

ABSTRACT

Dynamic developments in the business world, especially in the Micro, Small, and Medium Enterprises (MSMEs) sector, are the main drivers for economic actors to encourage improvements and creation of competitive advantages. Rapid changes in technology, consumer trends, and market dynamics trigger business actors in MSMEs to continue to innovate in order to maintain their competitiveness. The purpose of this study is to determine the Effect of the Implementation of Radical and Incremental Innovation on Business Competitiveness in Food and Beverage MSMEs in Cirebon City.

The aspects studied are related to the form of innovation consisting of radical innovation and incremental innovation carried out by MSME business actors and their impact on increasing business competitiveness. The phenomenon in this study was studied using a quantitative descriptive method. The data collection technique used a questionnaire tool distributed through online media to predetermined respondents, namely MSME food and beverage actors in Cirebon City. The data analysis technique used in the study was structural equation modeling (SEM) with data processing using SmartPLS software.

The results of the study indicate that both radical innovation and incremental innovation have an impact on the level of competitiveness of MSMEs in the food and beverage sector in Cirebon City. Each type of innovation contributes to increasing the competitive advantage of a business, where radical innovation focuses on fundamental changes in products, processes, or business models, while incremental innovation emphasizes more on gradual improvements that strengthen efficiency and quality. Thus, the implementation of the right innovation strategy can help MSMEs in facing increasingly dynamic market competition.

Keywords: *MSME, Food and Beverage, Radical Innovation, Incremental Innovation, Competitiveness*