
**The Effect of Strategy Innovation, and Market Orientation toward
Competitive Advantage in Home industry of Madurese Traditional Weapon
(Keris), Sumenep, Indonesia**

Budyi Suswanto^{1*}, Ernani Hadiyati², Rosidi³, Gunadi⁴, Rachmad Hidayat⁵,
Bambang Sugiyono Agus Purwono^{6*}

Abstract

A part of Indonesian Micro, Small and Medium Enterprises (MSMEs) encounter in decreasing of listening consumer needs, departmental collaboration and technology utilization. On the other side, the consumer orientation, competitor's orientation, and departmental coordination have decreased very dramatically. Finally, the gap fluctuation of product price, certain product focus and variation of the product is widely. The aim of this research is to analysis the effect of strategy innovation, and market orientation toward competitive advantage in home industry of Madurese traditional weapon (Keris), Sumenep, Indonesia. The number of response is thirty five people. The research variables are the strategy innovation, the market orientation (as independent variables) and the competitive advantage (as dependent variable). The research method using the quantitative approach – Multiple regression. The data collection using questionnaire and interview. The research results reveal of the strategy innovation towards the competitive advantage is positive significantly, and the market orientation towards the competitive advantage is positive significantly. The biggest contribution of the strategy innovation related to the competitive advantage is 0.305 or 30.5 percent and the lowest contribution of the market orientation related to the competitive advantage is 0.159 or 15.9 percent.

Keywords: Strategy innovation, market orientation, competitive advantage, MSMEs, Traditional Weapon



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^{1, 2, 3, 4} Faculty of Economics and Business Universitas Gajayana Malang, Indonesia

^{5, 6} Faculty of Economics and Business Universitas Bahaudin Mudhary Madura, Indonesia

*Corresponding authors: budyi.suswanto@unibamadura.ac.id; bambangsap@unibamadura.ac.id



Introduction

Kemajuan ekonomi bangsa Indonesia khususnya wilayah Kabupaten Brebes sangatlah pesat seiring perkembangan teknologi yang terus maju, pelaku UMKM di wilayah Kabupaten Brebes dituntut untuk terus memperbaiki hasil produk dengan tidak mengabaikan kualitas produk yang dibuat. Berdasarkan sumber dari dinas perindustrian, dinas koperasi dan dinas umkm kabupaten brebes jumlah unit UMKM di Kabupaten Brebes sampai dengan tahun 2022 berjumlah 106.222 unit UMKM. Akan tetapi jumlah UMKM telur asin Kabupaten Brebes mengalami penurunan jumlah UMKM hal ini dikarenakan semakin ketatnya persaingan dalam mendapatkan pasar yang ada di Kabupaten Brebes dan sekitarnya menyebabkan UMKM untuk menentukan strategi dengan tepat dalam memasarkan produk usahanya.

District of Sumenep undergo the increasing of the economic growth very dramatically, especially MSMEs. One of the home industry produced *Keris*. This producer *Keris* improved the technology development and the quality of the product [1].

The Indonesian Government Law No. 20 of 2008 on Micro, Small, and Medium Enterprises (MSMEs) is a key piece of legislation aimed at promoting the development and sustainability of MSMEs in Indonesia [2].

According to the Industry and cooperation office data, the number of the producer *Keris* is 554 people. At present time, the total number of the producer *Keris* is decreased, because of rivalry among existing firms and try to find the market share and competition tightened. Few the producer *Keris* try to determine the new strategy precisely to sell their product [3,4].

Problem Statement

A part of Indonesian MSMEs encounter in:

1. decreasing of the listening consumer needs, departmental collaboration and technology utilization is smaller.
2. decreasing of the consumer orientation, competitor's orientation, and departmental coordination is very dramatically.
3. Increasing the gap fluctuation of product price, certain product focus and variation of the product is widely.

The Objectives of this Research

The objectives of this research is to analysis:

1. the effect of strategy innovation toward competitive advantage in home industry of Madurese traditional weapon (Keris), Sumenep, Indonesia.
2. the effect of market orientation toward competitive advantage in home industry of Madurese traditional weapon (Keris), Sumenep, Indonesia.

The Hypotheses

The hypotheses of this research are:

1. Increasing the strategy innovation will lead to a reduction in competitive advantage in home industry of Madurese traditional weapon (Keris), Sumenep, Indonesia



2. Increasing the market orientation will lead to a reduction in competitive advantage in home industry of Madurese traditional weapon (Keris), Sumenep, Indonesia

Literature Review

Definitions of MSMEs:

1. Micro Enterprises: Businesses with a net worth of up to IDR 50 million (excluding land and buildings) and annual revenue of up to IDR 300 million.
2. Small Enterprises: Businesses with a net worth of more than IDR 50 million but not exceeding IDR 500 million, and annual revenue up to IDR 2.5 billion.
3. Medium Enterprises: Businesses with a net worth of more than IDR 500 million but not exceeding IDR 10 billion, and annual revenue up to IDR 50 billion.

Strategi inovasi yang terdiri dari inovasi produk, inovasi proses, inovasi pasar diselidiki secara menyeluruh oleh Rosli dan Sidek (2013) dan dapat memperoleh manfaat yang lebih besar jika UMKM berkembang, berkomunikasi dan menjalin hubungan baik mendapatkan orientasi serta inovasi (Aziz, & Samad, 2016; Ismail & Tarofder, 2015). Inovasi produk yang semakin beragam dan unik juga menjadi peluang untuk ditawarkan kepada pembeli. Harapannya dengan meningkatkan orientasi dan inovasi dapat meningkatkan kinerja bisnis bagi pelaku UMKM Telur Asin di Kabupaten Brebes [1].

Orientasi pasar sebagai metode perusahaan untuk menciptakan kinerja unggul dan perilaku yang diperlukan untuk meningkatkan kinerja perusahaan (Maydeu-olivares & Lado, 2003). Penelitian yang dilakukan oleh Jayaningrum & Sanawiri (2018) menyebutkan bahwa orientasi pasar memiliki dampak positif serta signifikan terhadap kinerja bisnis. Kinerja dapat dicapai dengan menerapkan budaya berorientasi pasar, yaitu bagaimana perusahaan memahami kebutuhan, keinginan dan permintaan pasar (Andriyanto & Sufian, 2017). Menurut Saunila (2014), UMKM dapat menerima lebih banyak manfaat jika mereka berkembang, berkomunikasi, merangkul dan mengeksplorasi orientasi dan inovasi [1].

Keunggulan bersaing sebagai agregasi berbagai item yang membedakan UMKM dari pesaingnya dan memberikan posisi yang unik dan unggul di pasar. Dimensi keunggulan bersaing (inovasi, diferensiasi, dan kepemimpinan berbiaya rendah) diadaptasi dari Afshar ghasemi dkk. (2013). Talaja dkk. (2017) menyatakan bahwa orientasi pasar meningkatkan keunggulan bersaing yang pada gilirannya meningkatkan kinerja bisnis suatu perusahaan. Maka dari itu pelaku UMKM Telur Asin di kabupaten

Brebes perlu memperhatikan betapa pentingnya orientasi pasar, inovasi produk dan kinerja bisnis untuk menciptakan keunggulan bersaing guna meningkatkan penjualan [1].

Orientasi pasar dipilih untuk meningkatkan strategi pemasaran yang tepat dan inovasi pada model penelitian ini adalah inovasi produk. Sedangkan kinerja bisnis sebagai variabel tujuan diharapkan dapat meningkat dengan perubahan orientasi dan inovasi, dengan atau tanpa melalui keunggulan bersaing sebagai variabel intervening [1].



Research Method

This research method used a quantitative approach – multiple regression

Mathematical Model

The formula of multiple regression is:

$$y_i = b_0 + b_1 x_{1i} + b_2 x_{2i} + e_i \quad (1)$$

where:

$i = 1, 2, \dots, n$

x_{1i} = Strategy Innovation

x_{2i} = Market Orientation

y_i = Competitive advantage

e_i = Error

The Conceptual Research Framework

Figure 1 show the conceptual research framework.

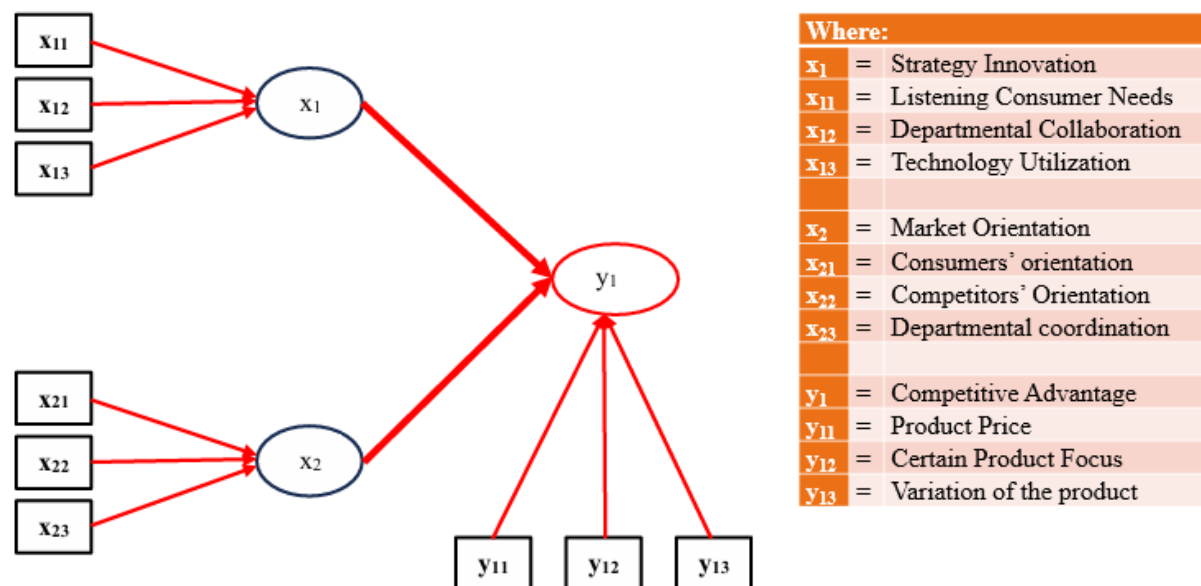


Figure 1. The conceptual research framework

Results and Discussion

The Location of Keris Production

The location of the Central Keris production is about 15 km from Sumenep central city

Figure 2 show the Gateway of Aeng Tong Tong (Location of Central Keris).



Figure 2. The Gateway of Aeng Tong Tong (Location of Central Keris).

Figure 3 (a and b) show the Gateway of Aeng Tong Tong (Location of Central Keris).



(a: Keris and Casing)

(b: Casing/Warangka)

Figure 3. Traditional Madurese weapon (Keris) including casing (Warangka)

Statistic descriptive (Table 1):

1. The mean of the perception of the strategy innovation is 4.19 or higher, it is means the strategy innovation has held easier, because the skill of the operators are higher and produce Keris depend on the creativity of the employees.

2. The mean of the perception of the market orientation is 4.32 or higher, it means the market share is wider. Keris has exported to another countries, e.g.: Malaysia, Singapore, and Nederland. The owner usually participate in international events, it means the owner try to make networking.
3. The mean of the perception of the competitive advantage is 4.56 or higher approach 5 oar highest. The operator of the Keris production require highest and special skill also require a long time experience. It is means the new investor is not easier to produce Keris.

Table 1. Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
Str_Innov	35	3	5	4,19	,565
Mark_Ori	35	3	5	4,32	,538
Comp_Adv	35	4	5	4,56	,355
Valid N (listwise)	35				

Coefficient of determination (Table 2):

The coefficient of determination is 0.184 or 18,4 percents it means the contribution of information is low (below 50 percent), because of the number of response only 35 people.

Table 2. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.429 ^a	.184	.133	,331

a. Predictors: (Constant), Mark_Ori, Str_Innov

Significant level (Table 3):

The significant level is 0.038 (3.8 percent) below 0.05 or 5 percent. It means the regression coefficient is significant.

Table 3. Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.790	2	.395	3.617	.038 ^a
	Residual	3.495	32	.109		
	Total	4.286	34			

a. Predictors: (Constant), Mark_Ori, Str_Innov

b. Dependent Variable: Comp_Adv

The formula of multiple regression:

The formula of multiple regression (eq.2 and 3) (Table 4) is:

$$y_i = 2.591 + 0.305 x_{1i} + 0.159 x_{2i} + e_i \quad (2)$$

Or

$$\text{Comp_Adv}_i = 2.591 + 0.305 \text{Str_Innov}_i + 0.159 \text{Mark_Ori}_i + e_i \quad (3)$$

where:

$i = 1, 2, \dots, 35$

x_1 = Strategy Innovation (Str_Innov_i)

x_2 = Market Orientation (Mark_Ori_i)

y_i = Competitive advantage (Comp_Adv_i)

e_i = Error

Table 4. Coefficient of Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.591	.851		3.043	.005
	Str_Innov	.305	.114	.486	2.688	.011
	Mark_Ori	.159	.119	.241	1.335	.191

a. Dependent Variable: Comp_Adv

Conclusion

The conclusion of this research are:

1. The research results reveal of the strategy innovation towards the competitive advantage is positive significantly, and the market orientation towards the competitive advantage is not positive significantly.
2. The biggest contribution of the strategy innovation related to the competitive advantage is 0.305 (30.5 percent) and the lowest contribution of the market orientation related to the competitive advantage is 0.159 (15.9 percent).

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Biography

Budyi Suswanto, was born in Bondowoso at 3 of May 1974. Bachelor degree in Industrial Engineering, Institut Teknologi Nasional Malang, Indonesia (1993 till 1998). Master degree in Industrial Engineering, Post Graduate Program, Institut Teknologi Sepuluh Nopember (ITS), **Prof. Dr. Ernani Hadiyati., SE, MS** as a Lecturer in Doctoral Program in Management Science - Post Graduate Program, University of Gajayana, Malang, Indonesia and The President of University of Gajayana Malang, Indonesia.Surabaya, Indonesia (2000 till 2002). At present time as a student in Doctoral Program in Management Science in Post Graduate Program, University of Gajayana, Malang, Indonesia. The Vice President of Academic Affairs and lecturer in University of Bahaudin Mudhary, Madura, Indonesia.

Dr. Rosidi., SE, MM, Ak. Associate Professor - Lecturer in Doctoral Program in Management Science - Post Graduate Program, University of Gajayana, Malang, Indonesia.

Prof. Dr. Gunadi, MSc. PhD. As a Lecturer in Doctoral Program in Management Science in Post Graduate Program, University of Gajayana, Malang, Indonesia.

Prof. Dr. Ir. Rachmad Hidayat, MM, IPU, Asean Eng - President and Lecturer in University of Bahaudin Mudhary, Madura, Indonesia.

Dr. Ir. Bambang Sugiyono Agus Purwono, MSc, Associate Professor - Lecturer in University of Bahaudin Mudhary, Madura, Indonesia.

