

ABSTRACT

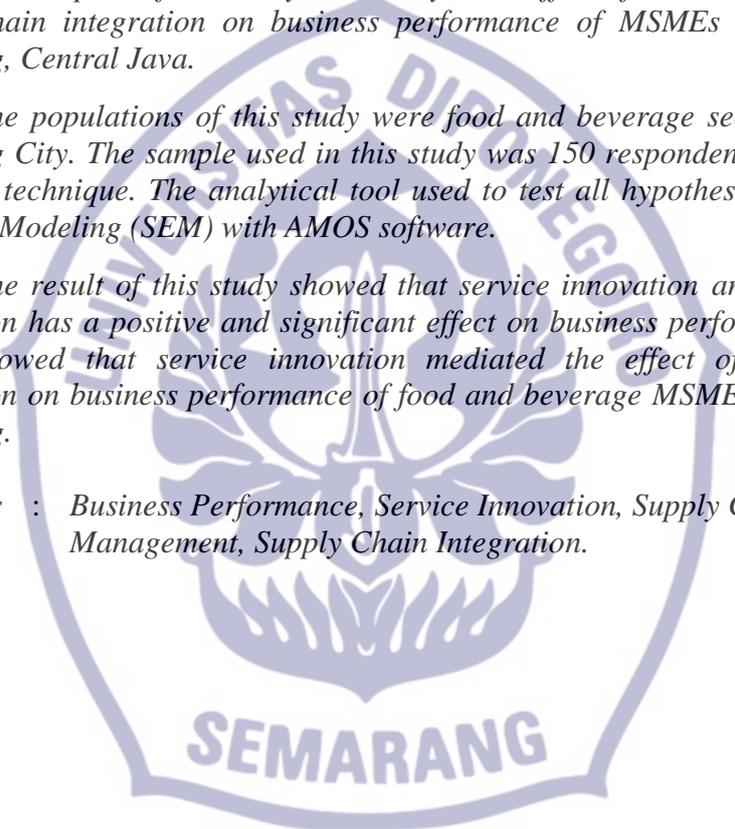
Business performance is important for business sustainability for both large and small businesses along with increasingly fierce competition. This also affects Micro, Small, and Medium Enterprises (MSMEs) that have limited resources.

The Purpose of this study is to analyze the effect of service innovation and supply chain integration on business performance of MSMEs in The City of Semarang, Central Java.

The populations of this study were food and beverage sector MSMEs in Semarang City. The sample used in this study was 150 respondents with random sampling technique. The analytical tool used to test all hypotheses is Structural Equation Modeling (SEM) with AMOS software.

The result of this study showed that service innovation and supply chain integration has a positive and significant effect on business performance. Other result showed that service innovation mediated the effect of supply chain integration on business performance of food and beverage MSMEs in the City of Semarang.

Keywords : Business Performance, Service Innovation, Supply Chain Management, Supply Chain Integration.



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