliability level, the Cronbach Alpha value is between $\geq 0.81 - 1.00$. So it can be concluded that the independent variables tested in this study have high reliability with a reliable level of reliability.

Normality test

The basis for decision making, if the significance value is greater than 0.05, then the data is normally distributed. Conversely, if the significance is less than 0.05 then the residual value is not normally distributed.

Table 3 Normality Test Normal normality test P – P Plot of Regression Standardized Residual Variable Service Innovation and Product Innovation on business success



One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		45
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.58642673
Most Extreme Differences	Absolute	.158
	Positive	.093
	Negative	-.158
Test Statistic		.158
Asymp. Sig. (2-tailed)		.200 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Data processed from research sources, 2022

From table 3. Based on the results of the normal P – P Plot of Regression Standardized Residual normality test, in general the data (points) are spread around the diagonal line and follow the direction of the line. So the data can be concluded to be normally distributed, so that the regression model is suitable for use to predict the dependent variable based on the input of the independent variables.

Linear and Multiple Regression Analysis Test

Table 4. Multiple Linear Regression Analysis Equations for the Influence of Service Innovation Variables and Product Innovation Variables on Business Success Variables

		Linear and Multiple Regression Analysis Test
A	9,375	Y = 9,375+0,641.X1 + 0,523.X2
b1	0,641	
b2	0,523	

Based on table 4, it can be seen that the constant value of 9.375 indicates that if the value of X1 = 0, X2 = 0, then the value of Y is 9.375. With a regression coefficient (positive sign) and has a significant influence on the business success (Y) of culinary traders in Surabaya Gold Shops.

Partial hypothesis test or t test

The results of the partial hypothesis test or t test for the influence of individual service innovation and product innovation variables on business success are as follows:

Table 5 Results of Partial Hypothesis Testing or t Test for the Influence of Service Innovation and Product Innovation Variables on Business Success

Coefficients^a

Unstandardized Coefficients			Standardized Coefficients			
Model	B	Std. Error	Beta	t	Sig.	
1	(Constant)	9.375	3.161		2.965	.005
	X1	.641	.100	.567	6.391	.000
	X2	.523	.101	.457	5.156	.000

a. Dependent Variable: Y

Source: Data processed from research sources, 2022

Based on table 5, the results of the partial hypothesis test or t test for the t calculated service innovation

variable is 6.391, this shows that this means $t_{\text{calculated}} > t_{\text{table}}$ ($6.391 > 2.018$) meaning that service innovation has a positive and significant influence on the success of traders' businesses in Surabaya Gold Shops. For the product innovation variable, t_{count} is 5.156, this means $t_{\text{count}} > t_{\text{table}}$ ($5.156 > 2.018$) meaning product innovation has a positive and significant influence on the success of traders' businesses in Surabaya Gold Shops.

Conclusion

This falls into the "very good" category for the success of traders' enterprises in Surabaya Gold Shops, according to the findings of the descriptive analysis for the variables of service innovation, product innovation, and business success. The t test results show that merchants in Surabaya Gold Shops are positively and significantly impacted by service innovation in their business success. This suggests that the more innovative a trader is, the more successful their firm will be. The findings of the t test for product innovation show that traders' business success in Surabaya Gold Shops is positively and significantly impacted by their possession of innovative products; the higher the trader's product innovation, the more successful their business is. The service innovation and product innovation factors have a favorable and considerable impact on the business success of traders in Surabaya Gold Shops, as indicated by the coefficient of determination calculation findings, which are 0.710 or 71.0%.

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