

ABSTRACT

The growth of MSMEs in Indonesia has reached a total of 8.71 million units. However, Bandung City, which is the capital city, is lagging behind in several business numbers compared to other areas in West Java. The Head of the Empowerment and Development Division of MSMEs in Bandung City is of the opinion that creating innovation is the biggest obstacle faced by MSMEs in efforts to improve business performance. Previous research has found that innovation orientation has an influence on business performance.

The purpose of this study is to determine how much influence innovation has on business performance for MSME actors in Bandung City from various business sectors. With the dimensions of innovation orientation used, including product innovation, process innovation, marketing innovation, organizational innovation. While the theory used in this study is the theory of entrepreneurship, innovation and business performance.

The method used in this study is descriptive quantitative. The distribution of questionnaires was carried out to 385 MSME actors in Bandung City, then statistical testing was carried out using simple and multiple regression analysis using IBM SPSS.

The results of this study are that simultaneously the innovation orientation variable has a significant effect on business performance with an influence value of 63.3%. Partially, the dimensions of innovation orientation (product innovation, process innovation, marketing innovation, organizational innovation) have an influence on business performance in MSME actors in Bandung City, the innovation process is the most influential dimension with a coefficient value of 0.362. The researcher suggests that further researchers can use other variables that can affect business performance, such as entrepreneurship.

Keywords: Innovation Orientation, Business Performance, MSMEs in Bandung City, Entrepreneur