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THE EFFECT OF MARKET ORIENTATION, PRODUCT INNOVATION, AND FINANCIAL LITERACY ON BUSINESS SUCCESS OF CULINARY MSMEs IN BIREUEN REGENCY

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Abstract

This study examines how market orientation, product innovation, and financial literacy affect the Business Success of culinary MSMEs in Bireuen Regency. Facing tight competition in the food sector, business owners must apply effective marketing strategies, product creativity, and sound financial management to maintain steady sales. This research adopts a quantitative method. Data were gathered by distributing questionnaires to culinary MSME owners or managers across Bireuen. The collected data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) via SmartPLS 4 software. The findings reveal that market orientation has a positive and significant role in enhancing Business Success. Additionally, product innovation successfully attracts consumers and drives higher sales growth. A solid understanding of financial literacy is also proven to help MSME owners manage capital and optimize business income significantly. Together, these three factors serve as crucial drivers for boosting the development of the culinary business in Bireuen Regency.

Keywords: *Market Orientation, Product Innovation, Financial Literacy, Business Success, Culinary MSMEs.*

INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector plays a strategic role as the backbone of the national economy in mitigating unemployment and generating employment opportunities. The contribution of MSMEs, which reaches 61.07% of the national Gross Domestic Product (GDP) and absorbs 97% of the workforce, demonstrates that the sustainability of this sector is highly crucial for national economic stability (Indonesia, 2023) At the regional level, Bireuen Regency is one of the areas in Aceh Province experiencing rapid growth in culinary MSMEs, driven by high public consumption levels and rich local cultural heritage. Data from the Central Bureau of Statistics in (Ghozali, 2021) confirms that the culinary sector represents one of the business lines with the highest growth rates in Aceh. However, intense market competition and rapid product cycles in urban centers such as Kota Juang and Peusangan, souvenir hubs in Jeumpa, and transit corridors in Gandapura and Kuta Blang require business owners to possess comprehensive managerial strategies to avoid the risk of operational stagnation.

Empirical conditions in the field reveal managerial obstacles and uncertainty regarding business sustainability. Based on a preliminary survey conducted in November 2025 involving 30 culinary MSME entrepreneurs in Bireuen Regency, sales turnover fluctuations were identified, often failing to achieve profit targets. This decline in performance aligns with a report by the Indonesian Association of Micro, Small, and Medium Enterprises (Akumandiri), which recorded an average turnover decline of up to nearly 50% due to sluggish sales and fierce competition (Finance, 2025). Furthermore, the preliminary survey results indicate that business performance instability is driven by weak internal financial governance, where entrepreneurs still commingle business budgets with personal expenses. Additionally, creative stagnation occurs due to low market orientation. Business owners tend to be market followers rather than developing unique local offerings (signature dishes), resulting in a lack of product refreshing activities or innovation in terms of menu variation and packaging aesthetics over the past year. To address these market pressures, this study adopts the Resource-Based View (RBV) perspective, which considers internal capabilities as strategic resources driving sustainable business growth. The first crucial internal aspect affecting

business performance is market orientation. In line with the view of Abdurrahman et al., (2022) market orientation focuses on fulfilling customer needs by accurately identifying opportunities and competitive risks. Entrepreneurs who place consumer preferences as the primary basis for decision-making will find it easier to secure their market position (Ghozali & Laksana, 2022). This positive relationship between market understanding and business performance is further reinforced by the findings of Ardy et al. (2023), who stated that market orientation has a significant impact on enhancing the business success of small enterprises.

LITERATURE REVIEW

The theoretical framework of this study is grounded in the Resource-Based View (RBV), originally proposed by Barney (1991). The RBV theory posits that a firm's success and competitive advantage are largely determined by its capability to effectively possess, manage, and deploy internal resources. These resources include not only tangible assets but also intangible resources such as knowledge, managerial expertise, and organizational capabilities that are unique and difficult for competitors to imitate. In recent literature, the RBV framework has been extensively applied to explain the performance and success of small and medium-sized enterprises, highlighting internal capabilities as the primary driver of value creation (Sipos, 2025).

Market Orientation

According to Dedy (2023), market orientation represents a concrete effort to place consumers at the center of corporate strategy, which ultimately contributes to achieving superior business performance. In line with this perspective, Silviasih (2020) defines market orientation as a responsive organizational capability aimed at continuously monitoring market demands and competitive dynamics. Firms that effectively adopt market orientation tend to engage more actively in continuous innovation, thereby sustaining a competitive edge in the eyes of their customers. Furthermore, the implementation of a strong market orientation serves as a foundational driver for MSMEs to adapt to evolving consumer preferences. A firm's capacity to collect market intelligence, evaluate emerging trends, and navigate external environmental factors relies heavily on the extent to which market orientation is operationalized within business operations (Hidayat, 2024).

Product Innovation

Kalil and Aenurohman (2020) emphasize innovation as an effort to improve existing products or to create original new products. Furthermore, Aydin (2020)posits that innovation encompasses not only the final product but also the underlying development and production processes. For MSMEs, product innovation is crucial for maintaining business sustainability despite resource constraints. Dewantoro et al. (2023) state that MSMEs engaging in innovation tend to experience increases in both sales performance and customer loyalty. Within the culinary sector, innovation involves the development of new recipes, flavor modifications, presentation techniques, and the utilization of local ingredients (Pranatha et al., 2025)

Financial Literacy

Financial literacy represents a combination of knowledge, skills, and self-confidence in financial management aimed at achieving economic well-being (Carina et al., 2024). Perkasa et al. (2024) define it as the integration of financial knowledge and skills that support sound decision-making. Meanwhile, according to Haq & Muzakki (2023) as well financial literacy within MSMEs encompasses planning, execution, record-keeping, reporting, and financial accountability. Furthermore, Afifah and Wakid (2021) emphasize that financial literacy enables business owners to make strategic decisions. Abiodun et al. (2023) add that financial literacy directly influences financial behavior, which in turn leads to enhanced business performance.

Business Success

Business success is defined as a condition in which a business entity achieves or exceeds its primary objectives over both the short and long term. These objectives encompass profitability, operational efficiency, growth, and business sustainability. Hariyanto and Ie (2023)emphasize that a business is considered successful when it consistently generates profit, as profitability serves as a primary indicator of business performance. Furthermore, business success is understood as a gradual process that requires skills, experience, and adaptive capabilities from entrepreneurs (Nuryatimah & Damirih, 2021). In the context of MSMEs, business success is not evaluated solely through financial metrics. This is primarily because many MSMEs, particularly in the culinary sector, lack formal financial record-

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keeping. Consequently, measures of success also incorporate non-financial indicators such as customer growth, market expansion, enhanced brand image, and managerial competence (Mardiana et al., 2024).

Summary of Previous Studies and Research Gaps

To emphasize the novelty and significance of this research, Table 1 summarizes relevant prior studies alongside the existing empirical gaps:

Table 1. Summary of Relevant Empirical Studies and Identified Gaps

No	Authors & Year	Key Findings	Research Differences / Gaps
1	Shidiq et al. (2024)	Financial literacy had no significant effect, while product innovation significantly affected financial performance	Incorporated *Digital Marketing* and focused on *Financial Performance*, whereas this study integrates *Market Orientation* toward *Business Success*.
2	Ardy et al. (2023	Market orientation positively impacted business success, whereas product innovation showed a negative effect.	Examined *Creativity* and *Location*, but omitted *Financial Literacy*, which is a core variable in this study.
3	Arrezqi et al. (2024)	Financial literacy positively and significantly affected MSME performance.	Evaluated *Financial Inclusion* and did not analyze the combined interaction with *Market Orientation* and *Product Innovation*.
4	Harini et al. (2022)	Market orientation and product innovation positively influenced marketing performance.	Focused on *Marketing Performance* rather than holistic *Business Success*, and omitted the *Financial Literacy* perspective.

Source: Data processed (2025)

Conceptual Framework

Based on the theoretical synthesis of the Resource-Based View (RBV) and empirical literature, this study proposes a conceptual framework positioning Market Orientation (X_1), Product Innovation (X_2), and Financial Literacy (X_3) as independent internal strategic capabilities that directly influence the Business Success (Y) of culinary MSMEs.

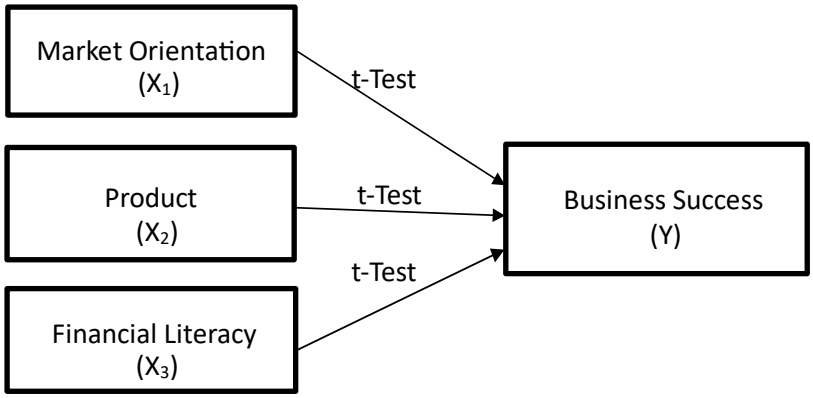


Figure 1. Conceptual Framework

Hypothesis Development

Market orientation equips MSMEs with the capability to identify consumer trends and adapt to competitive dynamics, thereby enhancing operational performance (Kotler & Keller, 2021). Grounded in this framework, the first hypothesis is proposed:

H1: *Market orientation has a positive effect on the business success of culinary MSMEs in Bireuen Regency.*

Furthermore, product innovation serves as a concrete output of market orientation through taste modifications and packaging aesthetics (Setyawan & Aditya, 2022). While Ardy et al. (2023) reported an unsupportive relationship, empirical evidence from (Merline & Widjaja, 2022)as well as (Harini et al., 2022) confirms that product creativity consistently boosts sales performance. To address this research gap, the second hypothesis is formulated:

H2: *Product innovation has a positive effect on the business success of culinary MSMEs in Bireuen Regency.*

Internal strategic execution also relies on financial literacy, which encompasses budgeting, cash flow tracking, and financial discipline (Haq & Muzakki, 2023); (Carina et al., 2024). Empirical discrepancies exist in previous literature; Arrezqi (2024) observed a positive effect on business performance, whereas (Shidiq et al., 2024) found an insignificant relationship in the culinary sector. Given the necessity of sound financial management for sustaining profitability (Hariyanto & Ie, 2023) the third hypothesis is established:

H3: *Financial literacy has a positive effect on the business success of culinary MSMEs in Bireuen Regency.*

Overall, this study addresses these empirical gaps to evaluate how market orientation, product innovation, and financial literacy collectively drive long-term business success amid revenue fluctuations and operational stagnation in Bireuen Regency.

METHOD

This study employs a descriptive-associative quantitative approach to examine the effect of market orientation, product innovation, and financial literacy on the business success of culinary MSMEs in Bireuen Regency. Data collection was conducted across five strategic districts representing the diversity of local economic characteristics: Kota Juang and Peusangan Districts (economic and educational hubs), Jeumpa District (processing and regional souvenir center), as well as Gandapura and Kuta Blang Districts (hubs for iconic regional culinary products). The subjects of this study were primary owners or managers of culinary MSMEs directly involved in strategic business decision-making.

Given that the total population of culinary business actors in the region is unknown (*infinite population*), a non-probability sampling technique with a *purposive sampling* approach was utilized. The sampling criteria required the business to have been actively operating for at least the past six months. The sample size was determined following the recommendations of Hair et al. (2021), calculated as 7 times the 15 parameters in the research model. This yielded a total sample of 105 respondents, distributed equally (21 respondents or 20% each) across the five selected districts. Primary data were gathered directly from the research locations using a structured questionnaire measured on a 1-to-5 Likert scale (Sujarweni, 2022). Operationally, this research incorporates three independent variables: Market Orientation (X_1), Product Innovation (X_2), and Financial Literacy (X_3), along with one dependent variable, Business Success (Y). The operational definitions, dimensions, and measurement indicators for each variable are detailed in Table 2.

Table 2. Operational Definition of Variables

Variable	Operational Definition	Dimensions / Indicators	Scale
Business Success (Y)	A business is considered successful when it is capable of consistently generating profit, as profitability is a key indicator in business activities (Hariyanto & Ie, 2023)	1. Profitability 2. Productivity and Efficiency 3. Competitiveness 4. Business Competence and Ethics 5. Building a Positive Brand Image (Asnawati, 2021)	Likert (1–5)
Market Orientation (X1)	Organizational behavior that identifies customer needs and competitor actions, disseminating market intelligence across the organization to respond effectively (Silviasih, 2020)	1. Customer Orientation 2. Competitor Orientation 3. Inter-functional Coordination (Narver & Slater, 1990)	Likert (1–5)
Product Innovation (X2)	Efforts to create or refine products to deliver added value to consumers (Kotler & Keller, 2021)	1. Development of new recipes 2. Menu variations 3. Attractive presentation techniques 4. Utilization of local ingredients (Pranatha et al., 2025)	Likert (1–5)
Financial Literacy (X3)	The integration of financial knowledge and skills that support sound decision-making (Perkasa et al., 2024)	1. Financial Knowledge 2. Financial Behavior 3. Financial Attitude (Anggraeni & Agustina, 2024)	Likert (1–5)

Source: Compiled by the author, 2026.

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Data analysis in this study employs descriptive statistics and Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 4 software. The SEM-PLS approach was selected due to its flexibility, which does not require normal data distribution assumptions, and its capability to test complex causal relationships simultaneously with a limited sample size (Cheung et al., 2024)The evaluation process comprises two main stages: measurement model evaluation (*outer model*) and structural model evaluation (*inner model*) (Ghozali & Latan, 2020).

The *outer model* evaluation aims to assess the validity and reliability of the research instruments. Convergent validity is evaluated based on factor loading values exceeding the threshold of 0.70, along with an Average Variance Extracted (AVE) value greater than 0.50. Discriminant validity is evaluated by ensuring that the square root of the AVE for each construct is greater than the correlation coefficients with other constructs in the model. Furthermore, internal consistency reliability is assessed using Composite Reliability (CR), adhering to the criterion of values greater than 0.70 for acceptable high reliability (Juliandi, 2018)

The *inner model* evaluation is conducted to predict the strength of relationships among latent variables and to test the proposed hypotheses. This phase begins with a collinearity test by examining the Variance Inflation Factor (VIF) values, which must remain below 5.0 to guarantee that the model is free from severe multicollinearity issues. Overall model fit is assessed using the Standardized Root Mean Square Residual (SRMR) with values within the acceptable range of < 0.80 to 0.10. The predictive power of the endogenous model is measured using the Coefficient of Determination (R^2), categorized as substantial (> 0.75), moderate (0.50–0.75), or weak (0.25–0.49). Additionally, the relative contribution of each independent variable is evaluated through the effect size (f^2), classified as small (0.02), medium (0.15), and large (0.35) (Hair et al., 2021). Finally, path significance testing is executed via a bootstrapping procedure with a two-tailed test at a 5% significance level. A hypothesis is accepted if the t-statistic > 1.96 or the p-value < 0.05 (Hair et al., 2021), with the direction of influence determined by the path coefficient.

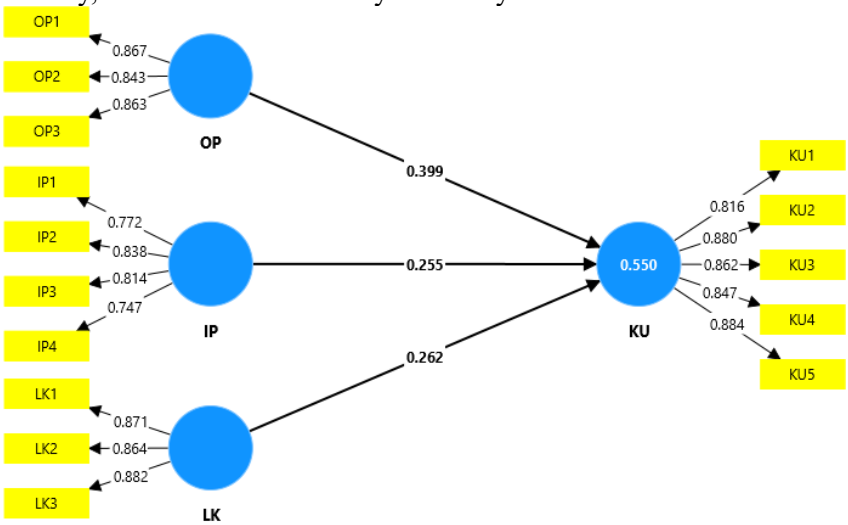
RESULTS AND DISCUSSION

Profile of Respondents

Data collection was conducted among 105 culinary MSME actors distributed across five districts in Bireuen Regency. Based on the demographic characteristics of the respondents, the majority of business owners are dominated by the productive age group with an average educational background of upper secondary level or higher. Furthermore, most of the surveyed business units have been operating for more than three years, reflecting a sufficient level of business maturity in navigating the local market dynamics in Bireuen.

Measurement Model Evaluation (Outer Model)

In accordance with the PLS-SEM methodology, the outer model evaluation was conducted to assess the validity and reliability of the research instruments. This assessment was evaluated through three primary tests: convergent validity, discriminant validity, and internal consistency reliability.



Source: Processed Data (2026)

Figure 2. Structural Equation Model (PLS-SEM) Output

Convergent Validity

Convergent validity evaluates the extent to which the indicators of a specific construct correlate positively with one another empirically. Based on empirical standards, an item or indicator is declared to satisfy convergent validity

criteria if its outer loading value exceeds 0.70. The results of the data processing using SmartPLS 4 are summarized in Table 3.

Table 3. Convergent Validity Test Results

Constuct	Indicator	Outer Loading	AVE
Market Orientation (X1)	OP1	0.867	0.629
	OP2	0.843	
	OP3	0.863	
Product Innovation (X2)	IP1	0.772	0.737
	IP2	0.838	
	IP3	0.814	
	IP4	0.747	
Financial Literacy (X3)	LK1	0.871	0.761
	LK2	0.864	
	LK3	0.882	
Business Success (Y)	KU1	0.816	0.736
	KU2	0.880	
	KU3	0.862	
	KU4	0.847	
	KU5	0.884	

Source: Processed Data (2026)

Based on the convergent validity assessment, all indicators across the variables of Market Orientation, Product Innovation, Financial Literacy, and Business Success demonstrate outer loading values exceeding the 0.70 threshold. Furthermore, the Average Variance Extracted (AVE) values for each construct range from **0.629 to 0.761**, well above the minimum required threshold of 0.50. Consequently, all measurement items satisfy the requirements for strong convergent validity.

Discriminant Validity

Discriminant validity was evaluated using the **Fornell-Larcker Criterion**, which requires that the square root of the AVE for each construct be greater than its highest correlation with any other construct in the structural model. The results of the discriminant validity test are presented in Table 4.

Table 4. Discriminant Validity Results (Fornell-Larcker Criterion)

Contruct	IP	KU	LK	OP
Product Innovation	**0.858**			
Business Success	0.575	**0.858**		
Financial Literacy	0.619	0.732	**0,872**	
Market Orientation	0.339	0.727	0.754	**0,793**

Source: Processed Data (2026)

The test results in Table 4 confirm that the square root of the AVE for each latent variable is strictly higher than its correlations with all other variables. This demonstrates that all constructs within this research model fully satisfy the criteria for discriminant validity.

Construct Reliability and Validity

Reliability testing was executed to ensure internal consistency across measurement instruments. The evaluation criteria require that each construct achieves a Composite Reliability (CR) > 0.70, and an Average Variance Extracted (AVE) exceeding the minimum threshold of > 0.50. The summary of construct reliability and validity parameters is detailed in Table 5.

Table 5. Construct Reliability and Validity Results

Contruct	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
OP	0.821	0.828	0.893
IP	0.804	0.815	0.871
LK	0.843	0.845	0.905
KU	0.911	0.913	0.933

Source: Processed Data (2026)

Table 5 indicates that the Composite Reliability values surpass the required threshold of 0.70, with the highest value achieved by the Business Success variable ($\rho_c = 0.933$). These results demonstrate that all measurement instruments possess a highly satisfactory level of reliability for subsequent structural modeling.

Structural Model Evaluation (Inner Model)

Once the measurement model (*outer model*) was verified to satisfy all criteria for validity and reliability, the analysis proceeded to the evaluation of the structural model (*inner model*). This phase aims to predict the strength of relationships among latent variables, assess the fit of the conceptual model against empirical data, and evaluate the overall contribution of exogenous variables toward the endogenous variable.

Collinearity Assessment (VIF)

Collinearity testing was conducted to detect potential multicollinearity issues among indicators or predictor constructs by examining the Variance Inflation Factor (VIF) values. A model is considered free from severe multicollinearity problems if all VIF values remain below 5.0. The collinearity evaluation results are summarized in Table 6.

Table 6. Collinearity Assessment (VIF Values)

	VIF
OP1	1.888
OP2	1.874
OP3	1.766
IP1	1.809
IP2	2.032
IP3	1.790
IP4	1.501
LK1	1.998
LK2	1.973
LK3	2.063
KU1	2.038
KU2	2.965
KU3	2.687
KU4	2.412
KU5	2.868

Source: Processed Data (2026)

Based on the test results in Table 6, all inner VIF values remain below the threshold of 5.0. This confirms that the structural model is free from multicollinearity bias, ensuring that the path regression estimates are highly accurate.

Model Fit Assessment

The overall model fit was evaluated using the Standardized Root Mean Square Residual (SRMR) alongside the Normed Fit Index (NFI). In PLS-SEM applications, an SRMR value within the range of < 0.08 to 0.10 indicates an acceptable fit, while an NFI value approaching or exceeding 0.90 reflects a strong model fit (Ghozali & Latan, 2020). The model fit evaluation results are summarized in Table 7.

Table 7. Model Fit Assessment

	Saturated model	Estimated model
SRMR	0.068	0.068
d_ULS	0.549	0.549
d_G	0.283	0.283
Chi-square	172.896	172.896
NFI	0.821	0.821

Source: Processed Data (2026)

Table 7 shows that the SRMR value for the Estimated Model is **0.068**, satisfying the criteria for a good model fit. Furthermore, the NFI value of **0.821** indicates an acceptable level of model fit within the context of empirical social science research.

Coefficient of Determination (R^2)

The Coefficient of Determination (R^2) is employed to measure the proportion of variance in the endogenous variable explained by the exogenous variables in the model. Based on the classification criteria by Hair et al. (2021), an R^2 value exceeding 0.50 is categorized as moderate. The results of the R^2 evaluation are detailed in Table 8.

Table 8. Coefficient of Determination (R^2) Results

	R-square	R-square adjusted
Business Success	0.550	0.537

Source: Processed Data (2026)

Based on Table 8, the R^2 value for the Business Success construct is **0.550**. This indicates that the simultaneous contribution of Market Orientation, Product Innovation, and Financial Literacy explains **55.0%** of the variance in the business success of culinary MSMEs in Bireuen Regency, while the remaining 45.0% is explained by other factors outside the scope of this research model.

Effect Size (f^2)

The effect size (f^2) is evaluated to determine the relative contribution or specific impact of omitting an exogenous variable on the R^2 value of the endogenous construct. Based on the classification criteria by Hair et al. (2021), effect size thresholds are categorized as small (0.02), medium (0.15), and large (0.35). The results of the f^2 assessment are detailed in Table 9.

Table 9. Effect Size (f^2) Assessment Results

	F- *Square*
OP → KU	0.213
IP →KU	0.106
LK → KU	0.073

Source: Processed Data (2026)

Table 9 demonstrates the partial contribution of each variable. Market Orientation exerts the most dominant influence on the predictive value of Business Success with a medium effect size ($f^2 = 0.213$). Meanwhile, Product Innovation ($f^2 = 0.106$) and Financial Literacy ($f^2 = 0.073$) provide relative contributions categorized within the small effect size classification.

Hypothesis Testing Results

Hypothesis testing was executed using the bootstrapping procedure in SmartPLS 4 with a 5% significance level ($\alpha = 0.05$) in a two-tailed test. A structural relationship between variables is declared statistically significant and positive if the path coefficient is positive, the t-statistic exceeds 1.96, and the p-value is less than 0.05 (Hair et al., 2021). The summary of the hypothesis testing results is detailed in Table 10.

Table 10. Hypothesis Testing Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Market Orientation → Business Success	0.399	0.399	0.081	4.910	0.000
Product Innovation → Business Success	0.255	0.263	0.068	3.742	0.000
Product Innovation → Business Success	0.262	0.257	0.104	2.527	0.012

Source: Processed Data (2026)

The Influence of Market Orientation on Business Success (H_1)

The empirical findings demonstrate that Market Orientation has a positive and statistically significant direct effect on Business Success among culinary MSMEs in Bireuen Regency ($\beta = 0.399$, $t = 4.910$, $p = 0.000 < 0.05$), leading to the acceptance of H_1. This directional relationship indicates that a higher strategic emphasis on understanding customer demands and monitoring competitor actions directly enhances overall business success. Empirically, culinary MSME operators in Bireuen Regency who remain highly responsive to local taste trends exhibit greater adaptability and maintain stable sales volumes amidst intense market competition. These results reinforce the

Resource-Based View (RBV) framework and support the studies by Ghozali and Laksana (2022)as well as Arifin (2023), confirming that market-centered business strategies create competitive advantages that directly optimize enterprise performance.

The Influence of Product Innovation on Business Success (H_2)

The path analysis reveals a significant positive relationship between Product Innovation and Business Success ($\beta = 0.255,\ t = 3.742,\ p = 0.000 < 0.05$), confirming that H_2 is accepted. This finding indicates that continuous creative product development leads to a linear enhancement in revenue. In the field, culinary MSME actors in Bireuen who actively implement differentiation through flavor variations, raw material quality, and packaging aesthetics succeed in triggering stronger customer repurchase intentions. This provides empirical validation for the theoretical foundations of Kotler and Keller (2021) and aligns with Sinaga et al. (2025), emphasizing that sustainable product innovation serves as a foundational pillar for micro and small enterprises to drive sales growth.

The Influence of Financial Literacy on Business Success (H_3)

The structural path testing demonstrates that Financial Literacy exerts a positive and significant effect on Business Success ($\beta = 0.262,\ t = 2.527,\ p = 0.012 < 0.05$), resulting in the acceptance of H_3. Sound financial capability contributes directly to operational efficiency. MSME operators in Bireuen Regency who possess the discipline to manage cash flows and segregate personal funds from business capital are better equipped to allocate funds accurately for production requirements, thereby safeguarding sales operations against liquidity crises. These findings align with Carina et al. (2024) and Yudaruddin (2020), affirming that financial knowledge functions as a vital managerial foundation that secures sustainable growth and performance stability.

CONCLUSION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in regional economic sustainability, yet their success and competitive positioning depend heavily on strategic internal capabilities. This study evaluated the direct impacts of market orientation, product innovation, and financial literacy on the business success of culinary MSMEs in Bireuen Regency. The empirical findings confirm that Market Orientation, Product Innovation, and Financial Literacy each exert significant positive effects on business success. Market orientation enables entrepreneurs to focus on customer preferences and competitor dynamics, stabilizing sales performance. Continuous product innovation through menu variations and modern packaging enhances product appeal, attracts broader customer bases, and drives turnover. Furthermore, adequate financial literacy allows MSME owners to maintain disciplined cash flow management, separate personal budgets from operating capital, and prevent capital liquidity bottlenecks.

Theoretical, Practical, and Managerial Implications

1. **Theoretical Implications:** This study expands the body of empirical literature on small business performance determinants by confirming the applicability of the Resource-Based View (RBV) in the context of regional culinary MSMEs in developing economies.
2. **Practical Implications:** For culinary MSME owners, these results emphasize the necessity of prioritizing market preference research, menu creativity, and continuous financial capacity building.
3. **Managerial Implications:** MSME managers and entrepreneurs should allocate dedicated time and strategic resources toward continuous product innovation while implementing structured financial bookkeeping systems to ensure accurate monitoring for long-term growth.

Limitations and Future Research Directions

Despite its empirical contributions, this research has several inherent limitations. First, the geographical scope is limited to culinary MSMEs within Bireuen Regency, which may constrain the generalizability of the findings to broader regional contexts or other industry sectors. Second, this study examined a limited set of internal strategic variables (X_1, X_2, X_3), whereas other unexamined external and internal factors also influence business success. Future research is recommended to:

1. Incorporate additional relevant independent or moderating variables (e.g., digital marketing adoption, entrepreneurial orientation, or capital access).
2. Expand empirical inquiries into financial literacy across diverse micro-business subsectors.
3. Broaden the sample size and geographic coverage to enable wider comparative analysis across different regions.

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