The Influence Of Innovation Strategy On MSME Performance With Green Innovation As A Mediating Variable (Study Of Food And Beverage MSMES In Mojokerto Regency)

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ABSTRACT

Many companies only prioritize product innovation to meet current consumer needs and are able to generate profits without paying attention to the impact of production activities on the environment. In the last few decades, environmental damage has become an important issue that is often discussed. This is because environmental damage occurs more frequently, such as forest fires, air and water pollution, extreme drought, erratic climate change and so on. One of the environmental damage factors that occurs is caused by economic growth which causes the exploitation of energy and natural resources to increase due to production needs. Development in the economic sector continues to be carried out with the aim of improving the welfare of Mojokerto residents. Not only that, the development carried out also aims to increase community competitiveness in the economic sector. Mojokerto has an MSME sector which operates in a number of fields. MSMEs or Micro, Small and Medium Enterprises are economic businesses owned by individuals or business entities that have been determined by law. The food businesses in Mojokerto are quite varied, some produce semi-finished ingredients, some also produce finished products. The type of research used in this research is explanatory research. In this study, The population in this study is the total number of Food and Beverage MSMEs registered with the District Industry and Trade Service. Mojokerto. and there were 100 samples in this study. The sampling technique used in this study was purposive sampling. The analysis technique in this study used the PLS technique. Conclusion: Green Innovation has a positive and significant influence on MSME performance. Innovation Strategy has a significant positive influence on Green Innovation. Innovation Strategy does not have a significant positive influence on MSME Performance. Innovation Strategy has a significant positive influence on MSME Performance through Green Innovation of MSMEs

Keywords:
Innovation Strategy, MSME Performance, Green Innovation

INTRODUCTION

Development in the economic sector continues to be carried out with the aim of improving the welfare of Mojokerto residents. Not only that, the development carried out also aims to increase community competitiveness in the economic sector. Mojokerto has an MSME sector which operates in several fields. MSMEs or Micro, Small and Medium Enterprises are economic businesses owned by individuals or business entities that have been determined by law. The food businesses in Mojokerto are quite varied, some produce semi-finished ingredients, some also produce finished products. Semi-finished products are usually easier to produce but have a bit of difficulty in terms of sales, this is because people themselves are too lazy and don't want to bother. Of course, the business owner has to rack his brains so that customers don't leave. Distribution of food businesses in Mojokerto is divided into several sectors, one of which is the tourism sector. In the tourist sector, business people usually make their business as attractive as possible so that tourists will notice it. Call it the

Ghanjaran Park tour. Ghanjaran Park tourism, which is in the Trawas area, is able to attract tourists by itself. Without hesitation, Ghanjaran Park is always busy with people from morning to night. The development of MSMEs needs to receive great attention from both the government, society and universities so that they can develop more competitively with other economic actors. However, various obstacles are still faced by MSMEs so far, usually involving capital, but recent research shows that in the current pandemic era, the main problem for MSMEs lies in knowledge about creativity in understanding change and marketing. The problem of minimal business and marketing knowledge among MSMEs requires external encouragement to accelerate. Higher education as a basis for the development of knowledge can act as a catalyst to mobilize and encourage MSMEs to be more productive. Activities in training and management assistance are really needed by this business group. From this opinion, it can be identified that solutions to SME problems can be found, among other things, by increasing creative knowledge in business and marketing. It is important to increase knowledge in terms of business creativity immediately through applicable training, while marketing can be done by creating digital-based creative promotional media.

METHOD

The type of research used in this research is explanatory research. The population in this study is the total number of Food and Beverage MSMEs registered with the District Industry and Trade Service. Mojokerto. The sampling technique used in this research is Purposive Sampling. The number of samples will be distributed in Mojokerto Regency with the following conditions for respondents:

a. MSMEs are in the Mojokerto Regency area.
b. MSMEs that have been operating for at least 1 year.
c. MSMEs which include the food and beverage industry sector.

The sampling technique used in this study was purposive sampling, the analysis technique in this study used the PLS technique

RESULTS AND DISCUSSION
Tabel I
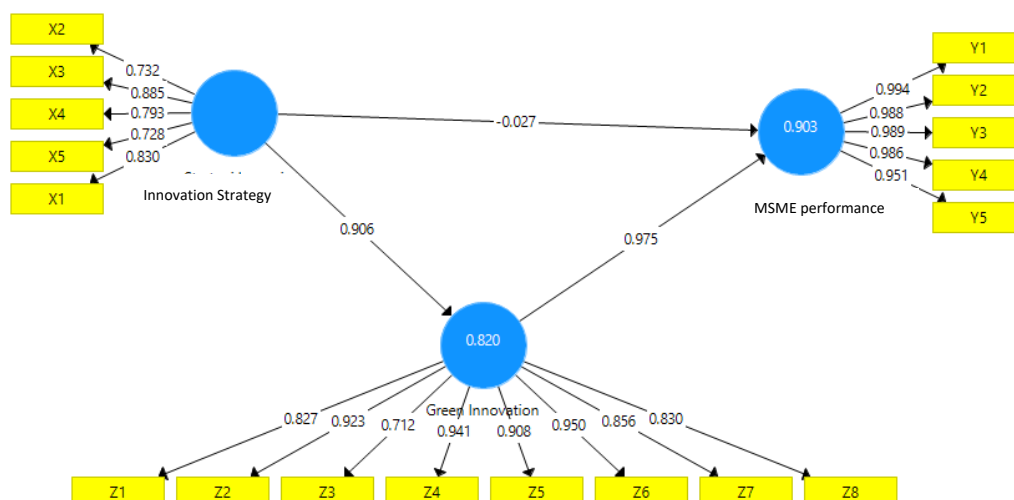
The measurement model, also known as the outer model, aims to assess the validity and reliability of the model. As explained in chapter III previously, evaluation

of the measurement model was carried out by testing convergent validity, discriminant validity and composite validity.

The convergent validity test of reflective indicators with the SmartPLS 3.0 program can be seen from the loading factor value for each construct indicator. The rule of thumb used in this research refers to a loading factor value > 0.70. The discriminant validity test is related to the principle that the manifest variables of different constructs should not be highly correlated. The way to measure discriminant validity is to look at the cross loading value for each variable which must be > 0.70.

Furthermore, the AVE (average variance extracted) value or average variance extract must be > 0.5. Conversely, if the AVE value is <0.5 then it does not meet convergent validity. The PLS-SEM composite reliability test with SmartPLS 3.0 can be done in two ways: (1) by looking at the Cronbach's Alpha (α) value, where for confirmatory research the α value is > 0.70, and (2) by looking at the composite reliability (CR) value > 0.70.

Tabel 2

Construct	Item	λ	α	CR	AVE
Strategi Inovasi (X)	X1	0,830	0,855	0,896	0,634
	X2	0,732			
	X3	0,885			
	X4	0,793			
	X5	0,728			
Green Innovation (Z)	Z1	0,827	0,954	0,962	0,760
	Z2	0,923			
	Z3	0,712			
	Z4	0,941			
	Z5	0,908			
	Z6	0,950			
	Z7	0,856			
	Z8	0,830			
Kinerja UMKM (Y)	Y1	0,994	0,990	0,962	0,963
	Y2	0,988			
	Y3	0,989			
	Y4	0,986			
	Y5	0,951			

It can be seen that the loading factor value of each statement indicator item in all variables shows that the results are >0.7. This shows that these indicators can be said to be valid.

The results of the table show that the variable . The Innovation Strategy has 5 statement points which are the result of developing studies of relevant literature and reputable international journals. Based on the convergent validity test using SmartPls 3.0 software, 5 variable indicator items were obtained. Innovation Strategy which has a loading factor in the range 0.728-0.885 > 0.70. Thus, referring to the opinions of Chin (1998), Chin (2010) and Hair, et. all. (2013), the 5 indicator items in the Innovation Strategy variable meet convergent validity.

Then in the Green Innovation variable, based on the outer model results table, it is known that the Green Innovation variable has 8 statement indicator items which are the result of developing studies of relevant literature and reputable international

journals. Based on the convergent validity test using SmartPls 3.0 software, 8 indicator items for the Green Innovation variable were obtained which had loading factors in the range 0.712-0.950 > 0.70. Thus, referring to the opinions of Chin (1998), Chin (2010) and Hair, et al. (2013) so that the 8 indicator items in the Green Innovation variable meet convergent validity.

The UMKM Performance variable has a value from the outer model in the table. It is known that the UMKM Performance variable has 5 statement indicators which are the result of the development of relevant literature studies and reputable international journals. Based on the convergent validity test using SmartPls 3.0 software, 5 indicator items for the MSME Performance variable were obtained which had loading factors in the range 0.951-0.989 > 0.70. Thus, referring to the opinions of Chin (1998), Chin (2010) and Hair, et al. (2013), the 5 indicator items in the MSME Performance variable meet convergent validity.

Tabel 3

Kriteria Fornell-Larcker

	Green Innovation	Kinerja UMKM	Strategi Inovasi
Green Innovation	0,872		
Kinerja UMKM	0,950	0,981	
Strategi Inovasi	0,906	0,856	0,796

Based on the table, it can be seen that the discriminant validity results referring to the Fornell-Larscher criteria show that the variables Innovation Strategy (X), Green Innovation (Z), MSME Performance (Y) meet discriminant validity.

Tabel 4

	R Square
Green Innovation	0,820
Kinerja UMKM	0,903

According to Ghozali and Latan (2015), the size of R^2 shows the size of the influence of exogenous variables on endogenous variables. If the R^2 value is 0.75; 0.50 and 0.25 can be concluded that the model is strong, moderate and weak.

The R-square value for the Green Innovation (Z) variable was obtained at 0.820, indicating that 82.0% could be influenced by the Innovation Strategy (X) and MSME Performance (Y) variables while the remaining 18.0% was influenced by other variables outside the research. The R-square value of the MSME Performance variable (Y) was obtained at 0.903, indicating that MSME Performance (Y) can be influenced by the Innovation Strategy (X), Green Innovation (Z) variables by 90.3% while the remaining 9.7% is influenced by other variables outside those studied. . The higher the R-Square value, the greater the ability of the independent variable to explain the dependent variable so that the better the structural equation.

Tabel 5

	Relationship	β	T-value	P-values	Decision
H₁	Green Innovation -> MSME Performance	0,975	10,958	0,000	Confirmed
H₂	Innovation Strategy -> Green Innovation	0,906	50,610	0,000	Confirmed
H₃	Innovation Strategy -> MSME Performance	-0,027	0,268	0,789	Not Confirmed
H₄	Innovation Strategy -> Green Innovation -> MSME Performance	0,883	10,407	0,000	Mediation

Direct effect testing was used to test hypotheses 1, 2, and 3 in this study. This test uses the path coefficient value, by paying attention to the t-statistics value which is more than the t-table (1.96) and the p-value <0.05 to conclude that the hypothesis can be accepted, so the direct influence is positive and significant between the variables involved. tested. It is known that hypotheses 1, 2, 3, 4, and 5 show a t-statistics value that is more than the t-table (1.97) and a p value < 0.05 so it can be concluded that hypotheses 1, 2, and 4 are accepted and has a positive effect, while hypothesis 3 gives a rejected result so it does not have a positive effect which is described as follows.

CONCLUSION

Based on the research results, it can be concluded that Green Innovation has had a positive impact on the performance of food and beverage MSMEs in Mojokerto Regency. This is in line with previous research which confirms that innovative environmentally friendly practices, such as the use of organic raw materials, have a good impact on the performance of MSMEs. However, even though Green Innovation makes a positive contribution, the innovation strategy does not directly affect the performance of MSMEs. It is likely that external factors such as government policy and market competition also influence this relationship. Nevertheless, innovation strategies are a significant intermediary in encouraging MSMEs to utilize Green Innovation, creating a positive impact on MSME performance through the implementation of environmentally friendly practices. A holistic understanding of the relationship between innovation strategy, Green Innovation, and MSME performance is an important key to supporting the sustainable growth of MSMEs in the region.

Acknowledgment

this research provides a deeper understanding of the complexity of the relationship between innovation, Green Innovation, and MSME performance. This provides an important basis for developing a more holistic and contextual strategy to support sustainable MSME growth in Mojokerto Regency.

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