

INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEAVING CRAFTSMAN MSMEs IN TARUTUNG DISTRICT

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ABSTRACT

This research aims to determine the influence of innovation on business success. This type of research is descriptive, the collection of information was obtained from sources at the Tarutung Subdistrict Office and interviews with ulos weaving craftsmen in Tarutung subdistrict, with the research population being all weavers in Tarutung subdistrict, the number The exact number of the population in this study is not known, so a research sampling technique was applied using cluster random sampling technique, namely, Ulos weaving craftsmen MSMEs located in 5 sub-districts in Tarutung, with 20 UKMs in each sub-district so that the total number is 100 UKMs as sample. The analysis technique used is MSR (Moderated Simple Regression). The results of the research show that innovation has a positive and significant effect on the business success of Ulos weaving craftsmen MSMEs in Tarutung sub-district.

Keywords: Innovation, MSMEs, Business Success

INTRODUCTION

Micro, Small and Medium Enterprises in the fashion industry are based on tradition and culture. MSMEs were founded based on someone's initiative to create jobs. Indonesia, as a country consisting of various ethnic groups, has enormous potential for the development of a tradition and culture-based fashion industry, one of which is ulos woven cloth as Indonesian wastera. Tarutung is one of the home industry areas, because much of the Tarutung community's income comes from weaving, both tuntunan and ulos weaving. In the past, ulos was something that was very sacred and had high value in Batak tradition (Firmando, 2020).

Ulos are made from woven materials made from thread made from plant skin and natural dyes. With the presence of current technology, this has resulted in the emergence of machine looms which can be used to mass produce ulos. Currently there are 2 ulos circulating in the community, namely ulos made from machine weaving and ulos made from traditional weaving. Traditionally making ulos has a more complicated process so it takes longer to produce 1 sheet of ulos. In terms of quality, it shows that traditional woven ulos is much better than machine woven ulos. However, if you look at it in terms of price, machine-woven ulos is cheaper than traditional woven ulos. Based on information that researchers obtained from weavers in Tarutung City, there has been an increase, below is presented data on the number of industrial/craft businesses in Tarutung District for 2020-2022. as shown in the table below.

Table 1.1

**Data on the Number of Industrial/Craft Businesses in Tarutung District
Period 2020-2023**

Year	Number of Ulos Weaving Businesses
2020	2418
2021	3896
2022	4978

INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEAVING CRAFTSMAN MSMES IN TARUTUNG DISTRICT

Nana Khairani, Ade Indah Sari, Arasy Ayu

2023	5057
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Source: Tarutung District, North Tapanuli Regency, 2023.

From 2020-2023, the ulos weaving business in Tarutung sub-district, North Tapanuli district has experienced an increase. Due to the impact of Covid in 2020, weavers there experienced poverty, and as time went by assistance from the government made weavers there experience an increase.

The various types of products produced by the actors have different product qualities. This is what makes weavers in one of the North Tapanuli districts have a weaving activity carried out by researchers, obtaining information from observations of several weaving craftsmen based on data. able to achieve business success because the value of the ulos they have is different from other weavers, some of the weavers in Tarutung District, use traditional tools and use natural threads also with natural spices and only North Tapanuli uses traditional weaving through gadongan and uses hundreds threads too. use natural dyes, and most other weavers usually only use chemical dyes. If we make a difference in terms of price, screen-printed ulos are still much cheaper than ulos produced through gedongan.

This article describes an Innovation for Business Success in Ulos Weaving Craftsmen MSMEs located in Tarutung District, which is then analyzed using quantitative methods because this research is used to examine problems that are clear, have a large population, and intend to test hypotheses so that this research can proceed objectively obtained from interviews with weaving craftsmen in Tarutung District. It is hoped that this article can become a guide and reference for weaving crafts businesses. Therefore, to improve MSMEs, innovation is needed for business success.

LITERATURE REVIEW

Innovation

Innovation is a new business that entrepreneurs pursue through the application of thinking, creative ideas and research (Sgerly, 2020). In the management process, innovation can offer product variations as the final result (Paul Trott, 2017). Innovation is an important factor for entrepreneurs to maintain their business. According to the types of innovation above, it can be concluded that the information from the Innovation of Ulos weaving craftsmen in Tarutung City uses the Process Innovation type. (1) According to object: a. Service Innovation or refers to the case When a company introduces a new product on the market or provides a new service. Product or Service Innovation Indicators, according to Wahyono (2002), product innovation indicators have three main indicators, namely: 1. Product extensions (line extensions), 2. Product imitation (me-too products), 3. New products (new- to-the-world products). b. Process Innovation occurs When a company incorporates new elements in its production process or operations, which are used to produce a product or provide a process. (2) According to the sector referred to, Innovation is divided into Administrative Innovation, Technological Innovation, (3) According to intensity and scope, Innovation is divided into gradual innovation, comprehensive innovation.

INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEANING CRAFTSMAN MSMES IN TARUTUNG DISTRICT

Nana Khairani, Ade Indah Sari, Arasy Ayu

There are several classifications explained in carrying out innovation in small businesses, including the following: (1) Product Innovation Product innovation is the act of creating ideas by reusing existing resources to provide a higher level of value to clients. (2) Process Innovation is an action taken during the production of goods in small companies. (3) Marketing Innovation In micro and small companies, marketing innovation is used to produce new concepts for the goods produced in the form of adjustments to packaging design, product shape, product placement, promotion and price. (4) Service Innovation Small firms engage in service innovation, which involves changing the way they provide to their customers to improve service performance. (5) Organizational Innovation To promote the development of superior and competitive human resources, innovation is practiced in organizations that increases efficiency and effectiveness including those that apply to the use of practical techniques, internal and external interactions, and quality management. The benefits of an organization's team becoming cross-functional, independent and innovative are generated through organizational innovation, so that it continues to grow and achieve the desired goals (Siregar et al., 2020).

According to Kotler & Armstrong (2016, p. 233) indicators of innovation are as follows: 1. Relative Advantage (Relative Advantage) Relative advantage is the level at which innovation appears better than old products. The level of superiority of an innovation, whether it is better than previous innovations or things that are usually done. 2. Compatibility, Compatibility is the degree to which the innovation matches the value of past experience and the recipient's needs. 3. Division (Divisibility) Division is the degree to which an innovation can be tried first or must be bound to use it. Innovations can be tested in real situations. Innovations are generally adopted more quickly. To speed up adoption, innovations must be able to demonstrate their superiority. New products are more likely to be successful if consumers can try or experiment with ideas on a limited basis. 4. Communicability, Communicability is the level of ability of the results of using innovation to be observed or explained to other people.

The following can be presented the conceptual framework of the research carried out as follows:



Figures: Conceptual framework

Business Success

The principle of business success is the achievement obtained from carrying out certain tasks, in realizing the goals, objectives, mission and vision of an organization, as well as the level of achievement of results, to realize company goals. Business success is acting within a certain time or within certain parameters so that goals are achieved (Svetlana, 2018). Business success is a general term that is often used for some or all of an organization's activities in a period regarding several standards such as past or projected costs based on efficiency, accountability or management accountability and the like (Priansa & Cahyani, 2015). Several indicators in determining business success according to Henry Faizal Noor (2007) are as

INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEANING CRAFTSMAN MSMES IN TARUTUNG DISTRICT

Nana Khairani, Ade Indah Sari, Arasy Ayu

follows. (Profit/Profitability), Profit is the main goal of business. Operating profit is the difference between income and costs. Productivity and Efficiency The size of a business's productivity will determine the size of its production. This will affect the size of sales and ultimately determine the size of income, thus influencing the size of the profit earned. Competitiveness is the ability or toughness to compete to win consumer attention and loyalty. A business is said to be successful if it can beat competitors or at least can still survive against competitors. Competence and Business Ethics, The ability to develop innovations that are in line with the demands of the times require a person to have competencies which are the accumulation of knowledge, research findings and experience in their profession both quantitatively and qualitatively. Building a Good Image. A company's good image is divided into two, namely, internal trust and external trust. Internal trust is the mandate or trust of all people in the company, while external trust is the emergence of a sense of trust or confidence from all company stakeholders, be they consumers, suppliers, government, even competitors.

The success of an entrepreneur is determined by several factors according to (Suryana, 2010), Talent and Will. Those who have no talent but have a lot of will and those who have both but have no talent will not be successful as entrepreneurs. Unwavering determination and persistence. Neither those who want to work hard but lack strong determination nor those who have great determination but lack the motivation to work hard will be successful as entrepreneurs. Possibilities and possibilities exist because solutions exist; if there is no solution, there likely won't be one.

The success of a business depends on ideas, opportunities and business people. Business people must be able to create new ideas in order to provide more value to consumers. Apart from that, business people must also be able to see growing business opportunities. One of the basic opportunities for the dimensions of success in a successful business carried out by a company is as stated by Suryana (2011: 66) "to be a successful entrepreneur you must have a clear business idea or vision, then there is the will and courage to face good risks. time and money."

The Relationship Between Innovation and Business Success

Business success greatly influences innovation, this advantage cannot be distinguished from the production of new goods created to provide a competitive advantage in the market. Especially developing products, it is necessary to develop innovation strategies to be applied in market competition. In increasing business success, efforts must be made to increase internal resources, especially product discovery. The success of small businesses is influenced by the application of innovation in their business activities. Innovation is defined as the introduction of new ways of combining technology to produce products or services that are useful and have use value (Andrio, 2018)

Table
Innovation Instrument Validity Test Results (X1)

Items	rcount	rtable	Probability	Information
1	0.848	0.195	0.0000.05<	Valid
2	0.825	0.195	0.0000.05<	Valid

**INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEANING CRAFTSMAN
MSMES IN TARUTUNG DISTRICT**

Nana Khairani, Ade Indah Sari, Arasy Ayu

3	0.825	0.195	0.0000.05<	Valid
4	0.867	0.195	0.0000.05<	Valid
5	0.751	0.195	0.0000.05<	Valid
6	0.760	0.195	0.0000.05<	Valid
7	0.196	0.195	0.0000.05<	Valid

Source: Processed data, 2023

From the 7 question items, the calculated r is greater than the r table and the probability result is <0.05, this means that the innovation has valid data.

**Table
Business Success Instrument Validity Test Results (Y)**

Items	rcount	rtable	Probability	Information
1	0.851	0.195	0.0000.05<	Valid
2	0.887	0.195	0.0000.05<	Valid
3	0.852	0.195	0.0000.05<	Valid
4	0.727	0.195	0.0000.05<	Valid
5	0.814	0.195	0.0000.05<	Valid
6	0.688	0.195	0.0000.05<	Valid
7	0.519	0.195	0.0000.05<	Valid
8	0.805	0.195	0.0000.05<	Valid
9	0.664	0.195	0.0000.05<	Valid
10	0.205	0.195	0.0000.05<	Valid

Source: Processed data, 2023

Of the 10 purchasing decision question items above, it shows that all business success items for the calculated r are greater than the r table and the probability results are <0.05, this means that the innovation has valid data.

**Table
Summary of Instrument Reliability Testing**

Variable	Cronbach's Alpha	Information
Innovation (X1)	0.855	Reliable
Business Success (Y)	0.882	Reliable

Source: Research Data

Reliability tests are used to measure whether respondents' answers to statements in the questionnaire are consistent or stable over time. In this study, the reliability test was carried out using the Cronbach's Alpha statistical test. A variable or construct is said to be reliable if the Cronbach's Alpha value for each variable is > 0.60 (Ghozali, 2018: 148). In the following table, the results of the reliability test are presented.

INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEANING CRAFTSMAN MSMES IN TARUTUNG DISTRICT

Nana Khairani, Ade Indah Sari, Arasy Ayu

From the table above, it can be seen that the reliability of the instrument regarding Innovation (Variable X1) is 0.855 (reliable), the Business Success instrument (Variable Y) is 0.882 (reliable). If the reliability value is closer to 1, then the research instrument is getting better. The reliability value of the instrument above shows that the level of reliability of the research instrument is adequate, approaching 1.

RESULT AND DISCUSSION

This research uses a quantitative strategy design with a correlational research type model, namely a type of research with problem characteristics in the form of a correlational relationship between two or more variables (Sugiyono, 2019:7). The purpose of this research is to determine whether or not there is a correlation between variables or make predictions based on the correlation between variables. The reason the author uses quantitative methods is because this research is used to examine problems that are clear, have a large population, and intend to test hypotheses so that this research can proceed objectively.

In this research, there is one independent variable observed, namely innovation (X1), while the dependent variable studied is business success (Y). Characteristics of respondents registered as weavers in Tarutung District in 2023.

Table
Respondents Distributed Based on Gender

No	Gender	Total	Percentage (%)
1.	Man	4 people	4%
2.	Woman	96 people	96%
	Total	100 people	100%

Source: North Tapanuli Regency, 2023.

From the table it can be seen that the working respondents consisted of 4 men (3.5%) and 96 women (95.6).

The characteristics of respondents based on age can be shown in the following table:

Table
Respondents are distributed based on age

No	Respondent's Age	Amount	Percentage (%)
1.	10-20	14 people	14%
2.	21-30	59 people	59%
3.	31-40	27 people	27%
	Amount	100 people	100%

Source: Data processed in 2023.

From the table it is known that the largest group of respondents who weave in Tarutung District are aged 21-30 years as many as 59 people (59%), while the smallest group is aged 10-20 years as many as 14 people (14%). This is because with age, most weavers there are housewives.

INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEAVING CRAFTSMAN MSMES IN TARUTUNG DISTRICT

Nana Khairani, Ade Indah Sari, Arasy Ayu

This research was conducted on ulos weaving craftsmen in 5 villages, Tarutung District, North Tapanuli Regency, Parbuju-julu Village, Tarutung District, North Tapanuli Regency. From the research data source, the number of weavers in Parbuju-julu Village, Tarutung District, North Tapanuli Regency was 387 weavers. Merpati Lumban Help Hamlet, Partali Julu Village, Tarutung District, North Tapanuli Regency. Tarutung, North Tapanuli Regency. As for research data sources, the number of weavers in Parbubu Dolok Village, Tarutung District, North Tapanuli Regency is 521 weavers. Sosunggulon Village, District

Tarutung, North Tapanuli Regency. From research data sources, the number of weavers in Sosunggulon Village, Tarutung District, North Tapanuli Regency is 245 weavers. Simamora Village, Tarutung District, North Tapanuli Regency. As for the research data source, the number of weavers in Simamora Village, Tarutung District, North Tapanuli Regency is 973 weavers. According to the calculation results obtained, the sample used was 100 respondents. The research data source applied was a cluster random sampling technique, namely, MSMEs in ulos weaving craftsmen in the five villages, with 20 MSMEs in each sub-district, as a result, a total of 5 villages, namely, 100 MSMEs, were sampled

The data source uses primary data, namely data obtained through data collection carried out by distributing questionnaires. The data collection technique in this research is a survey using a questionnaire as a data collection technique. This technique is carried out by distributing questionnaires in the form of questions or statements to respondents directly and immediately returning them to the researcher. Researchers used a Likert scale in checklist form.

From the research studied, there was a population taken from the MSMEs of Ulos Weaving craftsmen in Tarutung City. It can be concluded that the population cannot be known, so determining the sample can be searched using a formula (Sugiyono, 2019):

$$n = \frac{Z^2 pq}{e^2}$$

N = number of samples needed

Z₂ = Price on the normal curve for savings of five percent of value = 1.96

P = 50% Chance of Correct = 0.5

q = 50% Chance of Error = 0.5 e = Sampling error, using 10%

The results of the calculation of the number of samples produced are:

$$n = (1.96)^2 (0.5)(0.5) / (0.1)^2$$

Hypothesis testing is testing a statement using statistical methods so that the test results can be declared statistically significant. can be seen in Table IV.11.

**INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEANING CRAFTSMAN
MSMES IN TARUTUNG DISTRICT**

Nana Khairani, Ade Indah Sari, Arasy Ayu

**Table
Hypothesis Test Results
Coefficientsa**

Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	5,525	2,240		2,466	,015		
Innovation	,691	,085	,641	8,156	,000	,961	1,041

a. Dependent Variable: Business Success

The t-calculated value for X1 shows that the t-calculated value > tabel ($8.156 > 1.984$), which means that innovation has a significant effect on business success ($0.000 < 0.05$).

Operational Definition of Variables

No	Variable	Definit ion	Indicators – Indicators	Scale
1.	Innovation	According to Nurdin (2016), innovation is something new, namely by introducing and implementing new practices or processes (goods or services) or it can also be by adopting new patterns that come from other organizations.	According to Kotler and Armstrong (2016, p. 233): 1. <i>Relative Advantage</i> (Relative Advantage) 2. <i>Compatibility</i> (Compatibility) 3. <i>Divisionability</i> (Divisibility) 4. <i>Communicability</i> (Communicability)	<i>Likert</i>

INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEAVING CRAFTSMAN MSMES IN TARUTUNG DISTRICT

Nana Khairani, Ade Indah Sari, Arasy Ayu

2. Business Success	According to Svetlana, (2018), Business Success is understood as the achievement of an activity within a certain time or within certain parameters, but it can also mean achieving a goal or achieving a goal. objectives.	According to t Henry Faizal Noor (2007) : 1. Profit/Profitability 2. Productivity and Efficiency 3. Competitiveness 4. Competence and Business Ethics 5. Building a Good Image
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Likert

CONCLUSION

Based on data obtained in research regarding the influence of innovation on business success among MSME ulos weaving craftsmen in Tarutung District. The number of respondents to this research was 100 respondents, then analyzed, it was concluded that there is a positive influence of innovation on business success. With a relationship like this, it means that the higher (innovation), the higher (business success). Then it was also found that innovation had a significant effect on business success.

Acknowledgment

1. For MSME players, it is recommended to continue to pay attention to the level of consumer confidence by increasing new ideas, raising the enthusiasm of the workforce and creative designs that follow the times and consumer interests proactively and are able to compete with local and foreign products , so that will ultimately achieve business success based on the level of diversity and uniqueness of designs so as to achieve better customer satisfaction that meets or exceeds expectations
2. MSME players are expected to continue to innovate in creating new variants to maintain business success, because these components become one of the benchmarks for consumers in making purchasing decisions.

It is hoped that future researchers will be able to use other variables besides innovation and business success variables to perfect research and enrich the research repertoire.

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**INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEANING CRAFTSMAN
MSMES IN TARUTUNG DISTRICT**

Nana Khairani, Ade Indah Sari, Arasy Ayu

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**INNOVATION TOWARDS BUSINESS SUCCESS IN ULOS WEANING CRAFTSMAN
MSMES IN TARUTUNG DISTRICT**

Nana Khairani, Ade Indah Sari, Arasy Ayu

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