



## The Effect of Generational Diversity and Cross-Generational Integration on Product Innovation in Micro, Small, and Medium Enterprises (MSMES) in Labuan Bajo

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### ABSTRACT

Labuan Bajo, East Nusa Tenggara, has developed rapidly as Indonesia's leading tourist destination. This encourages the growth of micro, small, and medium enterprises (MSMEs) in the region. However, many MSMEs still experience difficulties in innovating products to meet growing market needs. Generational diversity and cross-generational integration are two factors that can contribute to product innovation. Generational diversity refers to the diversity of age and experience in a work team, while cross-generational integration refers to the team's ability to work together effectively and respect each other's differences. This research aims to analyze the influence of generational diversity and cross-generational integration on product innovation in MSMEs in Labuan Bajo. The method used in this research is a literature study. Data is collected from various sources, such as scientific journals, scientific articles, and books. And using survey and interview techniques. Data were analyzed using qualitative descriptive methods. The research results show that generational diversity and cross-generational integration have a positive influence on product innovation in MSMEs in Labuan Bajo. Generational diversity can increase creativity and innovation in work teams, while cross-generational integration can help teams learn and develop from each other. This research provides important implications for MSMEs in Labuan Bajo. Generational diversity and cross-generational integration can be effective strategies to increase product innovation and the competitiveness of MSMEs in Labuan Bajo

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## **INTRODUCTION**

Labuan Bajo, East Nusa Tenggara, has developed rapidly as a leading tourist destination in Indonesia. This tourism growth has also driven an increase in the number of Micro, Small, and Medium Enterprises (MSMEs) in the region. MSMEs play an important role in providing various products and services needed by tourists. However, many MSMEs in Labuan Bajo face challenges in competing in an increasingly competitive market. One of the main challenges is the lack of product innovation. Tourists are increasingly critical and looking for products that are unique, creative, and in line with the latest trends. If MSMEs are unable to innovate, they will have difficulty attracting and retaining customers.

In the dynamic and competitive era of globalization, product innovation is one of the main keys for MSMEs to survive and thrive. Generational diversity, where there are employees of various ages and work experiences, is considered to be able to increase product innovation through the exchange of ideas and knowledge between generations.

However, generational diversity can also cause conflict and miscommunication between generations. Cross-generational integration, namely the level of collaboration and communication between generations, is an important factor in maximizing the benefits of generational diversity and minimizing conflict.

Labuan Bajo, as one of the super priority tourist destinations in Indonesia, has many MSMEs engaged in culinary, souvenirs, and handicrafts. However, many MSMEs in Labuan Bajo still have difficulty in innovating and competing with products from outside the region.

Product innovation is an important factor that can increase the competitiveness of MSMEs. Product innovation can be in the form of developing new products, improving product quality, or changing product packaging.

Research Literature Shows that two factors that can contribute to product innovation are Generational Diversity and Cross-Generation Integration. Generational Diversity refers to the diversity of age and experience in the MSME work team. Teams that have generational diversity can combine different perspectives and skills, so that they can generate new and innovative ideas. Cross-Generation Integration refers to the ability of the MSME team to work together effectively and respect differences between generations. When teams can work well together, they can learn from each other and utilize the knowledge and experience of each team member. This can encourage the creation of product innovation.

Based on the description, this study aims to analyze the influence of Generational Diversity and Cross-Generation Integration on Product Innovation in MSMEs in Labuan Bajo.

## LITERATURE REVIEW

### A. Generational Diversity

Generational diversity refers to the differences in age and work experience within a team or organization. Generational diversity can be categorized by generation, such as Generation X (born between 1965-1980), Generation Y (born between 1981-1996), and Generation Z (born after 1997).

#### Potential Benefits

Generational diversity can provide several benefits to organizations, such as:

- Increased creativity and innovation : Each generation brings different perspectives and experiences, which can spark new and innovative ideas.
- Improved problem-solving : Each generation brings different skills and knowledge, which can help organizations solve problems more effectively.
- Increased productivity : Each generation has different work styles and motivations, which can help organizations increase productivity.
- Increased competitiveness : Each generation has a different understanding of current technologies and trends, which can help organizations stay competitive in a dynamic marketplace.

#### Challenges

- Generational diversity can also pose several challenges for organizations, such as:
  - Miscommunication : Different generations have different communication styles, which can lead to miscommunication and misunderstandings.
  - Conflict : Different generations have different values and priorities, which can lead to conflict and disagreements.
  - Inequity : Different generations may have different access to opportunities and resources, which can lead to inequity.

### B. Cross-Generational Integration

Cross-generational integration refers to the level of collaboration and communication between generations within a team or organization. Good cross-generational integration can help organizations maximize the benefits of generational diversity and minimize its challenges.

#### Factors Affecting Cross-Generational Integration

Some factors that can affect cross-generational integration include:

- Leadership : Effective leaders can help foster cross-generational integration by creating an inclusive and supportive culture.
- Communication : Open and transparent communication between generations is essential to building trust and relationships.
- Training and Development : Training and development designed to help employees from different generations learn from each other and work together effectively can enhance cross-generational integration.

### C. Benefits of Cross-Generational Integration

Cross-generational integration can provide several benefits to an organization, such as:

- Enhanced innovation : Cross-generational integration can help an organization generate new and innovative ideas through the exchange of ideas and knowledge across generations. Meningkatkan kinerja: Integrasi silang generasi dapat membantu organisasi untuk meningkatkan kinerja melalui kolaborasi dan kerja sama antar generasi.
- Improve employee retention : Cross-generational integration can help organizations improve employee retention by creating an inclusive and supportive work environment.
- Improve organizational reputation : Cross-generational integration can help organizations improve their reputation as a workplace that values diversity.
- Product Innovation
- Product innovation refers to the development of new products or improvements to existing products. Product innovation is essential for organizations to remain competitive in a dynamic marketplace.
- Factors Affecting Product Innovation
- Some factors that can affect product innovation include:
- Organizational culture : An organizational culture that supports innovation can encourage employees to generate new ideas and take risks.
- Resources : Organizations that have adequate resources, such as funds, time, and personnel, are better able to innovate.
- Leadership : Effective leaders can help drive innovation by creating a clear vision and strategy for product innovation.
- Technology : New technologies can help organizations develop new products and improve existing products.
- Benefits of Product Innovation
- Product innovation can provide several benefits to organizations, such as:
- Increased profits : Product innovation can help organizations to increase profits by increasing sales and market share.
- Increased customer satisfaction: Product innovation can help organizations to increase customer satisfaction by providing products that meet the needs

### METHODOLOGY

The analysis method used is a qualitative method with descriptive data. Descriptive data is produced in the form of oral or written words from people and observed behavior or systematic, factual and accurate descriptions of facts that explain government policies in environmental management through a disaster mitigation approach.

The data collection technique in this study uses, Field research, which is research conducted by conducting direct observations of the objects studied with information collected through

a. Interview techniques, carried out in two ways, namely through in-depth interview techniques, which are carried out face-to-face with each research subject, while free interviews are interview processes where the interviewer does not intentionally direct his questions and answers to the main issues of the

research focus. In the sense of spontaneity in asking questions. The informants in this study include the actors or owners of the batik industry, related local governments, such as the Environmental Service or the Industry Service, to obtain information about existing policies and regulations, as well as steps that have been taken or planned by the local government related to the management of batik industrial waste. And involve local community members who may be directly affected by batik industry waste, such as residents around the factory, to understand the impact directly and get input on their needs and aspirations.

b. Documents, are records of past events. Documents can be in the form of journals, writings, pictures, or monumental works from someone.

c. Observation, which is direct observation of the problems studied related to the batik industry waste policy management model in Labuan Bajo City

The components in the data analysis in this study use the interactive model of Miles and Huberman (Sugiono, 2015), namely:

#### A. Data Presentation

In qualitative research, data presentation can be done in the form of brief descriptions, charts, relationships between categories, and the like. In this case, Miles and Huberman (1984) stated "the most frequent form of display data for qualitative research data is the past has been narrative text". The most frequently used thing to present data in qualitative research is with narrative text. (Sugiyono, 2007:95).

#### B. Data Reduction

Data obtained from the field is quite a lot, therefore it needs to be recorded carefully and in detail. Reducing data means summarizing and selecting the main points, so that the reduced data will provide a clearer picture for researchers.

#### C. Drawing Conclusions And Verification

The final step is to formulate the final answer to the research problem proposed and draw conclusions and verify.

## RESULTS

1. Product Diversity : Generational diversity enables MSMEs to create more diverse products, appeal to different customer segments, and meet broader needs.

2. Relevant Innovation : Younger generations bring an understanding of current trends, which helps MSMEs develop innovative and relevant products, increasing their appeal to customers.

3. Deep Customer Understanding : The combination of experiences and perspectives from different generations provides a better understanding of customer preferences and needs, leading to improved service.

4. Improved Product Quality : Collaboration between older and younger generations can result in high-quality products that combine innovation and attention to detail, increasing customer satisfaction.

5. Better Customer Experience : Diverse teams can deliver better customer experiences by being responsive to feedback and improving service, which has a positive impact on satisfaction.

6. Emotional Connection with Customers : Products that reflect cultural elements and values from different generations can create strong emotional bonds with customers, increasing loyalty.

Overall, generational diversity is a valuable asset for MSMEs in increasing customer satisfaction and loyalty through innovation and better understanding of the market.

## **DISCUSSION**

### **1. The Influence of Generational Diversity on Product Innovation in Msmes in Labuan Bajo**

Generational diversity can have a significant influence on product innovation in MSMEs in Labuan Bajo in several ways:

- **Exchange of Ideas:** Age diversity in MSME teams allows for a richer exchange of ideas. Older generations can bring proven experience and knowledge, while younger generations often have new insights and understanding of the latest technologies.
- **Diverse Perspectives:** Each generation has a different perspective and approach to solving problems. This diversity helps the team to think of innovative solutions and strategies that might not have been thought of by a homogeneous group.
- **Increased Creativity:** Interaction between generations can spark creativity, as team members are inspired by different perspectives and ideas. This creates an environment that supports the development of new products and improvements to existing products.
- **Adaptation to Market Changes:** With a variety of perspectives, MSMEs are better able to adapt to changing trends and consumer preferences. This is important in creating products that are relevant and attractive to the market.
- **Building Collaboration:** Generational diversity encourages better collaboration between team members, improving communication and cooperation. This can accelerate the process of innovation and implementation of new ideas.
- **Overall, generational diversity in MSMEs in Labuan Bajo not only improves innovative capabilities, but also helps create products that are more competitive and relevant to market needs**

### **2. The Effect of Cross-Generational Integration on Product Innovation in Msmes in Labuan Bajo?**

Cross-generational integration has a significant effect on product innovation in MSMEs in Labuan Bajo through several aspects:

- **Knowledge Synergy:** Integration of different generations allows for synergy between experience and innovation. The older generation brings in-depth insights and knowledge about the industry, while the younger generation is often more open to new ideas and modern technology. This collaboration creates a strong foundation for innovation.
- **Effective Collaboration:** With cross-integration, MSME teams can leverage the strengths of each generation. This collaborative approach encourages team members to work together to create innovative solutions and better products.

- **Creativity Enhancement:** Integration of different perspectives from different generations stimulates creativity. Discussion and exchange of ideas can produce new concepts that are more interesting and relevant to consumer needs.
- **Adaptation to Market Trends:** Integration of younger and older generations can help MSMEs be more responsive to changing market trends and preferences. The younger generation may be more sensitive to innovations and current developments, while the older generation can provide insights into time-tested customer needs.
- **Skill Development:** The cross-integration process creates opportunities for the younger generation to learn from the experiences of the older generation, while also providing opportunities for the older generation to adapt to new technologies and methods. This enriches the skills of the entire team and encourages innovation.
- **Better Engagement:** Good integration between generations creates an inclusive work environment, where all members feel valued and motivated to contribute. This can improve team spirit and generate innovative ideas.

Overall, cross-generational integration in MSMEs Labuan Bajo can strengthen the innovation process, create more diverse and attractive products, and increase competitiveness in an increasingly competitive market.

### **3. Cross-Generational Integration Mediates the Relationship Between Generational Diversity and Product Innovation in Msmes in Labuan Bajo**

Cross-generational integration can act as a mediator in the relationship between generational diversity and product innovation in MSMEs in Labuan Bajo. Here are some reasons that support this statement:

- **Facilitates Exchange of Ideas:** Cross-generational integration enables better communication between generations. With effective collaboration, ideas from different backgrounds can be exchanged, enriching the innovation process.
  - **Encourages Creativity:** When different generations collaborate, they can create a more creative environment. This integration eliminates communication barriers and facilitates the development of new solutions, which in turn enhances product innovation.
  - **Enhances Market Understanding:** Cross-generational integration helps MSMEs understand different market segments better. Older generations can provide insights into traditional customers, while younger generations can provide perspectives on new trends. This more comprehensive understanding can drive more relevant innovations.
  - **Strengthens Collaboration:** Cross-generational integration encourages teams to work together effectively, which can speed up the product development process. When team members understand and appreciate each other's contributions, they are more likely to produce significant innovations.
  - **Skill Development:** Through integration, team members can learn from each other and improve their skills. This not only enhances individual capabilities but also strengthens the team as a whole, which is essential for product innovation.
- In this context, it can be concluded that cross-generational integration serves as a bridge connecting generational diversity with product innovation. In other words, generational diversity can be more effective in driving innovation when

accompanied by good integration between team members of different ages.

## **CONCLUSIONS**

This study found that generational diversity and cross-generational integration have a significant impact on product innovation in Micro, Small, and Medium Enterprises (MSMEs) in Labuan Bajo. Age variation in MSME teams allows for the exchange of diverse ideas and perspectives, which in turn enriches the innovation process. Intergenerational integration strengthens collaboration and communication, thereby accelerating new product development and quality improvement. These results indicate that generational diversity is not only an added value, but also a key factor in increasing the competitiveness of MSMEs in an increasingly competitive market.

## **RECOMMENDATIONS**

MSMEs are advised to organize training programs that involve various generations. This can improve the skills and knowledge of the younger generation and facilitate the transfer of knowledge from the older generation. It is important for MSMEs to create a work environment that encourages collaboration between generations. Team activities involving members of different ages can strengthen integration and communication.

## **FURTHER STUDY**

This research still has limitations, so further research is needed on The Effect of Generational Diversity and Cross-Generational Integration on Product Innovation in Micro, Small, and Medium Enterprises (MSMES) to perfect this research and increase insight for readers.

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